

# THE JEYPORE SUGAR COMPANY LIMITED

## (INCORPORATED IN 1936)

### BOARD OF DIRECTORS

#### WHOLETIME DIRECTORS

**Smt.Rajeswary Ramakrishnan**, B.A.,

- Chairman - cum - Managing Director

**Smt.Anita Prabhu**, B.COM

- Executive Director

#### NON-EXECUTIVE PROMOTOR DIRECTORS:

**Sri.R.Prabhu**, B.E (HONS), S.M.(MIT)

- Promoter Director

**Dr.S.R.K.Prasad**, D.SC., (USA)

- Promoter Director

#### NON-EXECUTIVE INDEPENDENT DIRECTORS:

**Smt.M.A.Vedavalli**

- Independent Director

**Sri.Boppana Ramalingeswara Rao**, M.A., L.L.B.

- Independent Director

**Sri.K.Muneswara Rao**

- Independent Director

**Sri.R.Kannan**, M.TECH.

- Independent Director

**Sri.K.Subramanian**, M.A. B.L.

- Independent Director

#### **G. M. FINANCE & COMPANY SECRETARY**

Sri.P.S.Krishnamoorthy

#### **AUDITORS**

M/s.Brahmayya & Co.

Chartered Accountants

33-25-33/B, Govindarajulu Naidu Street

Suryaraopeta

Vijayawada - 520 003

Krishna Dist. A.P

#### **COST AUDITOR**

M/s.Aruna Prasad

Cost Accountant

Plot No.802/2, 64th Street

10th Sector, K.K.Nagar

Chennai - 600 078.

#### **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

#### **REGISTERED & CORPORATE OFFICE**

"Ramakrishna Buildings"

No.239, Anna Salai,

Chennai - 600 006

#### **REGISTRARS & SHARE TRANSFER AGENT & DEPOSITORY REGISTRARS**

M/s.Cameo Corporate Services Limited

'Subramanian Building'

No.1, Club House Road

Chennai - 600 002.

**THE JEYPORE SUGAR COMPANY LIMITED**

**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the Seventy seventh Annual General Meeting of the Members of the Company will be held at "Sathguru Gnanananda Hall", Narada Gana Sabha, 314, T.T.K. Road, Alwarpet, Chennai - 600 018 on Thursday the 24th of October 2013 at 11.15 a.m to transact the following business.

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 the profit and Loss Account for the Accounting period ended on that date, and the Report of the Board of Directors and Auditors thereon.
2. To appoint a Director Sri.R.Prabhu, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director Sri.R.Kannan, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director Sri.K.Muneswara Rao, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, on such remuneration as shall be fixed by the Board of Directors.

Place : Chennai  
Date : 30-05-2013.

(By Order of the Board)  
for THE JEYPORE SUGAR COMPANY LIMITED  
**(Sd.) RAJESWARY RAMAKRISHNAN**  
**Chairman cum Managing Director**



**NOTES :**

- a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The Proxy form, in order to be effective must be duly completed, stamped and lodged with the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.

- b. The Register of Members, Register of Beneficial Owners and Share Transfer Books of the Company will remain closed from 16th October 2013 to 24th October 2013 (both days inclusive).
- c. M/s.Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002 are the Registrar and Transfer Agent and Depository Participants of the Company for physical / electronic shares and all correspondences with regard to transfer of shares etc may be addressed to them directly.
- d. Securities and Exchange Board of India has made **trading** in the shares of the company **compulsory in dematerialized form** for all the investors. Members are requested to open a Beneficiary owner account with a Depository Participant, if not done so far.
- e. In order to provide protection against fraudulent encashment of dividend warrants, members who hold shares in physical form are requested to intimate the Company's Registrars and Transfer Agents, M/s.Cameo Corporate Services Limited, Chennai, under the signature of the sole / first joint holder, the following information to be incorporated on dividend warrants.
- I. Name of the Sole / First joint holder and the Folio Number
  - II. Particulars of Bank Account, viz. Name of the Bank, Name of the Branch, Complete address of the Bank with PIN code, Account type and the Bank Account Number.
- f. **Members holding shares in dematerialized form**, may please note that while opening a depository account with participants they might have given **their bank account details**, which will be printed on their dividend warrants. However, if members want to change/correct the Bank details, they should send the same immediately to the concerned Depository Participant. Members are also requested to give MICR code of their bank to their Depository Participant. **The Company will not entertain any direct request from members for addition / deletion / change in bank account details furnished by Depository Participants to the Company.**
- g. Members who are holding Shares in identical order of names in more than one folio are requested to send to the Registrar the details of all such folios together with the Share Certificates for consolidation of their holdings into a single folio.

