



# Rajshree Sugars & Chemicals Limited

Annual Report 2012 - 2013



**RAJSHREE SUGARS & CHEMICALS LIMITED**  
**Regd. Office: 338, Avanashi Road, Peelamedu, Coimbatore - 641 004**

**NOTICE TO THE MEMBERS**

Notice is hereby given that the 27th Annual General Meeting of the Members of Rajshree Sugars & Chemicals Limited will be held on Monday, the 12th day of August 2013 at 11.00 AM at the Chamber Hall, Indian Chamber of Commerce & Industry, Avanashi Road, Coimbatore 641 018 to transact the following business:

**ORDINARY BUSINESS**

- 1 To consider, approve and adopt the Statement of Profit & Loss, Cash flow statement for the year ended 31st March 2013, the Balance Sheet as on that date, the report of the Board of Directors and the report of the Auditors.
- 2 To appoint a Director in the place of Mr.G.R.Karthikeyan who retires by rotation and being eligible offers himself for re-appointment.
- 3 To appoint a Director in the place of Dr.K.Mohan Naidu who retires by rotation and being eligible offers himself for re-appointment.
- 4 To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS**

- 5 To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr.Aditya Krishna Pathy, who was co-opted as an Additional Director in the meeting of the Board of Directors of the Company held on 5th November 2012 and who holds office as such upto the date of the 27th Annual General Meeting and in respect of whom notice under section 257 of the Companies Act, 1956 has been received from a member signifying her intention to propose Mr.Aditya Krishna Pathy as a candidate for the office of the Director of the Company be and is hereby appointed as a Director of the Company liable to retire by rotation."

- 6 To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr.B.Soundararajan, who was co-opted as an Additional Director in the meeting of the Board of Directors of the Company held on 5th November 2012 and who holds office as such upto the date of the 27th Annual General Meeting and in respect of whom notice under section 257 of the Companies Act, 1956 has been received from a member signifying her intention to propose Mr.B.Soundararajan as a candidate for the office of the Director of the Company be and is hereby appointed as a Director of the Company liable to retire by rotation."

By Order of the Board

Place : Coimbatore  
Date : 25th May 2013

**R.S.GOWDHAMAN**  
Company Secretary

**NOTE:**

- 1 The Register of Members of the Company will remain closed from 5th August 2013 to 12th August 2013 (both days inclusive).
- 2 A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself and the Proxy need not be a Member. The Proxy can vote in favour or against the resolution at poll.

- 3 Members are requested to intimate the change in bank mandate/address, if any, immediately to the Registrars and Transfer Agents of the Company, M/s.S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore 641 006.
- 4 Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
- 5 The Company's equity shares are listed in the following stock exchanges at present.
  - a. National Stock Exchange of India Limited, Mumbai
  - b. Bombay Stock Exchange Limited, Mumbai

The Company has paid the Annual listing fees in respect of the above stock exchanges and Annual issuer fees to National Securities Depository Limited and Central Depository Services (India) Limited for the financial year 2013-14.

- 6 The following are the details of dividends declared by the Company and the respective due dates for transfer of unclaimed / unpaid dividend to the Investor Education and Protection Fund (IEPF).

Date of declaration of dividend	Dividend for the financial year	Due date of credit to the Central Government	Due date of transfer to the Central Government
06.09.2006	2005-2006	05.09.2013	05.10.2013
10.09.2007	2006-2007	09.09.2014	09.10.2014
23.09.2009	2008-2009	22.09.2016	22.10.2016
20.09.2010	2009-2010	19.09.2017	19.10.2017

It may be noted that no claim of the shareholders will be entertained for the unclaimed / unpaid dividends after their credit to the Investors Education & Protection Fund.

In view of the above, the shareholders are advised to send their unencashed dividend warrants to the Registered Office of the Company for revalidation and encash them before the due date for credit to the IEPF.

- 7 The information/details pertaining to Mr.G.R.,Karthikeyan and Dr.K.Mohan Naidu to be provided in terms of clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the annexure.
- 8 Members desirous of obtaining any information concerning the financial statements and operations of the company are requested to address their queries in writing atleast two weeks before the meeting, so that the information may be made available at the meeting.
- 9 The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circulars on April 21, 2011 and April 29, 2011 stating that the service of document by a company can be made through electronic mode to the shareholders of the company. A recent amendment to the Listing Agreement with the Stock Exchanges permits companies to send soft copies of the Annual Report to all those shareholders who have registered their e-mail address for the said purpose.

The members are requested to inform their updated e-mail address to their respective Depository Participants and those who are holding shares in physical form may intimate their e-mail address to the Registrars and Transfer Agents of the Company, M/s.S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore 641 006.(E-mail: info@skdc-consultants.com).

However, the company can send a physical copy of the balance sheet of the company and all other documents required by law to be attached thereto including the Statement of profit and loss and auditors' report, upon receipt of a requisition from the shareholders, as a member of the Company.

The contents of Annual Report such as Notice with Balance Sheet, Statement of Profit & Loss, Auditor's Report, Directors' Report, etc. are available in the website of your company [www.rajshreesugars.com](http://www.rajshreesugars.com) and for inspection at the Registered Office of the company during office hours.

Members are requested to support this Green Initiative by registering / updating their e-mail addresses for receiving electronic communications.

- 10 The Explanatory Statement under Section 173(2) of the Companies Act, 1956, in respect of special business is annexed hereunder.

By Order of the Board

Place : Coimbatore  
Date : 25th May 2013

**R.S.GOWDHAMAN**  
Company Secretary

## ANNEXURE TO THE NOTICE

### ITEM NO.2 & 3 OF THE AGENDA

**Additional information on Mr.G.R.Karthikeyan and Dr.K.Mohan Naidu, seeking reappointment as Directors at the Annual General Meeting is furnished hereunder.**

#### **Mr.G.R.Karthikeyan (Age 70)**

The brief resume of Mr.G.R.Karthikeyan is given below.

