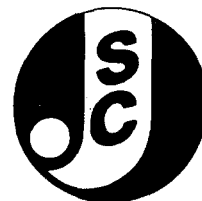


# THE JEYPORE SUGAR COMPANY LIMITED

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**ANNUAL REPORT 2002-2003**



**THE JEYPORE SUGAR COMPANY LIMITED**  
(INCORPORATED IN 1936)

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<b>CHAIRMAN</b>	Sri.P.R.RAMAKRISHNAN, M.Sc.,(M.I.T),
<b>MANAGING DIRECTOR</b>	Smt.RAJESWARY RAMAKRISHNAN, B.A.,
<b>BOARD OF DIRECTORS</b>	Dr.S.R.K.PRASAD, B.Tech., P.G.D.O.R., MORSI, MORSS,D.Sc., Smt.M.A.VEDAVALLI Smt.ANITA PRABHU, B.Com., Sri.BOPANA RAMALINGESWARA RAO, M.A.,L.L.B. Sri.K.MUNESWARA RAO Sri.NISSAR AHMED MECCA, F.C.A., Nominee Director ICICI Bank Ltd., Sri.G.S.RAJU, M.A., L.L.M (London)
<b>SECRETARY</b>	Sri.E.RAMAKRISHNAN
<b>BANKERS</b>	BANK OF INDIA INDIAN OVERSEAS BANK BANK OF BARODA THE SOUTH INDIAN BANK LTD ANDHRA BANK THE DISTRICT CO-OP CENTRAL BANK LTD
<b>AUDITORS</b>	MESSRS.BRAHMAYYA & CO., Chartered Accountants, VIJAYAWADA.
<b>REGISTERED OFFICE</b>	239, ANNA SALAI, CHENNAI - 600 006 TAMILNADU



## NOTICE OF THE SIXTY SEVENTH ANNUAL GENERAL MEETING

The Sixty Seventh Annual General Meeting of THE JEYPORE SUGAR COMPANY LTD., will be held as scheduled below :

Date : Wednesday, 10<sup>th</sup> September, 2003  
 Time : 10.00 A.M  
 Place : New Woodlands Hotel,  
 72-75, Dr.Radhakrishnan Salai, Chennai - 600 004.

The **Agenda** for the meeting will be as follows :

1. To consider and adopt the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2003, the Balance Sheet as at that date and the Report of the Directors and Auditors thereon.
2. To declare dividends.
3. To elect Directors, in the place of :

a) **Sri.Boppana Ramalingeswara Rao**

b) **Sri.G.S.Raju**

A brief resume of the Directors appointed / eligible for re-appointment is as follows :

Sri.Boppana Ramalingeswara Rao, Director was appointed during the year 1985 in the present post. His contribution to the Company has been substantial. The Company has been benefited by decades of his experience. He is now retiring and offering himself for re-election.

Sri.G.S.Raju, Director was appointed during the year 1993 in the present post. His contribution to the Company has been substantial. The company has been benefited by decades of his experience. He is now retiring and offering himself for re-election.

4. To appoint Auditors and fix their remuneration. M/s.Brahmayya & Co, Chartered Accountants, Vijayawada, the retiring auditors are eligible for reappointment.

(By Order of the Board)  
 for THE JEYPORE SUGAR CO.LTD.,  
 (Sd.) P.R. RAMAKRISHNAN

*Chairman*

Place : Chennai

Date : 10-07-2003

## THE JEYPORE SUGAR COMPANY LIMITED

The Register of Members of the company will be closed from 1<sup>st</sup> September to 10<sup>th</sup> September, 2003 (both days inclusive) during which period, transfer of shares will not be effected.

