

THE JEYPORE SUGAR COMPANY LIMITED

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ANNUAL REPORT 2007- 2008



RESPECTFUL HOMAGE TO
OUR BELOVED CHAIRMAN
SRI P.R. RAMAKRISHNAN



BORN
12-02-1916

DECEASED
14-08-2008

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, Sri.K.SUBRAMANIAN M.A B.L
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. STATE BANK OF HYDERABAD
AUDITORS	MESSRS.BRAHMAYYA & CO., Chartered Accountants, VIJAYAWADA.
REGISTERED OFFICE	239, ANNA SALAI, CHENNAI - 600 006 TAMILNADU



NOTICE OF THE SEVENTY SECOND ANNUAL GENERAL MEETING

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

Date : 10th September, 2008

Time : 11.00 A.M

Place : New Woodlands Hotel

72-75, Dr.Radhakrishnan Salai, Mylapore, Chennai - 600 004.

The Agenda for the meeting is as follows :

1. To consider and adopt the Balance sheet of the company as at 31st March 2008, 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, present Chairman of the board has been a Director of the company was last reappointed as a director at the 69th annual general meeting of the company held on 5th September, 2005. His contribution to the company over the years has been substantial, in achieving maximum productivity and implementation of the projects till date. The company has benefited for decades from his experience.

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 last reappointed as director during the year 2005. A lawyer by profession and having 15 years experience in the High Court of Andhra Pradesh. 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 a director in the place of Sri.R.Kannan, who retires by rotation and being eligible offers himself for reappointment.

Sri.R.Kannan, B.Tech , MIT was a Nominee Director of ICICI Bank on the board of our company till 5-9-2005, after which he appointed as independent Director of the company. A Chemical engineer by education and a career banker with extensive experience in structured products and infrastructure

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financing and technology departments, Mr.Kannan has been a valuable resource to the company in managing in financial affairs.

6. To appoint as a Director, Sri.K.Subramanian , 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.K.Subramanaian as a director of the company

Sri.K.Subramaian, aged 69 years, is a Post Graduate in Economics and a Law Graduate . He started his career as an Officer trainee with Indian Bank in 1964 and later on April'1992, he took charge as the Executive Director of the Indian Overseas Bank and was elevated as its Chairman and Managing Director on 8th March'1996 from where he retired on 30th November'1999. He was also the Director of United India Insurance Company Ltd until 30th November'1999. He is a Director of (a) Panasonic Home Appliances India Co Ltd (b) Jaypee Hotels Ltd., (c) Panasonic Carbon India Co Ltd (d) Somayajulu & Company Ltd

7. To appoint Auditors and fix their remuneration. M/s. Brahmayya & Co, Chartered Accountants, Vijayawada, the retiring auditors are eligible for reappointment.
8. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution.

"Resolved that consent of the company be and is hereby accorded under sections 293(1)(d) of the Companies Act, 1956 to the Board of Directors of the company for borrowing from time to time all such sums of money as they deem requisite for the purpose of the business of the company not withstanding that the monies to be borrowed together with the monies already borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the company and its free reserves provided that the total amount upto which such monies may be borrowed by the Board of Directors shall not exceed a sum of Rs.500 Crores at any time".

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

Place : Chennai
Date : 30.06.2008

The Register of Members of the company will be closed from 2nd September, 2008 to 10th September, 2008 (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) 2000-2001; 2001-2002, 2002-2003; 2004-2005; 2005-2006 and 2006-2007 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 : 30.06.2008

Explanatory Statement under Section 173 of the Companies Act, 1956

Item no.8

The Board of Directors of the company was empowered to borrow upto a limit of Rs.300 Crores at the Annual General Meeting held on 9th September, 2002. In view of increase in cane crushing capacity of the existing sugar unit and also installation of the New Sugar unit at Pothavaram, it is thought fit to increase the said borrowing limits to Rs.500 Crores. Accordingly, the above resolution is proposed. None of the Directors is interested in the above resolution.





