



# *Empee Sugars and Chemicals Limited*



**Annual Report 2003–2004**

# CERTIFICATE

## QUALITY MANAGEMENT

Empee Sugars & Chemicals Ltd  
Ayyapareddypalem, Naidupeta Mandalam,  
Nellore District, Andhra Pradesh, Pin Code 524 126  
INDIA

has established and applied a Quality Management System  
in accordance with the requirements of

DIN EN ISO 9001:2000

with respect to the following scope of supply:

Manufacture of Sugar, Alcohol and allied products

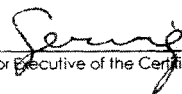
The fulfilment of the standard was verified by a Quality Audit.

Certified in Gosheim,  
on April 01, 2004

This certificate is valid  
until March 31, 2007



President of the Certification Body



Senior Executive of the Certification Body

GLOBALCERT GmbH  
Hauptstraße 39 · D-78559 Gosheim

**GCE** GLOBALCERT<sup>®</sup>



TGA-ZM-19-94-00



Certificate serial number  
7080535399-001

**BOARD OF DIRECTORS**

Mr. M.P. Purushothaman Chairman & Managing Director  
Mrs. A.K. Aruna  
Mr. M. Ravindran  
Mr. M. K. Mohan

**COMPANY SECRETARY**

Mr. Pradipta Kumar Das

**AUDITORS**

Mr. R. Rajagopalan  
Chartered Accountant  
15, Station Road  
West Mambalam  
Chennai – 600 033

**BANKERS**

Indian Bank  
Union Bank of India  
Bank of Maharashtra  
Federal Bank Ltd.

**REGISTERED OFFICE & FACTORY**

Ayyapareddipalem  
Naidupet – 524 126  
Nellore Dist.  
Andhra Pradesh

**ADMINISTRATIVE OFFICE**

'Empee Towers'  
59, Harris Road  
Pudupet  
Chennai – 600 002

**NOTICE TO SHARE HOLDERS****NOTE:**

NOTICE is hereby given that the Fourteenth Annual General Meeting of Empee Sugars and Chemicals Limited will be held on Friday the 31st December 2004 at 10.30 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 2004, the Profit and Loss Account for the year ended on that date, the reports of the Auditor and of the Board of Directors thereon.
2. To appoint a Director in the place of Mrs.A.K.Aruna who retires by rotation and being eligible offers herself for reappointment.
3. 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.

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 24th September 2004 to 30th September 2004, 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.

/On behalf of the Board/

Place : Chennai  
Date : 29.11.2004

M. P. PURUSHOTHAMAN  
Chairman & Managing Director

## EMPEE SUGARS AND CHEMICALS LTD.

**DIRECTORS REPORT**

To the members,

Your Directors present the Fourteenth Annual Report together with the Audited Accounts for the financial year ended 31st March 2004.

**FINANCIAL RESULTS**

	Financial year ended 31.3.2004 (Rs.'000)	Financial year ended 31.3.2004 (Rs.'000)
Sales	643871	358611
Profit before Interest and Depreciation	46946	148743*
Interest	23965	37890
Profit before Depreciation	22981	100853
Depreciation	20392	19840
Net Profit/(Loss)	2589	91013

\*Include Extra ordinary income of Rs. 1626.52 lakhs (Insurance Claims Rs. 915.38 lakhs and Profit on sale of shares Rs. 711.14 lakhs)

**DIVIDEND**

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

**OPERATIONS**

(i) Sugar Division:	Season 2003 - 2004	Season 2002 - 2003
Quantity of cane crushed (Tonnes)	267997.96	341022.55
Recovery (%)	9.28	9.14
Quantity of Sugar produced (Qtls)	248180	311208

**(ii) Industrial Alcohol Division:**

	Year 2003 - 2004	Year 2002 - 2003
Quantity of RS produced (Ltrs)	5977364	4379516
Quantity of ENA produced by redistillation of the RS stock (Ltrs)	4738753	3595908

**PERFORMANCE OF THE COMPANY**

During the season 2003-04 the total cane crushed decreased to 2.68 lakhs mts from 3.41 lakhs mts. for the previous season. Average recovery of sugar was 9.28% and average selling price (net of Excise duty) was about Rs.1204.75 per quintal for the season 2003-04.

Your company has been Accredited with ISO-9001:2000 during the Period under review.

**DIRECTORS**

Mrs. A. K. Aruna, Director is retiring by rotation at the ensuing Annual General Meeting and being eligible offers herself for reappointment.

**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.

**CORPORATE GOVERNANCE**

The importance of Corporate Governance has always been recognized by your Company and is manifest in the Company's vision. As a proactive step your Company has been following the Corporate Governance practices like striking out reasonable balance in the Composition of Board of Directors, setting up Audit Committee and other Business Committees, adequate disclosures and business to be deliberated by the Board etc, even before the code became mandatorily applicable.

