

THE JEYPORE SUGAR COMPANY LIMITED

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ANNUAL REPORT 2004-2005



THE JEYPORE SUGAR COMPANY LIMITED
(INCORPORATED IN 1936)

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



NOTICE OF THE SIXTY NINTH ANNUAL GENERAL MEETING

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

Date : 5th, September, 2005
Time : 12.00 Noon
Place : Savera Hotels Ltd,
146, Dr.Radhakrishnan Salai, Chennai - 600 004.

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

1. To consider and adopt the Balance sheet of the company as at 31st March 2005, and the Profit and Loss Account for the year ended on that date and the reports thereon, of the Board of Directors and the Auditors

2. To declare dividend

3. To appoint a director in the place of Sri.P.R.Ramakrishnan, who retires by rotation and being eligible offers himself for reappointment.

Sri.P.R.Ramakrishnan, Chairman was appointed during the year 1964 in the present post. His contribution to the company has been substantial both in achieving maximum productivity and implementation of the projects till date. The company has been benefited by decades of his experience. He is now retiring and offering himself for re-election.

4. To appoint a director in the place of Sri.Boppana Ramalingeswara Rao, who retires by rotation and being eligible offers himself for reappointment.

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.

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

SPECIAL BUSINESS

- 6) To consider and if thought fit to pass with or without modification the following resolution as a **Special Resolution**

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“Resolved that pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, and subject to such other approvals including that of the Central Government, if so required and as may be necessary, Smt.Rajeswary Ramakrishnan be and is hereby re-appointed as the Managing Director of the company for a period of five years from 3rd September 2005, during which term of office she shall not be liable to retirement by rotation, on the terms and conditions as to remuneration as hereunder :

- | | |
|----------------------------|---|
| i. SALARY | Not exceeding Rs.3,50,000/- (Rupees three lakhs fifty thousand) per month or Rs.42,00,000/- (Rupees forty two lakhs) per annum, to be paid to her at such intervals during the year as may be mutually agreed upon by her and the Board of Directors |
| ii. OTHERS | <p>Contribution to Provident Fund, as applicable to her in accordance with the rules of the company to the extent it is not taxable under the Income Tax Act, 1961</p> <p>Encashment of accumulated leave if any at the end of her tenure in accordance with the company's rules applicable to her.</p> <p>Gratuity payable at a rate not exceeding half month's salary for each completed year of service.</p> |
| iii. CAR &
TELEPHONE | The Managing Director shall be allowed the use of one or more cars of the company for use in connection with her employment in the company. She will also be allowed the use of one or more telephones of the company from her residence for use in connection with her employment in the company. |
| iv. COMMISSION | She shall be entitled to receive remuneration by way of commission on net profits in addition to the above salary and others such that the amount of salary and others as above and commission in the aggregate is subject to an overall ceiling of 5% of the net profits of the company in a particular financial year as laid down in Section 198 and 309 read with section 349 of the Companies Act, 1956. |
| v. MINIMUM
REMUNERATION | Notwithstanding anything to the contrary herein contained, where in any financial year during her said tenure, the company has no profits or its profits are inadequate, the company will pay her as minimum remuneration the amounts determined under items (I) and (ii) as stated above and she shall not be entitled to any commission. Such minimum remuneration may be paid to her in any of the three financial years during her tenure of appointment of five years aforementioned. If |



the Managing Director is a managerial person in another company also, she shall draw remuneration pursuant to the provisions of Section III of the Schedule XIII of the Companies Act, 1956 which stipulates that the aggregate remuneration drawn from both the companies shall not exceed the higher maximum limit admissible from anyone of the Companies in which she is a managerial person. The payment of the above remuneration shall be within the limits specified under section II and III or Part II of Schedule XIII of the Companies Act, 1956 as applicable to her.

Resolved further that in the event of any statutory amendment or modification or relaxation in the provisions relating to the payment of remuneration to the managerial persons or to Schedule XIII of the Companies Act, 1956, the Board of Directors be and are hereby authorised to vary or increase the remuneration including the salary and others within the prescribed limits.

Resolved further that the Board of Directors be and are hereby authorised to take all such steps as may be deemed expedient or desirable to give effect to this resolution."