SEVENTY SECOND ANNUAL REPORT 2007-2008
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31st MARCH 2008

1. Your Directors have pleasure in presenting their report for the year ended 31st March, 2008, together with the Balance Sheet as at 31st March, 2008 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		20,92,20,950
	Less: Interest	17,61,78,073	
	Depreciation	<u>11,26,79,722</u>	<u>28,88,57,795</u>
	Loss before tax		7,96,36,845
	Add : Provision - Fringe Benefit tax		<u>6,50,000</u>
	Loss after tax		<u>8,02,86,845</u>
	Less :		
	Deferred Tax (Credit)	61,31,300	
	Excess provision of Income Tax In earlier years	<u>1,34,78,559</u>	<u>1,96,09,859</u>
			6,06,76,986
	Less: Balance of profit brought forward From Last year		<u>7,68,35,583</u>
			1,61,58,597
	Less : Appropriations :		
	Provision for Dividend	45,34,528	
	Dividend Tax	<u>7,70,643</u>	<u>53,05,171</u>
	Balance Surplus taken to Balance sheet		<u>1,08,53,426</u>
3. DIVIDEND	Your Directors recommend payment of dividend of 10% for the year ended 31st March 2008.		
4. CAPITAL & RESERVES	The paid up capital at the end of the year stood at Rs.4,53,45,280/- and Reserves at Rs.51,31,38,811/- as against Rs.4,53,45,280/- and 57,38,32,305/- respectively at the beginning of the year.		
5. FIXED DEPOSITS	As on 31st March, 2008, there were 17 Deposits matured and remaining unclaimed amounting to Rs.16,59,000/-, subsequently 8 deposits amounting of Rs.10,76,000/- renewed and 5 deposits amounting Rs.4,65,000/- refunded.		
	<u>Sugar Industry :</u>		
	The performance of the Sugar Industry in the 2007-08 season was moderate. The industry across country was subjected to considerable volatility and unpredictable market conditions. Though the overall quantity of cane crushed		

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during the season had increased, the average recovery rate declined. Though the supply was substantial there was significant drop in the price of sugar. This continued almost through entire financial year. However, it is generally expected that the situation will improve with better pricing for sugar in the coming year.

Out look :

The scenario for the Sugar Industry all over the world is expected to continue the same pattern for another one or two years. Further it is also envisaged that there may be a shortage in supply of sugarcane thereby leading to lower productivity, which may trigger the demand and rise in prices. Further, the company is hopeful of maintaining a reasonable level of production by ensuring continuous supply of sugarcane, thereby the performance will be above par. It is also hoped that the other units like Distillery, Co-generation also will continue their good performance in the coming years, which will also result in good working results being posted.

NEW SUGAR UNIT AT POTHAVARAM

The new sugar mill project at Pothavaram has reached the final stage. The Plant & Machinery erection is almost complete. Based on the technical opinion, the company proposes to add certain facilities for more flexibility in operations, improve the sugar quality and ensure higher capacity utilization. While this will involve some additional expenditure and enhance the period of implementation, the company feels that these measures will significantly improve the profitability.

It may also be mentioned that there is a cane shortage during the current season 2008-09 not only in Andhra Pradesh, but in all the major sugarcane growing regions of India. It is expected that adequate cane would be available for the 2009-2010 season. Hence your company proposes to complete the scheme with modification and commence crushing during 2009-2010 season.

a) VVS SUGARS, CHAGALLU

We expect to crush about 7 lakh tonnes of cane during the coming 2008-09 season.

Sugar season

Sugar	2007-2008	2006-2007
a) Unit: Chagallu Duration	1-11-2007 to 21-04-2008	10-11-2006 to 07-05-2007
b) No of days	172	179
c) Cane crushed (Tons)	11,19,566	12,60,124
d) Sugar Produced (Qtls)	12,13,750	13,95,110
e) Recovery (%)	10.86	11.07

**FINANCIAL YEAR**

Duration	1-4-07 to 7-5-07 1-11-07 to 31-3-08	1.4.6 to 10.11.06 31.3.2007
2) No of days	189	175
3) Cane crushed (Tons)	12,83,994	11,96,365
4) Sugar Produced (Qtls)	13,93,770	13,26,000
5) Recovery (%)	10.85	11.14
6) Turnover (Rs in lakhs)	16,792	22,319

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

We are producing Organic Manure on the brand name of "R.R Bio-Gold" by utilizing Spent Wash and Filter Cake.

d) DISTILLERY UNIT, JANGAREDDIGUDEM

Continuous fermentation system has been completed. The standards set up by A.P. Pollution Control Board were implemented at Bio-compost yard and commissioned the R.O.Plant.

100% Zero pollution system has been established by putting 300M Reverse Osmosis Plant and utilizing Filter Cake and Spent Wash in developing the Bio-Compost.

From this year onwards the distillery will be run at 100% capacity.

CO-GENERATION

The Co-generation project has worked continuously and successfully during the season and generated 48409 MW.

ELECTRO METALLURGICAL DIVISION

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.