

THE JEYPORE SUGAR COMPANY LIMITED

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ANNUAL REPORT 2008- 2009



THE JEYPORE SUGAR COMPANY LIMITED (INCORPORATED IN 1936)

CHAIRMAN

cum

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),
 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 &
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 THIRD ANNUAL GENERAL MEETING

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

Date : 11th September, 2009

Time : 12.01 P.M.

Place : New Woodlands Hotel
72-75, Dr.Radhakrishnan Salai, Mylapore - 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 2009, 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 re-appointment.

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 is related to Smt.Rajeswary Ramakrishnan, Chairman cum Managing Director of the Company.

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

Sri.K.Muneswara Rao is a native of Chagallu, West Godavari (Dt.) Andhra Pradesh a big cane grower and has good rapport with the cane growers.

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

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 Smt.Rajeswary Ramakrishnan, Chairman cum Managing Director of the Company.

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

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SPECIAL BUSINESS

- 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 five years from 1st August 2009, 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. Gratuity payable at a rate not exceeding half month's salary for each completed year of service.
iii. Car and 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 about 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 five 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 authorized 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 authorized to take all such steps as may be deemed expedient or desirable to give effect to this resolution."

Place : Chennai
Date : 25.06.2009

(By Order of the Board)
for THE JEYPORE SUGAR CO.LTD.,
(Sd.) RAJESWARY RAMAKRISHNAN
Chairman cum Managing Director



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The Register of Members of the company will be closed from 1st September, 2009 to 11th September, 2009 (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) 2001-2002, 2002-2003, 2004-2005, 2005-2006, 2006-2007 and 2007-2008 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.

Place : Chennai
Date : 25.06.2009

(By Order of the Board)
for THE JEYPORE SUGAR CO.LTD.,
(Sd.) RAJESWARY RAMAKRISHNAN
Chairman cum Managing Director

**ITEM NO.7****Explanatory Statement under Section 173 of the Companies Act, 1956**

Smt.Anita Prabhu aged 53 years, is graduate in commerce and has been a Director of the company from 21.08.1997. She has gained adequate working knowledge and insight into corporate affairs, operations and functioning of the factories. Considering her experience and with a view of further strengthen the management of the company, the Board of Directors of the company considers it fit to appoint Smt.Anita Prabhu as Executive Director of the company for a period of five years from 1st August 2009.

The Directors, recommend the appointment of Smt.Anita Prabhu as the Executive Director, She is related to Smt.Rajeswary Ramakrishnan, Chairman cum Managing Director, Sri.R.Prabhu, Director and Dr.S.R.K.Prasad, Director of the company

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.
2009-2010 season
- 4) Financial performance based on given indicators
Satisfactory
- 5) Export performance and net foreign exchange collaborations.
No export made during the year ended 31-3-2009.
- 6) Foreign investments or collaborators, if any.
The company has no foreign investments or foreign collaborators.

II. Information about the appointee :

- 1) Background details
A Director in the Board since 1997 and presently Executive Director of the company.

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- 2) Past remuneration Rs.2,00,000/- per month.
- 3) Recognition awards Nil
- 4) Job profile and her suitability
Conversant with the affairs of the company as a Director under the supervision of Board of Directors.
- 5) Remuneration proposed
Rs.2,00,000/- 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 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 Chairman cum Managing Director Smt.Rajeswary Ramakrishnan.

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 Executive Director minimum remuneration as detailed herein above, in the event of absence or inadequacy of profits. The company does not expect to incur a loss during the present term of appointment of the Executive Director. It will present to the shareholders in detail the reasons for loss or inadequate profits and proposed steps for improvement, if and when they arise in the respective years.



SEVENTY THIRD ANNUAL REPORT 2008-2009
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31st MARCH 2009

1. Your Directors have pleasure in presenting their report for the year ended 31st March, 2009, together with the Balance Sheet as at 31st March, 2009 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		37,43,77,172
	Less: Interest	24,97,99,289	
	Depreciation	<u>11,47,31,468</u>	<u>36,45,30,757</u>
	Profit before tax		98,46,415
	Add : Excess Provision of Income Tax in earlier years		<u>3,20,91,939</u>
			4,19,38,354
	Less : Provision - Fringe Benefit /Current/ Deferred Tax		<u>1,19,99,953</u>
	Profit after tax		2,99,38,401
	Add: Balance of profit brought forward from Last year		<u>1,08,53,426</u>
			4,07,91,827
	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>3,54,86,656</u>
3. DIVIDEND	Your Directors recommend payment of dividend of 10% for the year ended 31st March 2009.		
4. CAPITAL & RESERVES	The paid up capital at the end of the year stood at Rs.4,53,45,280/- and Reserves at Rs.53,77,72,041/- as against Rs.4,53,45,280/- and Rs.51,31,38,811/- respectively at the beginning of the year.		
5. FIXED DEPOSITS	As on 31st March, 2009, there were 1 Deposit matured and remaining unclaimed amounting to Rs.2,00,000/-.		
	Sugar Industry :		
	India's requirement of sugar will be around 220 lakh tons per annum whereas this year, ie: 2008-2009 the production is only 147 lakh tons. The gap of 73 lakh tons		

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between supply and demand will be met by the existing carry forward stocks from the previous seasons. But this facility may not be available from next year onwards.

In 2009-2010 season, the expected production of sugar is around 165 lakh tons against the requirement of 225 lakh tons. The gap between the supply and demand for the coming year will be 60 lakh tons. This gap has to be bridged either by import of raw sugar for conversion to white sugar or alternatively import of white sugar directly.

The strong import demand from India, Pakistan, European Union and China is pushing up the global sugar price. There is not enough surplus sugar in the world market to meet the Indian shortage. Hence there is likelihood of the sugar price rising substantially in the next two years.

It is absolutely essential that the Govt. of India should review their agricultural policy and give a fair price for the sugarcane in order to face the competition from other crops. Otherwise the crop under cane cultivation will further shrink and create crises in the near future.

Because of the controls of the Government on the sugar industry, the cane growers are diverting to other crops. Even the cane that is available on the field is being diverted to Jaggery, which is fetching them very high returns. The jaggery rate in the market is now Rs.40/- per kg whereas sugar is being sold at Rs.22/-. Some of the sugar in the market is purchased by jaggery manufacturers for mixing in the jaggery to give it a better colour, which fetched higher price.

As far as the company is concerned it is to be noted that the cane available is around 7 lakh tons for the coming season ie: 2009-2010 season. The June, July seed cane plantation is expected to be around 4000 acres. An expected cane crop of 11 to 12 lakh tons can be developed for 2010-2011 season. The Company is taking further steps by giving higher incentives to cane growers and adopting mechanization in the field operations for even higher supply of cane in the coming years.

NEW SUGAR UNIT AT POTHAVARAM

The new sugar mill project at Pothavaram has reached the final stage. The Plant & Machinery erection is almost complete and the ancillary systems are being put in place. It is hoped that the new sugar mill will be ready for commencement of operation in the coming season depending on the cane availability.