**NOTE :**

1. Every member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. Such proxy need not be a member.
2. Members are requested to notify their change of address, if any.
3. Dividend Mandates received at the Registered Office, later than the date of the General Meeting cannot be given effect to.
4. The dividends recommended by the Board, if approved by the General Meeting, will be paid by 'A/c Payee' warrants only.
5. **Dividend on equity shares**, as recommended by the Board, when declared at the Meeting will be paid, subject however to the provisions of Section 206A of the Companies Act, 1956:
  - a. to those Members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company on or before 10-09-2003
  - b. in respect of shares held in electronic form, to those "Deemed Members" whose names appear in the statement of Beneficial Ownership furnished by the National Securities Depository Ltd., (NSDL) and the Central Depository Services (India) Ltd., (CDSL) as at the end of business hours on 10-09-2003
6. M/s.Cameo Corporate Services Limited, "Subramanian Building" No.1, Club House Road, Chennai – 600 002 are the Registrars of Share Transfer Agent and Depository Registrars of the Company for physical / electronic shares and all correspondence with regard to transfer of shares etc may be addressed to them directly.
7. Members holding shares in dematerialized form, may please note that while opening a depository account with participants they may have given **their bank account details**, which will be printed on their dividend warrants. However, if members want to change/correct the Bank details, they should send the same immediately to the concerned Depository participants. Members are also requested to give MICR code of their bank to their Depository participant. **The Company will not entertain any direct request from members for deletion/change in bank account details furnished by Depository participants to the Company.**
8. Members who hold shares in the physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail the **nomination facility**. Members holding shares in dematerialized form, may please contact their Depository participants for recording nomination in respect of their shares.
9. The **Unclaimed Dividend** for the year(s) 1996-97; 1997-98; 1998-99; 1999-2000; 2000-2001; and 2001-2002 are held in separate Bank Accounts and Shareholders who have not received the dividend/ encashed the said warrants, are in their own interest advised to write to the Company immediately with complete details.

(By Order of the Board)

for THE JEYPORE SUGAR CO.LTD.,

(Sd.) P.R. RAMAKRISHNAN

*Chairman*

Place : Chennai

Date : 10-07-2003



**SIXTY SEVENTH ANNUAL REPORT 2002-2003**  
**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2003**

1. Your Directors have pleasure in presenting their report for the year ended 31<sup>st</sup> March, 2003, together with the Balance Sheet as at 31<sup>st</sup> March, 2003 and the Profit & Loss Account for the year ended on that date.

		Rs.	Rs.
<b>2. PROFIT AND LOSS APPROPRIATIONS</b>	Profit before interest and Depreciation		25,38,15,813
	Less : Interest	18,89,42,274	
	Depreciation	<u>5,26,00,133</u>	
			<u>24,15,42,407</u>
	Profit before tax		1,22,73,406
	Less : Provision for taxation -		
	- Current	10,00,000	
	- Deferred	<u>1,33,93,222</u>	<u>1,43,93,222</u>
	Profit after tax		-21,19,816
	Add : Surplus brought forward from last year		<u>5,62,23,125</u>
			<u>5,41,03,309</u>
	Less : <b>Appropriations</b>		
	General Reserve	10,00,000	
	Proposed Dividend	68,01,792	
	Tax on proposed Dividend	<u>8,71,480</u>	
			<u>86,73,272</u>
	Surplus taken to Balance Sheet		<u><u>4,54,30,037</u></u>
<b>3. DIVIDEND</b>	Your Directors recommend payment of dividend at the rate of 15 % for the year ended 31 <sup>st</sup> March, 2003.		
<b>4. CAPITAL &amp; RESERVES</b>	The Paid up Capital at the end of the year stood at Rs.4,53,45,280/- and Reserves at Rs.27,11,38,467/- as against Rs.4,53,45,280/- and Rs.28,09,31,555/- respectively at the beginning of the year.		
<b>5. FIXED DEPOSITS</b>	As on 31 <sup>st</sup> March, 2003, there were 64 deposits matured and remaining unclaimed amounting to Rs.35,27,500/-. Out of these 4 deposits of the value of Rs.20,500/- are remaining unclaimed for more than seven years.		

## THE JEYPORE SUGAR COMPANY LIMITED

6. MANAGEMENT  
DISCUSSION AND  
ANALYSIS**The Industry :**

Today India is the largest sugar producing country in the world. We have overtaken even Brazil. The Sugar Industry plays a vital role in rural development and provides direct and indirect employment to millions of people in the country.

The by-products of the sugar mills like Molasses, Bagasse are used in chemical industry and in power generation.

**Outlook :**

The Central Government had already de-licensed the Sugar production and proposed to decontrol the release mechanism by introducing forward and future trading in sugar. Somehow, this proposal could not be implemented due to reasons known to the Central Government. The Central Govt. has taken a somersault and brought the release mechanism under Essential Commodities Act from June 2003 onwards. The sugar price has come down drastically compared to the last financial year. On average, free sale sugar realization is about Rs.150/- to Rs.190/- less than the last financial year and about Rs.120/- less than the Levy Sugar price. Consequently the FCI and other Government Agencies have not lifted Levy Sugar allocation during the fiscal. This trend if it continues, will affect the financial working of the industry very badly. The Central Govt. has created a buffer stock of 10,266 tonnes of sugar for one year from 18.12.2002. The Govt. will reimburse the interest and insurance charges on the buffer stock.