7) To consider and if thought fit to pass with or without modification the following resolution as a **Special Resolution**

"Resolved that pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, and subject to such other approvals including that of the Central Government, if so required and as may be necessary, Smt. Anita Prabhu be and is hereby appointed as the Executive Director of the company for a period of four years from 1st August 2005, during which term of office she shall not be liable to retirement by rotation, on the terms and conditions as to remuneration as hereunder :

- | | |
|------------|--|
| i. SALARY | Not exceeding Rs.2,00,000/- (Rupees two lakhs) per month or Rs.24,00,000/- (Rupees twenty four lakhs) per annum, to be paid to her at such intervals during the year as may be mutually agreed upon by her and the Board of Directors |
| ii. OTHERS | Contribution to Provident Fund, as applicable to her in accordance with the rules of the company to the extent it is not taxable under the Income Tax Act, 1961

Encashment of accumulated leave if any at the end of her tenure in accordance with the company's rules applicable to her. |

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Gratuity payable at a rate not exceeding half month's salary for each completed year of service.

iii. CAR &
TELEPHONE

The Executive Director shall be allowed the use of one or more cars of the company for use in connection with her employment in the company. She will also be allowed the use of one or more telephones of the company from her residence for use in connection with her employment in the company.

iv. COMMISSION

She shall be entitled to receive remuneration by way of commission on net profits in addition to the above salary and others such that the amount of salary, and others as above and commission, in the aggregate is subject to an overall ceiling of 3% of the net profits of the company in a particular financial year as laid down in Section 198 and 309 read with section 349 of the Companies Act, 1956.

v. MINIMUM
REMUNERATION

Notwithstanding anything to the contrary herein contained, where in any financial year during her said tenure, the company has no profits or its profits are inadequate, the company will pay her as minimum remuneration the amounts determined under items (i) and (ii) as stated above and she shall not be entitled to any commission. Such minimum remuneration may be paid to her in any of the three financial years during her tenure of appointment of four years aforementioned.

Resolved further that in the event of any statutory amendment or modification or relaxation in the provisions relating to the payment of remuneration to the managerial persons or to Schedule XIII of the Companies Act, 1956, the Board of Directors be and are hereby authorised to vary or increase the remuneration including the salary and others within the prescribed limits.

Resolved further that the Board of Directors be and are hereby authorised to take all such steps as may be deemed expedient or desirable to give effect to this resolution."

8) To consider and if thought fit, to pass with or without modification, the following as an **special resolution**:

RESOLVED THAT the Articles of Association of the company be and is hereby amended by insertion of a new para 102(d) after the existing para 102(c).

"Non-whole time Directors of the company may be paid remuneration by way of commission in addition to their sitting fees as a percentage of the net profits of the company from time to time as per the provisions of the Companies Act, 1956 and other allied regulations. The Board of Directors are empowered to decide the quantum in accordance with the provisions of the Companies Act, 1956.



- 9) To consider and if thought fit, to pass with or without modification, the following resolution as an **Special Resolution** :

RESOLVED THAT pursuant to Article 102(d) of the Articles of Association of the company and the provisions of section 309 and other applicable provisions of the Companies Act, 1956 or any statutory modification or re-enhancement thereof and subject to such approvals as may be necessary, the Non Whole time Directors of the company other than the Whole time Directors and Nominee Directors be paid as remuneration for each of the five financial years commencing from 1st April, 2005 to 31st March, 2010, an amount not exceeding one percent of the net profits of the Company and computed in the manner as laid down in Section 198, 349 and 350 of the Companies Act, 1956 and to be divided amongst the said Non Whole time Directors aforesaid in such manner as the Board of Directors of the Company may from time to time determine and in default of such determination equally, provided that none of the Directors aforesaid shall receive individually in a financial year a sum not exceeding Rs.1.75 lakhs (Rupees one lakh seventy five thousand only) and further that the payment of the sum in the above manner shall be in addition to the sitting fee per meeting of the Board/Committee which each such Director is entitled to receive under the Articles of Association and the approval of the Board of Directors from time to time.

- 10) To consider and if thought fit, to pass with or without modification, the following resolution which will be proposed as an **ordinary resolution** :

RESOLVED THAT consent of the company be and is hereby accorded pursuant to Section 293(1)(e) and other applicable provisions, if any, of the companies Act, 1956, to the Board of Directors of the Company for contributing in any financial year to charitable and other funds not directly relating to the business of the company or welfare of its employees, sum or sums aggregating Rs.50,00,000/- (Fifty lakhs only) or five percent of the average net profits as determined in accordance with Sections 349 and 350 of the Companies Act, 1956, during the three financial years immediately preceding the relevant financial year whichever is greater.