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- h. **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** by filling **Form 2B** which can be obtained from the company. Members holding shares in dematerialized form may please contact their Depository Participants for recording nomination in respect of their shares.
- i. As required under the provisions of the Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 2006 and thereafter, which remain unclaimed for a period of seven years will be transferred to the **Investor Education and Protection Fund (IEPF)** established by the Central Government pursuant to Section 205C of the Companies Act, 1956.
- j. Members are informed that the Final dividend for the financial year 2005-2006 shall become due for transfer to IEPF on 16-10-2013. Any member who has not claimed dividend in respect of the said financial year is requested to approach the Company / Registrar and Share Transfer Agents of the Company for claiming the same as early as possible but not later than 10-10-2013.

Shareholders are requested to **encash their Dividend Warrants on receipt** as Dividend remaining **unclaimed for seven years** are required to be **transferred to the Investor Education and Protection Fund** established by the Central Government under Section 205C of the Companies Act, 1956. Once unclaimed dividends are transferred to this fund, shareholders **will not be entitled to claim** these dividends.

The Unclaimed Dividend for the year(s) 2005-2006 (final), 2006-2007 (Interim), 2006-2007 (Final), 2007-2008, 2008-2009, 2009-2010, and 2011-2012 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 Registrar immediately with complete details for encashment of those dividends.

- k. Members / proxy holders must bring the **Attendance Slip duly filled and signed**, the meeting and hand it over at the entrance. Xerox copy / torn attendance slips will not be accepted at the entrance of the Meeting Hall. Members are requested to **bring their copy of the Annual Report to the Meeting**, as copies will not be distributed at the Meeting hall, as measure of austerity. Corporate Members are requested to send to the Company's Registrar and Transfer Agents, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the AGM.
- l. **Members desirous of obtaining any information** concerning the accounts and operations of the Company are requested to **address their queries in writing** to the Secretarial Division at least Ten Days **before the Meeting** so that the information may be made available at the meeting.
- m. The members are requested to register their e-mail address / any change in the already registered e-mail address, to the Company / Registrar and Transfer Agents to enable service of documents through electronic mode, in line with the Green Initiatives in Corporate Governance taken by the Ministry of Corporate Affairs, allowing paperless compliance by the Companies.



- n. Information required under Clause 49 of the Listing Agreement (relating to Corporate Governance) with respect to the Directors retiring by rotation at the Seventy Seventh Annual General Meeting and being eligible seeking re-appointment is as under.

**Sri.R.Prabhu**

He is Hons Graduate in Mechanical Engineering from Massachusetts Institute of Technology, USA. He has management and administrative experience for more than 3 decades. He was a Minister for Fertiliser & Chemicals in the Government of India.

**Sri.R.Kannan**

Shri. R. Kannan is a Post Graduate degree holder in Chemical Engineering from the Indian Institute of Technology, Mumbai and a Chartered Financial Analyst (ICFAI). He is also an alumnus of Sloan School of Management, Massachusetts Institute of Technology, Boston.

**Experience**

He served in ICICI Ltd (subsequently named ICICI Bank) for 26 years and retired as General Manager. During this stint, he headed the oil and gas, infrastructure, structured finance and technology finance divisions. Key projects he was involved included large petrochemical, refinery complexes and fertiliser projects as the General Manager representing Lead Institution. Prior to this, he was a Manager of the Project Finance and operations department. In addition to his routine duties of project appraisals, monitoring of projects and restructuring of projects / companies, he was also involved in negotiating agreements for financing energy and environment related projects with Asian Development Bank, Manila and operationalizing schemes of multilateral institutions like IBRD, KFW, ADB. He was also deputed overseas to train professionals in the Uganda Development Bank.

Subsequent to his retirement from ICICI Bank, he joined Institute for Financial Management and Research (IFMR) as its Director for 4 years and presently serves as Adjunct Professor at the same institute. He teaches currently 'Project Finance' and 'Corporate Credit Analysis' courses at IFMR.

**Management Development Programmes**

He carries out 1 week training programme for working professionals on 'Project and Infrastructure Financing', 4 times a year for Indian Institute of Banking and Finance, the apex institute of Indian Banking industry. So far 20 programmes have been conducted successfully and included teams from Consulting institutions from India and Middle East, Corporations, Private and Nationalised Banks. This programme was also extended to institutions such as Industrial Finance Corporation of India and ICICI Securities Ltd.

**Directorships**

Mr. Kannan has been a Member of Board of Directors / Audit Committees of more than 30 companies, both in the capacity of an independent director as well as nominee of ICICI Bank. These include Haldia Petrochemicals Ltd, Bharat Oman Refineries Ltd, Supreme Group, Essar Oil Ltd, National Organic Chemicals Industries (NOCIL), SPIC Petrochemicals Ltd, and many others. Presently he is in the Board of 5 companies dealing with Petrochemicals, Sugar, Consultancy and Infrastructure.

