



Empee Sugars and Chemicals Limited

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Annual Report 2007 - 2008

CERTIFICATE

QUALITY MANAGEMENT

Empee Sugar & 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 at

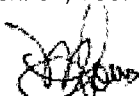
DIN EN ISO 9001:2000

with respect to the following scope of supply:
Manufacture of Sugar, Alcohol and allied products

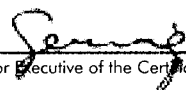
The fulfilment of the standard was verified by a Quality Audit.

Certified in Gasherim,
on April 01, 2007

This certificate is valid
until March 31, 2010



President of the Certification Body



Senior Executive of the Certification Body

GLOBALCERT GmbH
Hauptstraße 39-D-78559 Goshirim

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Certificate Serial Number
708053599-001

EMPEE SUGARS AND CHEMICALS LTD.

BOARD OF DIRECTORS

Mr. M.P.Purushothaman	Chairman & Managing Director
Ms. Nisha Purushothaman	
Mr. M.K.Mohan	
Lt.Gen.R.S.Nagara (Retd)	
Mr. M.P.Mehrotra	
Mr. T.S.Raghavan	
(Additional Director w.e.f 30/10/2007)	
Mr. Sheeju Purushothaman	Joint Managing Director
(Additional Director w.e.f 30/10/2007)	
Mr. K.Jayachandran	Joint Managing Director

COMPANY SECRETARY

S.S.K.Swarup

AUDITORS

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

BANKERS

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

**REGISTERED OFFICE &
FACTORY**

Ayyapareddipalem
Naidupet 524 126
Nellore District
Andhra Pradesh

ADMINISTRATIVE OFFICE

'Empee Tower'
59, Harris Road,
Pudupet,
Chennai 600 002

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EMPEE SUGARS AND CHEMICALS LTD.

NOTICE TO SHARE HOLDERS

NOTICE is hereby given that the Eighteenth Annual General Meeting of Empee Sugars and Chemicals Limited will be held on Saturday, the 6th December, 2008 at 12.30 p.m at the Registered Office of the Company at Ayyapareddipalem Village, Naidupet Mandal, Nellore District, Pin code-524 126, Andhra Pradesh to transact the following business:

ORDINARY BUSINESS:

1. To consider, approve and adopt the Profit & Loss Account for the year ended 30th June, 2008, the Balance Sheet as on that date, the report of the Board of Directors and the report of the Auditors.
2. To appoint a Director in place of Mr.M.K.Mohan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Lt.Gen.R.S.Nagra (Retd), who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors of the Company till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit to pass with or without modification the following Resolution as a Special Resolution:

"RESOLVED THAT the approval of the Company be and is hereby accorded for the re-appointment of Mr.M.P.Purushothaman, as Managing Director with revised terms as per the requirement of the Companies Act with effect from 1st April, 2008 on the following terms of remuneration:

- a). **Basic Salary** - Rs.3,50,000/- per Month. The quantum of annual increase will be decided by the Remuneration Committee.
- b). **Commission** - Subject to a maximum of 1.5% of the net profits of the Company for the financial year, the quantum whereof to be determined by

the Board of Directors.

c). Perquisites:

- i). Free use of furnished accommodation owned or leased by the Company with amenities including Water, Gas, Electricity and Furnishings.
- ii). Medical reimbursement for self and family including premium payable for medical insurance in accordance with the rules of the Company.
- iii). Leave Travel Concession for self and family once in a year in accordance with the rules of the Company.
- iv). Fees of clubs subject to a maximum of two clubs. This will not include admission fee and life membership fee.
- v). Personal Accident Insurance as per the rules of the Company.
- vi). Contribution to PF and Payment of Gratuity as per the rules of the Company, which shall not be included for computation of the ceiling on the remuneration payable.
- vii). Encashment of Leave at the end of the tenure.
- viii). Provision of Car with driver and telephone at residence, for Company's business.

FURTHER RESOLVED THAT the above salary and perquisites shall be subject to the limits specified in Part II of Schedule XIII of the Companies Act, 1956 and in the absence or inadequacy of profits at any time during the tenure of the appointment of the appointee, the Basic Salary will be paid to the appointee as minimum remuneration in terms of Schedule XIII of the Companies Act, 1956."

6. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mr.Sheelu Purushothaman, who was appointed as an Additional Director by the Board of Directors on 30th October, 2007 pursuant to the Provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company."

EMPEE SUGARS AND CHEMICALS LTD.

