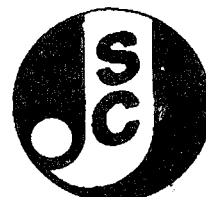


THE JEYPORE SUGAR COMPANY LIMITED

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ANNUAL REPORT 2006- 2007



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



NOTICE OF THE SEVENTY FIRST ANNUAL GENERAL MEETING

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

Date : Monday, 17th September, 2007
Time : 11.00 A.M
Place : Savera Hotels Ltd.,
146, Dr.Radhakrishnan Salai, Chennai - 4

The **Agenda** for the meeting is as follows :

1. To consider and adopt the Balance sheet of the company as at 31st March 2007, 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.R.Prabhu, who retires by rotation and being eligible offers himself for reappointment.

Sri.R.Prabhu B.E. (Hons), S.M.(MIT) is a Mechanical Engineer and an Msc., from Massachusetts Institute of Technology, USA. Previously he was a director in the Company from 1972 to 1986 and he resigned his post after he became the Minister for Fertiliser & Chemicals in the Government of India, and presently a Member of the Parliament (Lok Sabha). Sri.R.Prabhu is related to Sri.P.R.Ramakrishnan, Chairman and Smt.Rajeswary Ramakrishnan, Managing Director of the Company

4. To appoint a director in the place of Dr.S.R.K.Prasad, who retires by rotation and being eligible offers himself for reappointment.

Dr.S.R.K. Prasad, D.Sc.(USA), has been a Director of the Company since 1984. a Chemical engineer with a doctorate in Operations Research, Dr.S.R.K. Prasad is the Managing Director of Krishna Industrial Corporation Ltd. He has extensive experience in software design, development, and implementation. He is also a director in V.R.K.Grandsons Investment P.Ltd., Dr.S.R.K. Prasad is related to Sri.P.R.Ramakrishnan, Chairman and Smt.Rajeswary Ramakrishnan, Managing Director of the Company.

5. To appoint a director in the place of Smt.M.A.Vedavalli, who retires by rotation and being eligible offers herself for reappointment.

Smt.M.A.Vedavalli has been a Director of the Company since 1992. Her contribution to the Company has been substantial. She is having considerable business and commercial background.

THE JEYPORE SUGAR COMPANY LIMITED

6. 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 : 21.06.2007

The Register of Members of the company will be closed from 1st September, 2007 to 17th September, 2007 (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) 1999-2000; 2000-2001; 2001-2002, 2002-2003; 2004-2005; and 2005-2006 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.

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

Place : Chennai
Date : 21.06.2007



SEVENTY FIRST ANNUAL REPORT 2006-2007
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31st MARCH 2007

1. Your Directors have pleasure in presenting their report for the year ended 31st March, 2007, together with the Balance Sheet as at 31st March, 2007 and the Profit & Loss Account for the year ended on that date.

	Rs.	Rs.
2. PROFIT & LOSS APPROPRIATIONS		
Profit before interest, Depreciation And extraordinary items		47,70,36,117
Less: Interest	16,22,71,480	
Depreciation	<u>10,24,55,306</u>	<u>26,47,26,786</u>
Profit before tax		21,23,09,331
Less : Provision - Income tax (Net)	6,99,56,606	
- Fringe Benefit tax	10,00,000	
- Deferred tax -Liability	<u>2,87,86,981</u>	<u>9,97,43,587</u>
Profit after tax		11,25,65,744
Add: Surplus brought forward from Last year		<u>6,63,11,524</u>
		17,88,77,268
Less : Appropriations		
General Reserve	5,00,00,000	
Interim dividend paid	3,40,08,960	
Tax on Interim dividend	47,69,797	
Proposed final dividend	1,13,36,320	
Tax on final dividend	<u>19,26,608</u>	<u>10,20,41,685</u>
Surplus taken to Balance sheet		<u>7,68,35,583</u>

- 3. DIVIDEND** Your Directors recommend payment of a final dividend of 25% for the year ended 31st March 2007, including the interim dividend of 75% already paid, the total dividend for the year comes to 100%.