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### **Other memberships**

Earlier, Shri. R. Kannan has served as a member in the following:

- Indian Chemicals Council - Permanent invitee of the National Executive Board. (Formerly Indian Chemical Manufacturer's Association)
- All India Council for Technical Education (Southern Region) - Member of the Advisory Committee.
- Indian Institute of Chemical Engineers - Member of the Management Committee (Western Region).
- Technology Development Board (Government of India) - Appraisal of Projects.
- Madras Management Association - Member of the Management Committee.
- Indian Institute of Chemical Engineers / Indian Institute of Technology, Mumbai - External Examiner.
- Confederation of Indian Industry - Member of the Cost Management Committee and; Member of Finance and Taxation Committee (Southern Region).
- Development Council for Man Made Fibre Industry - Member.
- Member, High Level Committee on Disinvestment of Shares - Government of Tamil Nadu

### **Others**

He has lectured widely in Project Financing and Chemical industry in several forums, such as National Institute of Bank Management, Bankers Training College, Senior Credit Workshops of MNC Banks and National Productivity Council etc. He also serves as a visiting faculty in Great Lakes Institute of Management, Chennai.

He has attended several programmes conducted by Arthur D. Little and Euromoney plc.

### **Sri.K.Muneswara Rao**

He belongs to a prominent Agricultural Family and studied up to Graduation Level. Since then, he has held several posts in Public Institutions like Samisragudem Co-operative Society as well as in other public institutions. He was also Gram Panchyat Sarpanch for a long period of 11 years. He is one of the largest cane growers in this area and represents cane growers Community. He is working as our Director for the last 12 years. He is now 81 years old and is fully capable of attending to duties as Director.



**SEVENTY SEVENTH ANNUAL REPORT 2012-2013**  
**REPORT OF THE DIRECTORS FOR THE FINANCIAL PERIOD ENDED**  
**31<sup>st</sup> MARCH 2013**

1. Your Directors have pleasure in presenting their report for the 6 months period ended 31st March, 2013, together with the Balance Sheet as at 31st March, 2013 and the Profit & Loss Account for the period ended on that date.

	Rs.	Rs.
<b>2. PROFIT &amp; LOSS APPROPRIATIONS</b>	Profit before interest, Depreciation And extraordinary items	26,58,28,746
	Less: Interest	12,39,35,482
	Depreciation	5,05,66,632
		<u>17,45,02,114</u>
	Profit before tax	9,13,26,632
	Add :	
	Deffered tax (Credit)	9,56,700
		<u>9,22,83,332</u>
	Less: Provision for Current Tax	3,75,00,000
	Profit after Tax	5,47,83,332
	Add:	
	Balance of profit brought forward From Last year	2,07,87,255
		<u>7,55,70,587</u>
	Balance Surplus taken to Balance sheet	
<b>3. CAPITAL &amp; RESERVES</b>	The paid up capital at the end of the Period stood at Rs.4,53,45,280/- and Reserves at Rs.69,78,55,972/- as against Rs.4,53,45,280/- and 64,30,72,640/- respectively at the beginning of the Period.	
<b>4. FIXED DEPOSITS</b>	As on 31st March, 2013, the deposits remaining unclaimed of Rs.4,46,000/-. Out of this Rs.2,46,000/- is paid and Rs.2,00,000/- is still pending for renewal repayment.	
<b>5. MANAGEMENT AND DISCUSSION ANALYSIS</b>	Recently Government of India has partially decontrolled sugar i.e. removal of levy quota and abolition of monthly releases. This will partially help the Sugar Sector to recover but still there are strict State controls on the sugarcane price and the zonal restrictions. If the State Government also follows in removal of controls, then the cyclical nature of sugarcane and sugar production will be brought under control and follow supply and demand situation. This partial decontrol is in pressures on sugar price as the sugar mills are more sugar to meet the cane price payments in short term. But ultimately we hope it will settle down at a reasonable level.	

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### 6. REVIEW OF OPERATIONS

In this connection, ICRA has studied and has come to a conclusion that a marginal increase of Rs.1,000/- to Rs.2,000/- per M.T. in price of sugar may be expected from second half of 2013. But there is an expectation of reduced cane plantations which will help the sugar industry to get remunerative price in the market provided the imports are controlled by the Govt. of India. At present the imports will attract only 10% duty. If the duty is not increased to a reasonable level of 30%, Indian Sugar Industry may not be able to face the competition because of international sugar surplus situation.

Now coming to the picture of international sugar production, the white sugar prices are under great pressure and declining from year to year for the last three years. The white sugar is currently ruling around 500 dollars whereas earlier it was above 600 dollars. Raw sugar prices are also coming down very fast and now currently are very close to 16 cents per pound compared to earlier 20 cents per pound. The international traders will try to dump their sugar in Indian market if Govt. of India does not impose a reasonable import duty to protect indigenous industry. For the next few years atleast sugar surplus situation will prevail in the international market.