RESOLVED FURTHER THAT the approval of the Company be and is hereby accorded to Mr. Sheeju Purushothaman who was appointed as Joint Managing Director of the Company for a period of 3 years effective from 1st April, 2008 on the remuneration as detailed under:

- a). **Basic Salary** - Rs.3,00,000/- per Month. The quantum of annual increase will be decided by the Remuneration Committee.
- b). **Commission** Subject to a maximum of 1.5% of the net profits of the Company for the financial year, the quantum whereof to be determined by the Board of Directors.
- c). **Perquisites:**
 - i). Free use of furnished accommodation owned or leased by the Company with amenities including Water, Gas, Electricity and Furnishings.
 - ii). Medical reimbursement for self and family including premium payable for medical insurance in accordance with the rules of the Company.
 - iii). Leave Travel Concession for self and family once in a year in accordance with the rules of the Company.
 - iv). Fees of clubs subject to a maximum of two clubs. This will not include admission fee and life membership fee.
 - v). Personal Accident Insurance as per the rules of the Company.
 - vi). Contribution to PF and Payment of Gratuity as per the rules of the Company, which shall not be included for computation of the ceiling on the remuneration payable.
 - vii). Encashment of Leave at the end of the tenure.
 - viii). Provision of Car with driver and telephone at residence, for Company's business.

FURTHER RESOLVED THAT the above salary and perquisites shall be subject to the limits specified in Part II of Schedule XIII of the Companies Act, 1956 and in the absence or

inadequacy of profits at any time during the tenure of the appointment of the appointee, the Basic Salary will be paid to the appointee as minimum remuneration in terms of Schedule XIII of the Companies Act, 1956."

7. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary resolution:

"RESOLVED THAT Mr.T.S.Raghavan, who was appointed as an Additional Director pursuant to the Provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company liable to retire by rotation."

By Order of the Board
For Empee Sugars and Chemicals Limited

Chennai
24/09/2008

Sd/- S.S.K.SWARUP
Company Secretary

Notes:

1. A member entitled to attend and vote at the Annual General 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 commencement of the Meeting.
2. The Register of members and share transfer books of the company will be closed from 1st December, 2008 to 6th December, 2008 (Both days inclusive)
3. Members/proxies should bring the attendance slip duly filled along with copy of Annual report for attending the meeting.
4. Members are requested to intimate changes if any, in their address to the Registrars and share transfer Agents of the Company at the following address:

Quoting their Folio Numbers.

Cameo Corporate Services Limited,
"Subramanian Building", V Floor,
1, Club House Road, Chennai-600 002.

5. The Company's equity shares are listed on the Bombay Stock Exchange, the Madras Stock Exchange and the Hyderabad Securities And Enterprises Limited (De-Recognised by SEBI w.e.f. 28-08-2007).
6. An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the Meeting is annexed hereto.
7. The information/details pertaining to Mr.Sheeeju Purushothaman and Mr.T.S.Raghavan to be provided in terms of clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the annexure.

ANNEXURE TO THE NOTICE:

Explanatory statement under Section 173(2) of the Companies Act, 1956

Item No 5:

Mr.M.P.Purushothaman, now aged 72 years, Chairman & Managing Director of the Company was appointed by the Board as the Managing Director at their Meeting held on 27th October, 2005 for a period of 5 years w.e.f. 25th December, 2005. His appointment was also approved by the shareholders of the Company at the Annual General Meeting held on 23rd December, 2005. Considering the current salary levels in the business segments in which the Company operates and also to compensate him for the increased responsibilities shouldered by him in the day to day management of the Company, the Board has felt it necessary to revise his terms of remuneration. Since this involves a substantial deviation from his existing terms of appointment, it was felt prudent to re-appoint him as Managing Director with revised terms as given in the Resolution.

The Company has already given a Notice dated 10th March, 2008 under Section 302 of the Companies Act,

1956 for information of Members intimating the same revised terms of remuneration mentioned in the resolution.

His re-appointment on the revised terms needs the approval of the Members of the Company by way of Special Resolution pursuant to Section 269 of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956.

None of the Directors except Mr.M.P.Purushothaman, Mr.Sheeeju Purushothaman and Ms.Nisha Purushothaman are deemed to be concerned or interested in this resolution.

Item No 6:

Mr.Sheeeju Purushothaman who was appointed as an Additional Director pursuant to Section 260 of the Companies Act, 1956 by the Board at its meeting held on 30th October, 2007 was appointed as Joint Managing Director of the Company with effect from 1st April, 2008 for a period of 3 years by the Board at its Meeting held on 10th March, 2008 subject to the approval of the shares holders in this Annual General Meeting. The Company has received a notice in writing from a member along with a deposit of Rs.500/- proposing the candidate of Mr.Sheeeju Purushothaman for the office of Director of the Company, under the provisions of Section 257 of the Companies Act, 1956.