- 4. CAPITAL & RESERVES** The paid up capital at the end of the year stood at **Rs.4,53,45,280/-** and Reserves at **Rs.57,38,32,305/-** as against Rs.4,53,45,280/- and 50,53,08,246/- respectively

- 5. FIXED DEPOSITS** As on 31st March, 2007, there were 5 Deposits matured and remaining unclaimed amounting to Rs.3,00,000/-

Sugar Industry :

The working of the sugar industry in the 2006-07 season in respect of production is very good compared to the previous year. The demand and supply eased out

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resulting in substantial drop in the price of sugar, evidenced in the last quarter of the financial year 2006-07. It is hoped that the prices will stabilize in the current financial year, so that the company can sustain the good performance achieved in the last 2 years.

Out look :

The global scenario in general and the Indian Sugar industry in particular, does not look bright atleast for 2 years. However with the better utilization of the other products and the performance of the distilleries will help the company is hopeful of continuing its present performance.

NEW SUGAR UNIT AT POTHAVARAM

Necessary permissions from the Centre and State Departments have been obtained for starting the factory. We have bought 123 acres of land for this plant. Works are in full swing and we hope to get the plant ready for the 2007-2008 crushing season. We expect to have trial runs in the coming season.

VVS SUGARS, CHAGALLU

We expect to crush about 12 lakh tonnes of cane during the coming 2007-08 season, when compared to 12.60 lakh tonnes, during the current season.

Sugar season

Sugar	2006-2007	2005-2006
Duration	10-11-2006 to 07-05-2007	14.11.2005 to 04.05.2006
No of days	179	171
Cane crushed (Tons)	12,60,124	11,14,655
Sugar Produced (Qtls)	13,95,110	12,24,740
Recovery (%)	11.07	11.00



FINANCIAL YEAR

Duration	1-4-06 to 4-5-06 10-11-06 to 31-3-07	14.11.2005 to 31.3.2006
No of days	175	138
Cane crushed (Tons)	11,96,365	9,52,520
Sugar Produced (Qtls)	13,26,000	10,44,680
Recovery (%)	11.14	11.05
Turnover (Rs in lakhs)	22319	22737

DISTILLERY DIVISION, CHAGALLU:

The Chagallu Distillery has achieved full production level of 40,000 liters Per day. It has also achieved ZERO discharge level. All standards set up by A.P. Pollution Control Board are achieved.

Reverse Osmosis plant has been installed to process not only the spent wash but also to generate water for the industrial needs.

Ethanol Unit is being run to meet the demand of Oil Companies for Doping the gasoline.

DISTILLERY UNIT, JANGAREDDIGUDEM

The expansion of the Distillery has been completed. The standards set up by A.P. Pollution Control Board are being met by implementing Bio-compost manufacture and by installing of Reverse Osmosis Unit.

Continuous fermentation system is being implemented and will be ready by August 2007.

From this year onwards both the distilleries will be run for 270 days in a year as per Government Notification with full capacity.

CO-GENERATION

The Co-generation project has worked continuously and successfully during the season and generated 43,469 MW.

ELECTRO METALLURGICAL DIVISION, RAYAGADA

The lease in respect of the Ferromanganese plant has expired in January 2007. The Ferromanganese / Ferrochrome products market has considerably picked up and the price of the final products are good. Hence, the company is actively considering the revival of the Ferromanganese / Ferrochrome unit in due course.

DISTILLERY AT RAYAGADA

The operations in the IMFL bottling unit during the year was satisfactory. The demand for the products are on the rise. The company is taking steps to increase the production substantially.

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**6. CONSERVATION
OF ENERGY :**

Form A (Rule 2) enclosed.

(a) D.C.MOTORS

4 D.C. motors have been installed in place of steam turbines for driving the mills whereby considerable quantity of energy has been saved.

Besides, several other energy efficient equipment like planetary gears for crystallizers and VFDs for boiler feed water pumps have been installed.

(b) In the co-generation unit, with lesser quantity of fuel more power generation has been achieved by effecting various fuel saving measures.

**7.A. AGRICULTURAL
IMPROVEMENTS:**

Trials taken up in the farm during previous year with collaboration of Sugarcane Breeding Institute, Coimbatore under 2nd phase of Institute Industry Interface Programme. Out of 9 clones evaluated, the following 3 clones are selected and being multiplied to supply to cane growers.