**EMPEE SUGARS AND CHEMICALS LTD.**

A Report in line with the requirement of clause 49 of the Listing Agreement on the Corporate Governance practices followed by the Company and the Auditor's Certificate on Compliance of mandatory requirements along with Management Discussion and Analysis, are given as an annexure to this report.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956 your Directors hereby state and confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed;
- 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 : 29.11.2004

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**

2003-2004      2002-2003

**(A) POWER AND FUEL CONSUMPTION**

1. Electricity		
a. Purchased units(Kwh)	1171669	1139990
Total Amount (Rs.)	5572278	5330323
Rate / Unit (Rs.)	4.76	4.68
b. Own generation		
(i) Through Diesel Generator		
Units (Kwh)	65496	100412
Units/(liter) of Diesel Oil	2.68	2.60
Cost / Unit (Rs.)	8.19	7.51

(ii) Through steam turbine (generated out of our own bagasse Consumption) units (Kwh)	8776040	7979606
2. Coal	6859.000	Nil
Cost / Ton (Rs.)	2310.00	
3. Furnace Oil	Nil	Nil
4. Others/Internal generation		
a) Fire wood (MTs)	--	154.000
Rate per Mt(Rs.)		700
b) Husk (MTs)	--	7029.000
Rate per Mt (Rs.)		950

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

Sugar Produced (Qtl)	295758	273968
Electricity (Kwh/Qtl)	3.96	4.16
Coal (M.T/Qtl)	Nil	Nil
Furnace Oil (K.L/Qtl)	Nil	Nil
Fire wood (M.T/Qtl)	--	0.005

**(C) TECHNOLOGY ABSORPTION**

Nil

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

Nil

For and on behalf of the Board

Place: Chennai  
Date : 29.11.2004

M.P. PURUSHOTHAMAN  
Chairman & Managing Director

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON 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. The areas where the Company is observing the recommendation of SEBI code are given below:

### 2. BOARD OF DIRECTORS

During the financial year 2003-2004 the Company's Board of Directors consisted of two 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 2003-2004 the Board met 6 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. During the year Ms.Nisha Purushothaman and Mr.Shaji Purushothaman resigned from the Directorship of the Company.

#### Details of Board Meetings attended by Directors during 01/04/2003 to 31/03/2004

Sl. Name No.	Designation	No. of meeting held	No of meeting present
1. Mr. M. P. Purushothaman	Chairman & Managing Director	6	9
2. Mrs.A. K. Aruna	Director	6	9
3. Mr. M. Ravindran	Director	5	2
4. Ms.Nisha Purushothaman	Director	1	10
5. Mr.Shaji Purushothaman	JMD cum VC	1	10
6. Mr. M. K. Mohan	Director	4	-

### 3. 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. Name No.	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

### 4. REMUNERATION TO DIRECTORS

- a) The details of the remuneration paid to Whole-time Directors during the year 2003-04 is given below:

Name	Designation	Remuneration
Mr. M. P. Purushothaman	Chairman & Managing Director	Rs.12,00,000/-

- b) The details of payments to Non-Executive Directors during the year 2003-04 are given below:

#### Name of the Director Sitting Fee(in Rs.)

1. Mrs.A.K.Aruna	12000
2. Mr.M.Ravindran	10000
3. Ms.Nisha Purushothaman	2000
4. Mr.M.K.Mohan	8000

### 5. SHAREHOLDERS/INVESTORS' GRIEVANCE AND SHARE TRANSFER COMMITTEE

The shareholders/Investors Grievance and Share Transfer Committee consists of the following:

i) Mr. M. Ravindran	Chairman of the Committee
ii) Mrs.A.K.Aruna	Director
iii) Mr.Pradipta Kumar Das,	Company Secretary
	Compliance Officer

During the year no complaint letters were received from the shareholders. There were no pending complaint letter from the shareholder as on 31.3.2004.

### 6. GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under:

Year	Location	Date	Time
2002-03	Ayyaparedipalem Village Naidupet Mandal, Nellore District (A.P)	29.12.2003	11.00 a.m.
2001-02	-do-	30.12.2002	11.00 a.m.
2000-01	-do-	29.09.2001	11.00 a.m.

Note : No special resolution was put through postal ballot last year, nor is any proposal for this year, as presently, there is no requirement for the same.

### 7. DISCLOSURES

During the last three years, there have been no penalties or strictures imposed on the Company by Stock Exchange, SEBI or any Statutory authority on any matter related to Capital markets.

### 8. MEANS OF COMMUNICATION

The quarterly financial results are normally published in the New Indian Express in English and Eenadu in Telugu. The Company currently does not have a website. The quarterly results are sent to Stock Exchanges on which the shares of the Company are listed in the prescribed format and time.