Mr.Sheeeju Purushothaman a Graduate of Arts having rich experience in the areas of Marketing and Administration of Sugar factories whose services are considered to be of immense benefit for the Company. In accordance with Section 260 of the Companies Act, 1956 he vacates the office at the Annual General Meeting of the shareholders and stands for re-election as a Director. His appointment needs to be approved by the members of the Company pursuant to Section 269 of the Companies Act, read with Schedule XIII of the Companies Act, 1956. Accordingly the Remuneration proposed to be paid to Mr.Sheeeju Purushothaman has been considered by the Remuneration Committee at its meeting held on 10-03-2008 and the details of the remuneration as recommended by them are placed

before the members for their consideration.

None of the Directors except Mr.Sheelu Purushothaman, Mr.M.P.Purushothaman, and Ms.Nisha Purushothaman are deemed to be concerned or interested in this resolution.

Item No 7:

Mr.T.S.Raghavan was appointed as an Independent Director on the Board of the Company as an additional Director pursuant to Section 260 of the Companies Act, 1956 who will retire at this Annual General meeting who is eligible for re-appointment. In terms of the said Section, Mr.T.S.Raghavan holds office up to the date of this Annual General Meeting. The Company has received a notice in writing from a member along with a deposit of Rs.500/- proposing the candidature of Mr.T.S.Raghavan for the Office of Director of the Company, under the provisions of Section 257 of the Companies Act, 1956.

Mr.T.S.Raghavan holds a Degree in Master of Arts from Madras University and is a certificate holder from Certified Associate from Indian Institute of Bankers (CAIIB). He started his professional career as an Officer in Indian Overseas Bank in the year 1964 and was an Executive Director of Vijaya Bank from January, 1996 to April, 1997; Chairman and Managing Director of Bank of Maharashtra during May 1997 to November 1998 and Chairman and Managing Director of Indian Bank from December, 1998 to 2000. The Board of Directors recommends his appointment as an independent Director to make use of his valuable services to the Company.

Accordingly, Ordinary Resolution set out under Item 7 of the Notice is submitted to the Meeting.

None of the Directors except Mr.T.S.Raghavan is deemed to be concerned or interested in the resolution.

I. GENERAL INFORMATION:

1. Nature of Industry:

The Company is engaged in the business of manufacture of Sugar and Industrial Alcohol.

2 Date or expected date of commencement of Commercial production:

Not applicable as the Company is an existing Company.

3 In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not applicable as the Company is an existing Company.

4 Financial Performance based on given indicators.

(Rs. in Lakhs)

Particulars	Year ended 30-6-2006	Year ended 30-6-2007	Year ended 30-06-2008
Sales	10037.75	5752.14	5962.23
PBID	1500.68	612.31	888.42
Net Profit	1031.08	87.57	129.66

5. Export performance: Nil.

6. Foreign investments or collaborations, if any. : Nil

II. ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT OR SEEKING ELECTION AT THE ANNUAL GENERAL MEETING:

The brief resume of the Directors seeking reappointment is given below:

Mr.M.K.Mohan: (54)

Mr.M.K.Mohan is an Independent Director, He holds Matriculation certificate and he started his career by joining his family business of brick manufacturing business and lorry transport business.

He holds the following Directorship and Membership in Committees of other Companies as follows:

Directorship in other Companies Membership in Committees

- | | |
|---------------------------------------|-----|
| 1. Five Star Business Credits Limited | Nil |
| 2. Kurunji Chit Funds Pvt. Ltd | Nil |

3. Emkay Holiday Inn Pvt.Ltd Nil
 4. Empee Distilleries Limited Remuneration Committee

He is not holding any shares in the Company.

Lt.Gen.R.S.Nagra (Retd): (63)

Mr.R.S.Nagra, joined our Company as an Independent Director. He is M.Sc as well as M.Phil in Defence Studies from Madras University. He is the recipient of Param Vishist Sewa Medal and award of the Bar to Vishist Sewa Medal. He has around 42 years of experience in serving the Indian Army.

He holds the following Directorship and Membership in Committees of other Companies as follows:

Directorship in other Companies Membership in Committees

- | | |
|---|------------------------|
| 1. Ranspectra India Consultants Private Limited | Nil |
| 2. Joji Poji Foods Private Limited | Nil |
| 3. Mukteshwar Agro Technologies Private Limited | Nil |
| 4. Empee Distilleries Limited | Remuneration Committee |

He is not holding any shares in the Company.

