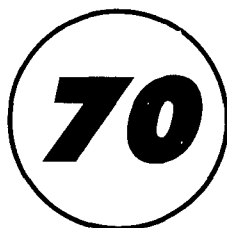
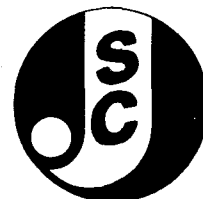


# THE JEYPORE SUGAR COMPANY LIMITED

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**ANNUAL REPORT 2005-2006**



**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>EXECUTIVE DIRECTOR</b>	Smt.ANITA PRABHU, B.Com
<b>BOARD OF DIRECTORS</b>	Sri.R.PRABHU, B.E (Hons), S.M.(MIT), M.P Smt.M.A.VEDAVALLI Sri.BOPPANA RAMALINGESWARA RAO, M.A.,L.L.B. Sri.K.MUNESWARA RAO Dr.S.R.K.PRASAD, D.Sc., (USA) Sri.R.KANNAN.,B.Tech,
<b>MANAGER FINANCE &amp; SECRETARY</b>	Sri.P.S.KRISHNAMOORTHY, B.Sc, M.A, A.C.A, A.C.S
<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 INDUSTRIAL DEVELOPMENT BANK OF INDIA
<b>AUDITORS</b>	MESSRS.BRAHMAYYA & CO., Chartered Accountants, VIJAYAWADA.
<b>REGISTERED OFFICE</b>	239, ANNA SALAI, CHENNAI - 600 006 TAMILNADU



## NOTICE OF THE SEVENTIETH ANNUAL GENERAL MEETING

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

Date : 7th, September, 2006  
 Time : 11.30 A.M  
 Place : Savera Hotels Ltd,  
 146, Dr.Radhakrishnan Salai, Chennai - 4

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

1. To consider and adopt the Balance sheet of the company as at 31<sup>st</sup> March 2006, 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 as a Director, Sri.R.Kannan , who was appointed as an additional director, and holds such office upto the date of this annual general meeting. The company has received the required notice and deposit pursuant to section 257 (1) of the companies Act 1956, proposing the appointment of Sri.R.Kannan as a director of the company.

Sri.R.Kannan, B.Tech , MIT has been a Nominee Director of ICICI Bank Ltd. till 5-9-2005, now appointed as independent Director of the company. A Chemical engineer with extensive experience in structured products and infrastructure financing and technology departments.

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

Sri.K.Muneswara Rao is a native of Chagallu, a big cane grower and has good rapport with the cane growers.

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

### 6. **SPECIAL BUSINESS :**

To consider and if though fit to pass with or without modifications the following as ordinary resolution:

Resolved that the 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 during this financial year (2006-07) to charitable and other funds not directly relating to the business of the company or welfare of its employees, sum or sums aggregating to Rs.125 lakhs (Rupees one hundred twenty five lakhs only) or 5% of the average net profits as

**THE JEYPORE SUGAR COMPANY LIMITED**

determined in accordance with section 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 : 28.6.2006

The Register of Members of the company will be closed from 25<sup>th</sup> August 2006 to 7<sup>th</sup> September 2006 (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 The **Unclaimed Dividend** for the year(s) 1998-99; 1999-2000; 2000-2001; 2001-2002 , 2002-2003 and 2004-2005 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 pursuant to section 173(2) of the Companies Act 1956:**

Your company is interested in contributing to the various educational or other charitable causes not directly related to the business of the company or the welfare of its employees. Section 293(1)(e) of the Companies Act, 1956 authorise the Board to make such donations/contributions in any financial year to charitable or other funds not directly related to the business of the company or welfare of its employees to the extent of the amount approved by the shareholders or 5% of the average net profits as determined in accordance with the provisions of section 349 and 350 of the Companies Act 1956 during the three financial years immediately preceding the relevant financial year whichever is higher. Hence, your company is seeking the approval of the shareholders for contributing an amount of Rs.125 lakhs as donation/ contribution. The Board recommends the passing of the said resolution.