Now coming to the Indian market, the sugar price tend is being determined by three factors i.e. domestic sugar balance, international crude oil prices and raw sugar rates. Basically Brazil, the World's largest producer and exporter of sugar control the world market by increasing or decreasing the production of Ethanol vis-à-vis sugar. The price of bagasse and molasses also affect the health of the sugar industry to some extent. ICRA observes that total revenue and profits of sugar mills from bi-products will play very significant role in the well being of the sugar industry.

Finally, though the sugar industry is benefited by the partial decontrol, full decontrol has to be implemented for the survival of the sugar sector. The sugar industry directly supports 5 crores of cane growers and their families and indirectly benefits another 25 crores. It is the major contributor to the welfare of the rural economy being a rural based agro industry.

#### **NEW SUGAR UNIT AT POTHAVARAM**

The unit is complete in all respects, however it could not be made fully operational due to the non availability of the cane

#### **VVS SUGARS, CHAGALLU**

Our Company - The Jeypore Sugar Co Ltd., with its two units has the largest crushing capacity in A.P. In the present globalised context the size of the factory is most important, but the capacity is being under utilized due to competition from cash crops like maize, tobacco, paddy which give a profitable return in a shorter time. Besides it is having sizable co-gen facility and distillation facilities.





#### A.SUGAR SEASON

Sugar	2012-2013	2011-2012
<b>Unit: Chagallu</b>		
a) Duration	20-11-2012 to 21-02-2013	28-11-2011 to 23-03-2012
b) No of days	94	116
c) Cane crushed (Tons)	5,65,820	7,79,068
d) Sugar Produced (Qtls)	5,60,700	8,28,810
e) Recovery (%)	9.90	10.53

#### B.FINANCIAL YEAR

1) Duration	20-11-2012 to 21-02-2013	28-11.2011 to 23-03-2012
2) No of days	94	116
3) Cane crushed (Tons)	5,65,820	7,79,068
4) Sugar Produced (Qtls)	5,60,700	8,28,810
5) Recovery (%)	9.90	10.53
6) Turnover (Rs. In Lakhs)	14,176.94	38,949.06

#### DISTILLERY DIVISION, CHAGALLU AND JANGAREDDYGUDEM

Both the Distilleries at Chagallu and Jangareddigudem operated at near optimum level of capacity. The capacity of utilization of Jangareddigudem Distillery has been enhanced during the year under review and the benefit of higher capacity will be reaped in the coming years.

We had purchased molasses from the market to keep both the Distilleries to operating continuously. We expect the distilleries to perform better this year as the demand for Ethanol and RS is encouraging.

#### CO-GENERATION

The Co-generation project has worked continuously and successfully during the season and generated 20519 MW of power. We have offered to generate power using coal as raw material to A.P. Government. (who are very short of power and buying from other states). The Government is not willing to increase the price for the units generated by using coal. Since we will be losing we are keeping our generation capacity idle for almost six months.

Form A (Rule 2) enclosed.

#### 7. CONSERVATION OF ENERGY

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8. <b>SAFETY &amp; POLLUTION CONTROL</b>	<p><b><u>SAFETY :</u></b> The Safety record has improved considerably by taking appropriate steps to reduce the accidents, hazards and other unwanted incidents</p> <p><b><u>AIR &amp; WATER POLLUTION :</u></b> In both air and water all the norms as stipulated by Pollution control Board have been achieved. BOD &amp; COD levels of our effluent are much below the prescribed norms. Similarly the air emissions are maintained within the stipulated standards.</p>
9. <b>SUBSIDIARY COMPANY</b>	
a. Name of the Subsidiary	JEYPORE SUGAR FINANCE AND INVESTMENT CORPORATION LTD.,
b. Financial year	Year ended 31-03-2013
c. Holding Company's Interest	4,10,000 Equity Shares of Rs.10/- each (99.88 % of capital)
d. Net Amount of Profit / Loss	Net Profit for the current financial year is Rs.27,478/- and adding against the loss in profit & loss account of previous year of Rs.79,74,733/- the balance of loss comes to Rs.79,47,255/- is taken as deficit in profit and loss account.
e. Profit / Loss of subsidiary dealt with in Holding Company's A/c	Nil
10. <b>DIRECTORS</b>	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.Sri.R.Kannan
	3.Sri.K.Muneswara Rao
11. <b>MANAGEMENT STAFF</b>	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 in a separate annexure to this Board of Directors Report.
12. <b>STAFF RELATIONS</b>	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.
13. <b>AUDITORS</b>	a) M/s.Brahmayya & Co, Chartered Accountants, Vijayawada retire at the conclusion of the forthcoming Annual General Meeting and being