7 REVIEW OF  
OPERATIONS**a) VVS SUGARS, CHAGALLU**

We expected to crush about 13 lakh tonnes of cane during 2002-2003 season, anticipating the increase in crushing, the capacity increased from 7500 TCD to 8500 TCD but due to severe drought conditions and scanty rain fall, the yields went down and we crushed only 9,86,500 MT up to 31<sup>st</sup> March, 2003. The recovery is also dropped drastically.

The Distillery purchased from Nizam Sugars Ltd A.P has earned a net profit of about Rs.1.07 crores during the year ended 31.3.2003.

We have put up an Ethanol manufacturing plant within the Distillery Premises and will start producing in July 2003. We have tendered for the supply of 90 Lakhs Litres of Ethanol to the Three Oil Companies.



### N.V.R.Sugars

This unit has made a marginal profit of Rs.3 lakhs for this season. Your company was the highest bidder for the N.V.R. Co-operative Sugars Ltd., Jampani on 25<sup>th</sup> December, 2002. We paid 25% of the bid amount as advance, but the Implementation Secretariat could not hand over the unit to us due to some legal hurdles. As the cane growers became restive, the Implementation Secretariat asked us to start the factory on Licensee and purchase agreement. Accordingly we started crushing on 29.12.2002 as a licensee.

### SUGAR SEASON

	Sugar	2002-2003	2001-2002
a)	Unit: Chagallu Duration	<b>11.11.2002 to 08.05.2003</b>	31-10-2001 to 29-03-2002
b)	No of days	<b>179</b>	150
c)	Cane crushed (Tons)	<b>12,32,830</b>	10,17,551
d)	Sugar Produced (Qtls)	<b>13,09,340</b>	11,26,400
e)	Recovery (%)	<b>10.66</b>	11.07

### FINANCIAL YEAR

	Duration	11.11.2002 to 31.3.2003	31-10-2001 to 31-3-2002
a)	No of days	<b>141</b>	150
b)	Cane crushed (Tons)	<b>9,86,500</b>	10,17,551
c)	Sugar Produced (Qtls)	<b>10,51,700</b>	11,30,800
d)	Recovery (%)	<b>10.85</b>	11.07
e)	Turnover (Rs in lakhs)	<b>18081.33</b>	14191.10

### b) CHAGALLU DISTILLERY

The Distillery and the effluent treatment plant have been totally overhauled and repaired. We are going at 100% rated capacity to produce Ethanol during 2003-04. The Govt. of India has notified that nine states in the country (one of which is A.P.) have to start supplying "Gasohol" – Ethanol doped petrol only from July 1<sup>st</sup> 2003.

We have received permission for expansion of the distillery to 35000 Lts. per day from the present 20000 Lts. per day. We have asked for an environmental impact study to be made. After submitting the report there will be public hearing, after which the Pollution Control Board will give the necessary clearances.

### Safety and Pollution Control

The Digester has been renovated. The gas holder has been replaced. The bio composting system has been expanded.

## THE JEYPORE SUGAR COMPANY LIMITED

**c) CO-GENERATION**

The new Co-generation project of 13 M.W. is expected to be commissioned in August 2003. The raw material for this will be the Bagasse from our Sugar plant.

**d) ELECTRO METALLURGICAL DIVISION**

No production in this unit during the year in view of unfavourable market conditions.

**e) DISTILLERY AT RAYAGADA**

We are contemplating manufacture of IMFL in this unit during the year.

**f) RAMAKRISHNA MAIZE PRODUCTS**

The production in this unit continues to be suspended during this year also due to scarcity of raw materials and unfavourable conditions in the Textile industry. Efforts are being made to revive the production in this unit.

**8. CONSERVATION OF ENERGY**

Form A (Rule 2) enclosed.

**9. CO-GENERATION**

Co-generation project is ready for commissioning. A.P. Transco has undertaken the erection of the transmission line from Chagallu to Nidadavole. Once it is completed, the project will be commissioned in the month of August. The project is expected to produce 13 M.W. power and supply 9 M.W. to the Grid for a period of 8 months during a year.