None of the Directors may be deemed to be interested or concerned in this resolution.

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

Place : Chennai

Date : 28-06-2006



**SEVENTIETH ANNUAL REPORT 2005-2006**  
**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2006**

1. Your Directors have pleasure in presenting their report for the year ended 31<sup>st</sup> March, 2006, together with the Balance Sheet as at 31<sup>st</sup> March, 2006 and the Profit & Loss Account for the year ended on that date.

	Rs.	Rs.
<b>2. PROFIT &amp; LOSS APPROPRIATIONS</b>		
Profit before interest, Depreciation And extraordinary items		69,57,96,517
Less: Interest	13,92,89,787	
Depreciation	9,15,75,912	
<b>Profit before tax</b>		<u>23,08,65,699</u>
		46,49,30,818
Add : Reversal of Deferred tax Liability		<u>97,03,773</u>
		47,46,34,591
Less : Provision - Fringe Benefit tax	12,00,000	
- Income tax	15,20,00,000	
<b>Profit after tax</b>		<u>32,14,34,591</u>
Add: Surplus brought forward from last year		4,82,86,845
		<u>36,97,21,436</u>
Less : Appropriations		
General Reserve	20,00,00,000	
Interim dividend paid	2,26,72,640	
Tax on Interim dividend	31,79,838	
Proposed final dividend	6,80,17,920	
Tax on final dividend	95,39,514	
Surplus taken to Balance sheet		<u>30,34,09,912</u>
		6,63,11,524
<b>3. DIVIDEND</b>	Your Directors recommend payment of a final dividend of 150% for the year ended 31 <sup>st</sup> March 2006. Including the interim dividend of 50% already paid, the total dividend for the year comes to 200%.	
<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.50,53,08,246/- as against Rs.4,53,45,280/- and 28,72,83,567 /-respectively.	
<b>5. FIXED DEPOSITS</b>	As on 31 <sup>st</sup> March, 2006, there were 9 deposits matured and remaining unclaimed amounting to Rs.5,68,000/-.	
	<b>Sugar Industry :</b>	
	India is the second largest producer of sugar in the world. In terms of sugarcane	

**THE JEYPORE SUGAR COMPANY LIMITED**

production, India and Brazil are almost equally placed. The production during the year under review in the country is satisfactory. The general outlook for the industry is that the upswing will continue for the next 2 years with good sugarcane crop and increased production of white sugar and other by-products.

**Out look :**

The company may post better results compared to earlier years. The global outlook being positive for the next 2 years, the company is hopeful of consolidating its gains and embarking on plans for expanding its activities. The company is confident of achieving better results in the years to come.

To take advantage of this situation in the future, your Board of Directors have decided to set up another sugar factory with a crushing capacity of 5000 TCD at Pothavaram about 30 km from VVS Sugars, Chagallu.

The new venture is being named after our late Founder Chairman – Sri.V.Ramakrishna VRK Sugars, Pothavaram.

This will be a 5000 TCD sugar factory with the most modern equipment. Necessary permissions from the Centre and State Departments have been obtained for starting the factory. We have bought 90 acres of land for this plant. The foundation stone will be laid on 21-8-2006 at our site in Pothavaram. We hope to get the plant ready for the 2008-2009 crushing season. We expect to crush 6 to 7 lakh tones of sugarcane in the first year itself.

Several irrigation projects on the Godavari are being implemented by the Govt of Andhra Pradesh which are likely to be commissioned in the next two years. This will not only augment the water available for cultivation, but will also help the existing borewells, which means ample supply of water to the farmers. As such we expect the cane plantation in the Chagallu zone to increase tremendously in the coming years.

**a) VVS SUGARS, CHAGALLU**

We expect to crush about 13 lakh tonnes of cane during the coming 2006-07 season, when compared to 11.14 lakh tonnes, during the current season.