(By Order of the Board)

for THE JEYPORE SUGAR CO.LTD.,

(sd.) P.R.RAMAKRISHNAN

Chairman

Place : Chennai

Date : 21.07.2005

The Register of Members of the company will be closed from 22nd August 2005 to 5th September, 2005 (both days inclusive) during which period, transfer of shares will not be effected.

THE JEYPORE SUGAR COMPANY LIMITED**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 The **Unclaimed Dividend** for the year(s) 1997-98; 1998-99; 1999-2000; 2000-2001; 2001-2002 and 2002-2003 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.
- 4 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.
- 5 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 dematerialised form, may please contact their Depository participants for recording nomination in respect of their shares.

Explanatory Statement under Section 173 of the Companies Act, 1956**ITEM NO.6**

Smt.Rajeswary Ramakrishnan was appointed as Managing Director of the company for a period of 3 years from 3rd September, 2002 and her appointment as well as salary and perquisites were approved at the 66th Annual General Meeting of the company held on 9th September, 2002.

The Board of Directors at their Meeting held on 21st July, 2005 have reappointed Smt.Rajeswary Ramakrishnan as Managing Director for a period of 5 years from 3rd September, 2005 and the proposed salary, perquisites and applicable terms and conditions are set out in the text of the resolution as approved by the Remuneration Committee of the Board of Directors meeting held on 21st July 2005.

Since the proposed appointment, remuneration and perquisites conform with the requirements of schedule XIII of the Companies Act, 1956 the approval of the Central Government is not required.

Part III of schedule XIII of the Companies Act, 1956 requires the appointment and remuneration to be approved by a Resolution of the shareholders in General Meeting. Further, section II of Part II of Schedule XIII also requires that a special resolution be passed by the members at a general meeting of the company,



to enable the company to pay minimum remuneration to the Managing Director, in the event of inadequacy or absence of profits. Accordingly the Special Resolution under item no.6 is recommended by the Board of Directors for approval of the General Meeting.

Sri.P.R.Ramakrishnan, Dr.S.R.K.Prasad, Sri.R.Prabhu and Smt.Anita Prabhu, Directors of the company, as relatives of Smt.Rajeswary Ramakrishnan are interested in the proposed resolution for appointment of Smt.Rajeswary Ramakrishnan as Managing Director. No other Director of the company is concerned or interested in the proposed resolution.

The particulars required to be furnished in terms of clause (iv) of Sub paragraph (B) of paragraph 1 of section II of Part II of Schedule XIII are given below :

I. General Information

1) Nature of industry

Sugar industry

2) Date or expected date of commencement of commercial production

Existing unit.

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

4) Financial performance based on given indicators

Satisfactory

5) Export performance and net foreign exchange collaborations

No export made during the year ended 31-3-2005

6) Foreign investments or collaborators, if any.

The company has no foreign investments or foreign collaborators.

II. Information about the appointee :

1) Background details

Presently Managing Director of the company since 1967 and Executive Chairman of K.C.P Sugar & Industries Corporation Limited from 1st November, 2001.

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2) Past remuneration

Rs.3,50,000/- per month plus perquisites being contribution to Provident Fund.

3) Recognition awards

Smt.Rajeswary Ramakrishnan is a recipient of the Pride of Asia International Award and Gold Medal for being a leading lady industrialist in a world dominated by men at Singapore on 11-01-1992.

She was bestowed the "Shakkara Prapurna" Award during 1988-89 season by the Andhra Agricultural University, Anakapalle.

She received the Award from FICCI LADIES ORGANISATION in 1995-1996 for "Outstanding Woman Entrepreneur".

During April 2002, she received an award from AWAKE (Association of Women Entrepreneurs of Karnataka) for her entrepreneurial spirit and initiative in the BIO-TECHNOLOGY FIELD.

4) Job profile and her suitability

Managing the affairs of the company for the last 43 years in the same capacity under the supervision of Board of Directors.

Managing the affairs of K.C.P Sugar & Industries Corporation Limited from 1st November, 2001.

5) Remuneration proposed Rs.3,50,000/- per month, plus perquisites

6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)

The proposed appointee is one of the senior most Managing Director in the Sugar Industry. The total remuneration package offered to her would be comparable to that paid to others of the same standing and experience in the industry.

7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personal, if any.

None other than the proposed remuneration and the interest paid on her deposits with the company at the same rate as to the public. She is not related to any other Managerial personnel, except the Executive Director Smt.Anita Prabhu.

III. Other information :

- (1) This information is being given along with the special resolution proposed to be passed, to enable the company to pay the Managing Director minimum remuneration as detailed herein above, in the