**10. RESEARCH & DEVELOPMENT**

Due to the tight financial conditions and the present bleak scenario in the Sugar industry, we are not undertaking any R&D Programme in the current year for the sugar industry.

**A. AGRICULTURAL IMPROVEMENTS :**

Trials with new varieties released by various Research Institutions, i.e: Sugarcane Breeding Station, Coimbatore, Sugarcane Research Station, Vuyyuru and Anakapalli are being conducted in our farms as well as in the fields of progressive cane growers, conducted for testing their local suitability. The new varieties under trials are 93V297, 97V97, Co 91002, 93V110, 98V100, 98V11, 2000V1, 2000V50 and 2000V220. Apart from varietal trials, Sugarcane Breeding Institute, Coimbatore is conducting red rot trials in our farm with more than 100 new varieties which are yet to be released, coordination with our factory.





Trials are being conducted with wide row spacing and also paired row plantations. Wide row spacing is an advantageous method to give more light to the plant and also usage of less water. Paired row system is useful for drip irrigation system which we are trying to encourage cane growers to take to Drip irrigation is best suited for the upland areas of Chagallu.

## B. SAFETY & POLLUTION CONTROL

### (a) Air Pollution

For all the running boilers wet scrubbers have been installed. For the stand-by boiler only the wet scrubber is yet to be installed. As such air pollution is fully controlled.

### (b) Water Pollution

Water pollution treatment has been upgraded. The entire effluent generated is being utilised for ferti-irrigation. A ZERO discharge system is installed.

## 11. SUBSIDIARY COMPANIES

### a) 1. Name of the Subsidiary

SRI RAMA DISTILLERIES LTD

(wholly owned Company)

### 2. Financial Year

Year ended 31-3-2003

### 3. Holding company's interest

Entire Issued Share Capital comprising 83,365 Equity Shares of Rs.100/- each (including shares held by nominee shareholders)

### 4. Net Amount of Profit/ Loss

Net Profit for the current financial year is Rs.42,31,695/-. Adding thereto the balance of Profit Rs.94,70,485/- brought forward from last year and deferred tax of Rs.6,87,454/- the net profit comes to Rs.48,33,708/- after providing of Rs.22,00,000/- for income tax and Rs.9,23,551/- for short provision of income tax of earlier years, Rs.1,80,000/- transferred to General Reserve and Rs.62,52,375/- as dividend.

### 5. Profit/Loss of subsidiary dealt with in Holding company's accounts

Nil

### b) 1. Name of the Subsidiary

JEYPORE SUGAR FINANCE AND INVESTMENT CORPN LTD.,

## THE JEYPORE SUGAR COMPANY LIMITED

2. Financial year	Year ended 31-3-2003						
3. Holding Company's Interest	4,10,000 Equity Shares of Rs.10/- each						
4. Net Amount of Profit/ Loss	Net Profit for the current financial year is Rs.4,88,255/-. Adding thereto the balance of Profit Rs.11,40,011/- and deferred tax of Rs.1,79,055/-, the net profit comes to Rs.16,27,659/- after providing provision for taxation Rs.79,662/- and Rs.1,00,000/- transferred to statutory reserve.						
5. Profit/Loss of subsidiary dealt with in Holding Company's Accounts	Nil						
<b>12. DIRECTORS</b>	The following Directors retire at the conclusion of the Annual General Meeting, and are being eligible, offer themselves for re-election. <b>1. Sri.Boppana Ramalingeswara Rao</b> <b>2. Sri.G.S.Raju</b>						
<b>13. MANAGEMENT STAFF</b>	Information as required under section 217 (2A) of the Companies Act, 1956 read with the relevant rules thereunder, in respect of particulars of Employees, is given hereunder :						
i) Name & Designation	Mrs.Rajeswary Ramakrishnan, Managing Director						
ii) Qualification & Experience	B.A., : 41 Years						
iii) Date of Employment	3-9-1967						
iv) Age	Age 75 years						
v) Remuneration	<table> <tr> <td>Gross Salary</td><td>Rs. 28,40,000</td></tr> <tr> <td>Benefits</td><td>Rs. 3,40,800</td></tr> <tr> <td></td><td><u>Rs. 31,80,800</u></td></tr> </table>	Gross Salary	Rs. 28,40,000	Benefits	Rs. 3,40,800		<u>Rs. 31,80,800</u>
Gross Salary	Rs. 28,40,000						
Benefits	Rs. 3,40,800						
	<u>Rs. 31,80,800</u>						