

EMPEE 

Empee Sugars and Chemicals Limited



Annual Report 2011 - 13

BOARD OF DIRECTORS

Mr. M.P.Purushothaman Chairman & Managing Director
Mr. Sheeju Purushothaman Joint Managing Director
Ms. Nisha Purushothaman
Mr. M.K.Mohan
Mr. M.P.Mehrotra
Mr. T.S.Raghavan
Mr.Shankar Menon

**GENERAL MANAGER (F&A)
& COMPANY SECRETARY**

Mr. S.S.K.Swarup

AUDITORS

M/s.D.Sampathkumar & Co.,
Chartered Accountants
New No.5, Old No.3,
South Boag Road, T.Nagar
Chennai- 600 017.

BANKERS

Indian Bank
Union Bank of India
Indian Overseas Bank
Bank of India
Punjab National Bank
Oriental Bank of Commerce
Andhra Bank

REGISTERED OFFICE

Ayyapareddipalem
Naidupet 524 126
Nellore District, Andhra Pradesh.

FACTORIES

1. Ayyapareddipalem Village, Naidupet,
Nellore District, A.P.
2. Idaikkal Village, Ambasamudram,
Tirunelveli Dist., T.N.

ADMINISTRATIVE OFFICE

Empee Tower, No.59, Harris Road,
Pudupet, Chennai 600 002.

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EMPEE SUGARS AND CHEMICALS LTD

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 22nd Annual General Meeting of Empee Sugars and Chemicals Limited will be held on Wednesday, the 19th June, 2013 at 11.30 a.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 audited Balance sheet as at 31st March 2013, (18 Months) & The Statement of Profit & Loss for the period ended on that date, the report of the Board of Directors and the report of the Auditors thereon.
2. To appoint a Director in place of Ms.Nisha Purushothaman, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr.T.S.Raghavan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors for the year 2013-14 till the conclusion of the next Annual General Meeting and to fix their remuneration.

**By Order of the Board
For Empee Sugars and Chemicals Limited**

**Place : Chennai
Date : 11.5.2013**

**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 Registrar of members and share transfer books of the company will be closed from 12th June 2013 to 19th June 2013 (Both days inclusive).
3. Members/proxies should bring the attendance slip duly filed along with copy of Annual report for attending the meeting.
4. Members are requested to intimate changes if any, in their address to the Registrar and share transfer Agents, M/s. 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 Ltd and Madras Stock Exchange Ltd.
6. The information/details pertaining to Ms.Nisha Purushothaman and Mr.T.S.Raghavan are provided in terms of clause 49 of the Listing Agreement with the Stock Exchanges as annexure.

ANNEXURE TO THE NOTICE:**I. GENERAL INFORMATION:**

1. Nature of Industry:
The Company is engaged in the business of manufacture of Sugars, Industrial Alcohol and generation of power.
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.

(₹ in Lakhs)

Particulars	Year ended 31-03-2010	Period ended 30-09-2011 (18 months)	Period ended 31-03-2013 (18 months)
Sales	4582.22	40090.36	39071.70
PBID	906.50	7409.21	5437.29
Net Profit/(Loss)	92.64	(3854.70)	(3550.97)

5. Export performance: Nil
6. Foreign investments or collaborations, if any. : Nil

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

The brief resumes of the Directors seeking re-appointment and election are given below:

Ms. Nisha Purushothaman (40)

Ms. Nisha Purushothaman holds a degree in Masters in Business Administration from London Business School. She has around 18 years of experience in Liquor and Sugar Industry in the field of administration and human resource management

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

Names of the Companies/Firms	Nature of interest
1. EMPEE DISTILLERIES LTD	JMD & Member Audit Comm. Member Remuneration Comm.
2. EMPEE INTER HOTELS & RESORTS LTD	Director & Member Audit Committee
3. EMPEE HOLDINGS LTD.	Director & Member Audit Committee
4. EMPEE HOTELS LTD	MD & Member Audit Committee
5. EMPEE POWER COMPANY (INDIA) LTD	Director & Member Audit Committee
6. ARUNA CONSTRUCTIONS (INDIA) LTD	Director
7. EMPEE AGRO FARM PRODUCTS PVT. LTD	Director
8. UNIVERSAL SPIRITS LTD	Director
9. APPOLLO DISTILLERIES & BREWERIES PVT LTD	Director
10. ARUNA CONSTRUCTIONS	Partner

She is holding 28300 shares in the Company.

Mr. T.S. Raghavan (72)

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:

Names of the Companies/Firms	Nature of interest
1. Empee Distilleries Limited	Director & Chairman Audit Comm.
2. Leather Crafts India Pvt Ltd	Director
3. Giri Digital Solutions Pvt Ltd	Director
4. Giri Trading Agencies Pvt Ltd	Director
5. Viswapriya (India) Ltd	Director

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|--------------------------------------|----------|
| 6. Tanfac Industries Ltd | Director |
| 7. One Life Capital Advisors Ltd | Director |
| 8. Indus Finance Corporation Limited | Director |
| 9. Hindustan Lockers Ltd | Director |
| 10. Indowind Ltd | Director |

He is not holding any shares in the Company.