**Sugar season**

<b>Sugar</b>	<b>2005-2006</b>	<b>2004-2005</b>
Duration	<b>14.11.2005</b> to <b>04.05.2006</b>	18.11.2004 to 30.03.2005
No of days	<b>171</b>	133
Cane crushed (Tons)	<b>11,14,655</b>	9,27,518
Sugar Produced (Qtls)	<b>12,24,740</b>	10,75,620
Recovery (%)	<b>11.00</b>	11.57

**FINANCIAL YEAR**

Duration	14.11.2005 to 31.03.2006	18.11.2004 to 30.03.2005
No of days	138	133
Cane crushed (Tons)	9,52,520	9,27,518
Sugar Produced (Qtls)	10,44,680	10,73,780
Recovery (%)	11.05	11.57
Turnover (Rs in lakhs)	22,737	17,417

**b) DISTILLERY DIVISION, CHAGALLU**

The expansion programme of the Chagallu Distillery with continuous fermentation process was completed during the year under review. The distillery could function only for part of the year. We expect it will be fully operational in the financial year 2006-07 reaching its optimum capacity of 40 KLPD. With the Central Government policy of Ethanol now been firmed up, we hope the Ethanol plant also will be operated resulting in additional revenue accruing to the Distillery.

**c) DISTILLERY UNIT, JANGAREDDYGUDEM**

The manufacturing operations of Rectified Spirit and Extra Neutral Alcohol Plant were satisfactory and the company could achieve production level of 100% during the year.

**Research & Development :** Continuous fermentation implementation work is under progress. After obtaining necessary approvals and clearance the production will be stepped up.

**Safety and Pollution :** 100% Zero Pollution System has been established by using, Filter Cake and the spent wash in developing the Bio-earth.

**d) CO-GENERATION**

The Co-generation project has worked continuously and successfully during the season and generated 35,249 MWH

**e) ELECTRO METALLURGICAL DIVISION**

Ferromanganese Plant is under lease with M/s.VBC Ferro Alloys Ltd. As informed earlier the arrangement is only to put the assets of the Ferromanganese unit to effective use and also to generate sizeable revenue for covering up the fixed overheads of the unit.

**f) DISTILLERY AT RAYAGADA**

The IMFL bottling unit which commenced operations during 2004-05 is functioning satisfactorily. Efforts have been made for continuous working of the unit as the company is getting good response for the products from the market.

## THE JEYPORE SUGAR COMPANY LIMITED

**6. CONSERVATION  
OF ENERGY :**

Form A (Rule 2) enclosed.

**7. RESEARCH &  
DEVELOPMENT**

Common well has been provided for condensate collection from juice heaters and balance evaporator sets not connected earlier. This has saved power substantially besides eliminating number of pumps.

Jet cooling towers have been provided to cool the excess hot condensate and to reuse the same in the process. This has saved quite a lot of power by eliminating pumping of Godavari water.

Sugar bucket elevators have been replaced by cleated rubber belt conveyors eliminating the damage to the sugar crystal and eliminating sugar dust problem.

**A. AGRICULTURAL  
IMPROVEMENTS:**

Trials are taken up in the farm with collaboration of Sugarcane Breeding Institute, Coimbatore under Pre-Zonal varietal Test Programme and Institute – Industry Interface Programme. Number of new sugarcane clones are being evaluated for sugar content, suitability for local climatic conditions and pest and disease resistance. Some of the varieties selected from above trials are Co0209, Co93004, Co0217, Co86002, Co93020, Co94012, Co2002 – 132 and Co2002 – 138 etc

The following improved cultural practices being continued in cane growers fields.

- 1) Wider spacing and paired row plantation along with drip irrigation system under APMIP to save seed cane to be used, reduce water consumption and improve cane yields.
- 2) Fertilizer trials are taken up with different doses of fertilizers to fix optimum dosage of fertilizers for different soils.
- 3) Bio-fertilisers : Trials are being conducted with N& P fixing bio-fertilisers with different doses to improve cane yields and reduce usage of chemical fertiliser.