Mr.M.P.Purushothaman: (71)

Mr.M.P.Purushothaman, holds a higher secondary certificate from Kerala and has been a Promoter-Director of our Company. He started his career in 1960's as an hotelier and opened a chain of restaurants/hotels with the name of Gauri Shankar, Vasant Bhavan, New Victoria, Grand Orient and subsequently promoted companies into Sugar, Distillery business, Hotels, Transport and power including alternative sources and generation of power. Currently he is the President of South India Hotels and Restaurants Association and Vice President of Hotel and Restaurants Association of India.

He holds the following Directorship and Membership in Committees of other Companies as follows:

Directorship in other Companies Membership in Committees

- | | |
|---|-----|
| 1. Empee Distilleries Limited | Nil |
| 2. Empee International Hotels and Resorts Limited | Nil |

- | | |
|--|-----|
| 3. Empee Leasing & Finance Limited | Nil |
| 4. South (India) Hotels Pvt. Limited | Nil |
| 5. Aruna Exports Pvt. Limited | Nil |
| 6. Empee Holdings Limited | Nil |
| 7. Appollo Alchobev Limited | Nil |
| 8. Aruna Construction Co.Pvt. Limited | Nil |
| 9. Empee Hotels Limited | Nil |
| 10. Empee Airways Limited | Nil |
| 11. Universal Spirits Limited | Nil |
| 12. Empee Construction Co.Pvt.Ltd | Nil |
| 13. Empee Power & Infrastructure Pvt Ltd | Nil |
| 14. EDL Properties Pvt Limited | Nil |

He holds 8,15,910 Equity Shares in the Company. Mr.Sheeeju Purushothaman, Joint Managing Director and Ms.Nisha Purushothaman, Director are related to him.

Mr.Sheeeju Purushothaman: (31)

Mr.Sheeeju Purushothaman is a Bachelor of Arts and having around a Decade of Experience in areas of Marketing and Administration in Sugar Industry.

He holds the following Directorship and Membership in Committees of other Companies as follows:

Directorship in other Companies Membership in Committees

- | | |
|---|-----|
| 1. Empee International Hotels & Resorts Limited | Nil |
| 2. Empee Holdings Limited | Nil |
| 3. Empee Power Company (India) Limited | Nil |
| 4. Empee Marine Products Limited | Nil |
| 5. Aruna Constructions (India) Limited | Nil |
| 6. Empee Agro farm Products Pvt.Limited | Nil |
| 7. Appollo Alchobev Limited | Nil |
| 8. Apollo Wind Energy Pvt. Limited | Nil |

9. Apollo Beers Pvt Limited Nil

10. Empee Construction Co.Pvt. Limited Nil

He holds 30,000 Equity Shares in the Company. He is related to Mr.M.P.Purushothaman, Chairman & Managing Director and Ms.Nisha Purushothaman, Director.

Mr.T.S.Raghavan: (68)

Mr.T.S.Raghavan holds a Degree in Master of Arts from Madras University and is a certificate holder from Certified Associate from Indian Institute of Bankers (CAIIB). He started his professional career as an

Officer in Indian Overseas Bank in the year 1964 and was an Executive Director of Vijaya Bank from January, 1996 to April, 1997: Chairman and Managing Director of Bank of Maharashtra during May 1997 to November 1998 and Chairman and Managing Director of Indian Bank from December, 1998 to 2000.

He has wide experience in Finance & Banking sectors.

He holds the following Directorship and Membership in Committees of other Companies as follows:

Directorship in other Companies	Membership in Committees
Vishnu Fabrics Private Limited	Nil
Empee Distilleries Limited	1

He is not holding any shares in the Company.

III. OTHER INFORMATION:

SI.No.	DESCRIPTION	PARTICULARS
1	Reason of loss or inadequate profits.	Substantial fall in the net realization of Sugar under the free sale category.
2	Steps taken or proposed to be taken for improvement.	Since the price of sugar is not in the control of the Company, steps are being taken to achieve maximum profitability by increasing the production improving the recovery of the sugar and optimization of IAP Production and bring out new products in IAP division i.e. Ethanol and bottling of Carbon dioxide.
3	Expected increase in productivity and profits in measurable terms	Depends upon Market Dynamics.

By order of the Board
For Empee Sugars and Chemicals Limited

Chennai
24/09/2008

Sd/- S.S.K.SWARUP
Company Secretary