III. OTHER INFORMATION:

1.	Reason of loss or inadequate profits.	Substantial fall in the availability of Sugar Cane.
2.	Steps taken or proposed to be taken for improvement.	New and existing cane growers are encouraged to plant sugar cane. Loans are being arranged to the farmers through tie up with the Nationalized Banks. Further 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 and generation of power.
3.	Expected increase in productivity and profits in measurable terms	Company expects better Turnover and Profits during the year in view of increase in the power tariff, lifting of levy sugar controls.

By order of the Board
For Empee Sugars and Chemicals Limited

Chennai
11.05.2013

S.S.K.Swarup
Company Secretary

DIRECTORS' REPORT

To the Members,

Yours Directors take pleasure in presenting their report together with the audited accounts for the period ended 31st March, 2013 (18 months).

Financial Results

(₹ in Lakhs)

Particulars	2011-13 (Period ended 31.3.2013) (18 months)	2010-11 (Period ended 30.9.2011) (18 months)
Operating Profit before Interest and Depreciation	5319.04	6,736.32
Other income	118.25	672.89
Less: Interest	7673.64	9,634.78
Less: Depreciation	3108.11	3,445.72
Profit / (Loss) before Tax	(5344.46)	(5,671.29)
Provision for Taxation (MAT)	-	-
Deferred Tax Liability/(Asset)	(1793.49)	(1,816.59)
Profit/(Loss) after Tax	(3550.97)	(3,854.70)
Brought Forward Profit /(Loss)	(5337.21)	(617.05)
Carry Forward Profit/(Loss)	(8888.18)	(5,337.21)

Performance for the period under review:

Particulars	2011-13 (Period ended 31.3.2013) (18 months)	2010-11 (Period ended 30.9.2011) (18 months)
Cane Crushed (MTS)	659970	433106
Recovery of Sugar from Cane (%)	8.71%	9.50%
Production of Sugar (Qtls) – Cane	574684	411450
Production of Sugar (Qtls) – Raw sugar	0	396434
Total Production of Sugar (Qtls)	574684	807884
Production of Spirits (Ltrs)	10539246	12209094
Sale of Sugar (Qtls) – Cane	505915	252943
Sale of Sugar (Qtls) - Raw sugar	0	396434
Total Sale of Sugar (Qtls)	505915	649377
Sale of Spirits (Ltrs)	9423534	13399856
Power sales (Kwh)	33,03,40,600	35,60,59,350

The operating profit before interest and Depreciation for the 18 Months Period is 5319.04 lacs as against 6736.32 lacs in the previous 18 Months Period. During the period under review the Sugar mill at Ambasamudram was temporarily stopped due to non availability of sugar cane on account of continuous monsoon failures. However, the 50 MW power plant in Ambasamudram generated 36, 22, 89,304 KWH and exported 33,03,40,600 KWH using coal as fuel during the said period.

During the period under review Naidupet sugar plant crushed 6.60 lakhs MTs of cane and produced 574684 Qtls of sugar and achieved a recovery of 8.71% as against 9.50% in the previous period.

Dividend:

In view of the losses incurred by the company during the period under review, the directors are unable to recommend any dividend.

Subsidiary:

During the period under review, the 20 MW (Licensed) co-gen power plant at Naidupet has incurred a Loss of 341.35 Lacs. The loss incurred by the company is mainly on account of low power tariff and increase in the interest rates by around 6% on the loans availed by the company. The consolidated accounts of the Company include the accounts of 100% Subsidiary, (M/s.Empee Power Company (India) limited) which can be made available to the members upon request.

Future Outlook:

50 MW co-generation plant at Ambasamudhram is working independently as IPP, due to non availability of sugar cane. Management is considering various proposals including to shift the sugar mill at Ambasamudhram to the adjoining States.

The company expects around 4 lacs tons of cane will be crushed in Naidupet unit during the sugar season 2013-14. The company's Ambai 50 MW Power plant is earning TNEB tariff rate of ` 5.50 per unit and from third parties ` 6/- per unit.

Directors:

Ms.Nisha Purushothaman and Mr.T.S.Raghavan, Directors are retiring by rotation at the ensuing annual general meeting and being eligible offer themselves for re-appointment. Further during the period Ms.Nisha Purushothaman has been appointed as Vice Chairperson of the company by the Board of Directors.

Auditors:

During the period M/s.K.S.Aiyar & Co., Statutory Auditors have resigned and the company has convened an Extra Ordinary General Meeting on 30.01.2013 and the share holders have appointed M/s.D.Sampathkumar & Co., as Statutory Auditors of the company to hold from the date of appointment to the conclusion of the annual general meeting.

M/s.D.Sampathkumar & Co., Statutory Auditors of the Company will retire at the conclusion of the ensuing annual general meeting and being eligible offer themselves for re-appointment. The company has received a certificate from the Auditor to the effect that their re-appointment if made would be in