**B. SAFETY &  
POLLUTION  
CONTROL****(a) Air Pollution**

This year Wet scrubbers have been modified to give satisfactory results.

During next year an advanced wet scrubbing system will be introduced for the B&W boiler (Co-gen) which will improve the system even further.

**(b) Water Pollution**

Secondary clarifier has been provided, which has improved the BOD and COD levels to manageable levels. It is proposed to set up Upflow Anaerobic Sludge System for bringing down BOD, COD levels to a minimum so as to meet the standards set up by A.P Pollution Control Board.

Bigger aerators have been provided to improve the aeration system as per the guide line set up by APPCB.





## 8. SUBSIDIARY COMPANY

- |   |   |
|---|---|
| 1. Name of the<br>Subsidiary  | JEYPORE SUGAR FINANCE AND INVESTMENT CORPN LTD.,  |
| 2. Financial year   | Year ended 31-3-2006  |
| 3. Holding<br>Company's<br>Interest   | 4,10,000 Equity Shares of Rs.10/- each  |
| 4. Net Amount<br>of Profit/Loss   | Net Loss for the current financial year is Rs.12,30,506/- Adding thereto the reversal of deferred tax of Rs.6,679/- and adjusting against the surplus in profit & loss account of previous years, the balance of Rs.22,26,151/- is taken as deficit in profit and loss account. |
| 5. Profit/Loss of<br>subsidiary<br>dealt with in<br>Holding<br>Company's<br>A/c | Nil   |

## AMALGAMATION OF SRI RAMA DISTILLERIES LTD

The share holders are aware that the company filed necessary petitions before the High Court of Madras at Chennai and simultaneously with the High Court of Andhra Pradesh, at Hyderabad for the merger of Sri Rama Distilleries Ltd with our company. The Directors are glad to inform the share holders that the scheme of amalgamation has been sanctioned by the respective High Courts as of 24<sup>th</sup> March 2006 to be effective from 1-4-2004. The company has given effect to the orders of the High Courts by complying with the conditions thereof.

## 9. DIRECTORS

The following Directors retire at the conclusion of the Annual General Meeting, and being eligible, offer themselves for re-election.

**1. Sri.R.Kannan**

**2. Sri.K.Muneswara Rao**

We regret to inform the sudden demise of our Director Sri.G.S.Raju on 21.2.2006. He has helped the company in all its developmental activities. The Board wishes to place on record the yeoman services rendered by Late. Sri.G.S.Raju to the company's development.

## 10. MANAGEMENT STAFF

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 :

## THE JEYPORE SUGAR COMPANY LIMITED

i) Name & Designation **Mrs.Rajeswary Ramakrishnan, Managing Director**

Qualification & Experience B.A., : 44 Years

Date of Employment 3-9-1967

Age 78 years

Remuneration	Gross Salary	Rs. 36,00,000
	P.F	Rs. 4,32,000
	Commission	Rs. 1,92,63,827
		<u>Rs. 2,32,95,827</u>

Particulars of Previous Employment Managing Director  
R.S.Industrial Corporation (P) Ltd.,

ii) Name & Designation **Mrs.Anita Prabhu, Executive Director**

Qualification & Experience B.Com,

Date of Employment 1-8-2005

Age 50 years

Remuneration	Gross Salary	Rs. 16,00,000
	P.F	Rs. 1,92,000
	Commission	Rs. 76,66,331
		<u>Rs. 94,58,331</u>

Particulars of Previous employment -

# 11. STAFF RELATIONS

The relationship with the staff and workers continued to be cordial during the year. The Directors wish to place on record their appreciation of the valuable work done and co-operation extended by them at all levels.

# 12. AUDITORS

- M/s.Brahmayya & Co, Chartered Accountants, Vijayawada retire at the conclusion of the Annual General Meeting and are eligible for re-appointment.
- M/s.Parankusam & Co, Cost Accountants, Hyderabad has been appointed as Statutory Cost Auditor for the sugar unit of the Company.