(1) Co 93020 (2) Co 92002 and (3) Co 94012

Under 3rd phase of Institute – Industry Interface Programme 13 new clones are being evaluated for their suitability to local climatic conditions, sucrose content, pest and disease resistance etc.

Apart from the above, new sugarcane clones are procured from local Agricultural Research Stations like Anakapalli, Vuyyuru, Rudrur, which are being tested under our conditions.

The following improved cultural practices are also being continued in cane growers fields:

Wider spacing and paired row plantation alongwith drip irrigation system under APMIP to save seed cane to be used, reduce water consumption and improve cane yields.

Organic fertilizers are being manufactured from this year onwards to be supplied to the cane growers at subsidized prices for the improvement in yield and quality of cane.

**B. SAFETY &
POLLUTION
CONTROL**

All precautions are taken to avoid accidents and hazards.

(a) Air Pollution

This year Nye tray Wet scrubbers are installed for all boilers including standby boiler. Air pollution is totally controlled by achieving A.P. pollution Control Board stipulated norms.

(b) Water Pollution

UASB reactor of M/s.Lars Enviro is installed this year and the existing system of ETP is modified. Due to this, discharge standards stipulated by the A.P. Pollution control Board are achieved.

By taking the above measures ZERO discharge is achieved.



8. SUBSIDIARY COMPANY

- | | |
|--|--|
| 1. Name of the Subsidiary | JEYPORE SUGAR FINANCE AND INVESTMENT CORPN LTD., |
| 2. Financial year | Year ended 31-3-2007 |
| 3. Holding Company's Interest | 4,10,000 Equity Shares of Rs.10/- each |
| 4. Net Amount of Profit/Loss | Net Loss for the current financial year is Rs.54,92,353/-. Adding thereto the reversal of deferred tax of Rs.2,96,828/- and adjusting against the loss in profit & loss account of previous years of Rs.22,26,151/-, the balance comes to Rs.74,21,676/- is taken as deficit in profit and loss account. |
| 5. Profit/Loss of subsidiary dealt with in Holding Company's A/c | Nil |

10. DIRECTORS

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

1. Sri.R.Prabhu
2. Dr. S.R.K.Prasad
3. Smt.M.A.Vedavalli

11. 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 :

- | | | |
|------------------------------------|---|------------------------------|
| i) Name & Designation | Smt.Rajeswary Ramakrishnan, Managing Director | |
| Qualification & Experience | B.A., : 45 Years | |
| Date of Employment | 3-9-1967 | |
| Age | 79 years | |
| Remuneration | Gross Salary | Rs. 42,00,000 |
| | Provident Fund | Rs. 5,04,000 |
| | Commission | Rs. 72,03,301 |
| | | <u>Rs.1,19,07,301</u> |
| Particulars of Previous Employment | Managing Director
R.S.Industrial Corporation (P) Ltd., | |

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ii) Name & Designation	Smt. Anita Prabhu, Executive Director	
Qualification & Experience	B.Com., 2 years	
Date of Employment	1-8-2005	
Age	51 years	
Remuneration	Gross Salary	Rs. 24,00,000
	Provident Fund	Rs. 2,88,000
	Commission	Rs. 44,56,380
Particulars of Previous employment		Rs. <u>71,44,380</u>
	Nil	
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	<p>a) M/s.Brahmayya & Co, Chartered Accountants, Vijayawada retire at the conclusion of the Annual General Meeting and are eligible for re-appointment.</p> <p>b) M/s.Parankusam & Co, Cost Accountants, Hyderabad has been appointed as Statutory Cost Auditor for the sugar unit of the Company.</p> <p>c) the register of fixed assets at the Rayagada Units, where the value of the fixed assets is not material, is being compiled in computerised format from the deformed old manual records;</p> <p>d) physical verification of fixed assets and a part of the inventories of stores could not be carried on during the year due to two successive extended crushing seasons and the new Sugar Mill Project at Pothavaram. The same will be done during the current year;</p> <p>e) the company is in the process of upgrading its computerised information system, consequent to which the internal control procedures are expected to become more effective;</p> <p>f) the company is taking necessary steps to put in place a system of internal audit during the year, which could not be done during the previous year after the previous internal auditors expressed their inability to continue.</p>	