He has a Master degree in Business Administration and hails from the PSG family of Coimbatore. He has wide experience in the management of strategy and operations of large organizations and has been directly associated with the textile industry for more than 40 years. He is a motor sports enthusiast.

He holds Directorship and membership in Committees of other Companies as follows:

#### **Directorship in other companies**

Sri Karthikeya Spinning & Weaving Mills Pvt Ltd.  
RND Softech Private Ltd.  
Leap Green Energy Private Ltd.  
RND Health Care TPS Private Ltd.  
Lotus Eye Care Hospital Ltd.

#### **Membership in Committees**

Nil  
Nil  
Nil  
Nil  
Nil

He holds 1,040 shares in the Company.

#### **Dr.K.Mohan Naidu (Age: 75)**

The brief resume of Dr.K.Mohan Naidu is given below.

A Doctorate in Agriculture with specialization in crop physiology, he has vast experience in sugarcane varietal improvement. Dr.Naidu headed the prestigious Sugarcane Breeding Institute of Indian Council of Agricultural Research (ICAR) situated at Coimbatore.

In his long association of over a decade with this institute, he has pioneered research for many new varieties of sugarcane.

He has traveled widely in South & North America, Africa and Asia in various capacities and positions offering consultancy and advisory services with regard to sugarcane breeding & culture.

Some of his achievements include the release of improved sugarcane varieties to suit various agro-climatic zones, working out selection indices to develop sugarcane varieties resistant to moisture stress, establishment of four sugarcane research centres & sugarcane breeding institute, bio-technology, bio-control and seed technology laboratories and organisation of sugarcane seed programmes in tropical zones.

He pioneered the transfer of technology program to improve sugarcane production in several states of India and trained development workers for a P.G. Program in association with Tamilnadu Agricultural University.

He has also published about 49 research papers, 35 technical papers, 20 popular articles, published one book and 24 bulletins in his subject.

He has been elected as a Fellow of the National Academy of Agriculture Sciences, India. He has been actively involved in various scientific bodies like the Germ plasm Committee of the International Society of Sugarcane Technologists. He also served as Vice President of the Sugarcane Technologists Association of India and Editor of Indian Sugar Crops Journal.

#### **Directorship in other companies**

Trident Sugars Ltd  
Sri Sarvaraya Sugars Ltd. AP

#### **Membership in Committees**

Audit Committee  
Nil

He holds 1,000 equity shares in the Company.

### ITEM NO.5 & 6 OF THE AGENDA

**Additional information on Mr.Aditya Krishna Pathy and Mr.B.Soundararajan seeking election as Directors at the Annual General Meeting is furnished hereunder. This may also be treated as an Explanatory Statement pursuant to section 173(2) of the companies act, 1956.**

#### **Mr.Aditya Krishna Pathy (Age 27)**

He was co-opted as an Additional Director of the Company by the Board of Directors with effect from 5th November 2012. As per the provisions of the Companies Act, he will hold office upto the date of the 27th Annual General Meeting. The Company has received nomination from a shareholder proposing the candidature of Mr.Aditya Krishna Pathy to the office of Director along with the requisite deposit.

He is the son of Ms.Rajshree Pathy, Chairperson and Managing Director.

None of the Directors are concerned or interested in the resolution except Ms.Rajshree Pathy and Mr.Aditya Krishna Pathy.

The brief resume of Mr.Aditya Krishna Pathy is given below.

He has done B.A (Business & Management) at University of Exeter, United Kingdom. He is the Wholetime Director of Lakshmi Mills Company Limited apart from holding Directorship in many other companies.

He holds Directorship and membership in Committees of other Companies as follows:

**Directorship in other companies**

**Membership in Committees**

The Lakshmi Mills Co. Ltd.	Nil
Lakshmi Card Clothing Mfg. Co. Pvt. Ltd.	Nil
The Coimbatore Lakshmi Cotton Press Pvt. Ltd.	Nil
Sans Craintes Stud Farm Pvt. Ltd.	Nil
Sans Craintes Live Stock Pvt. Ltd.	Nil
L.C.C. Investments Ltd.	Nil
Rajshree Power Pvt. Ltd.	Nil

He holds 248,217 (1.043% of the total share capital) equity shares in the company.

**Mr.B.Soundararajan (Age 52)**

He was co-opted as an Additional Director of the Company by the Board of Directors with effect from 5th November 2012. As per the provisions of the Companies Act, he will hold office upto the date of the 27th Annual General Meeting. The Company has received nomination from a shareholder proposing the candidature of Mr.B.Soundararajan, to the office of Director along with the requisite deposit.

None of the Directors are concerned or interested in the resolution except Mr.B.Soundararajan.

The brief resume of Mr.B.Soundararajan is given below.

The entrepreneur hails from a teacher's family at Udumalpet, near Coimbatore and have a strong agricultural background. Mr. Soundararajan started his career as a trader for egg and poultry feed in the year 1985. In 1986, the business expanded, along with his brother by setting up a poultry farm with 200 egg laying birds (layers). In 1988, they set up Suguna's first feed mill to meet the feed requirements of the neighborhood poultry farmers. In 89-90 however, the poultry prices collapsed due to an oversupply of birds in the local market. Out of this was born the idea of contract farming. The two entrepreneurs worked with poultry farmers who had the infrastructure, by providing the chicks and feed. The farmer reared the birds and returned them to Suguna in return for a growing charge. Through building personal relationships with the farmers and winning their trust, Suguna was able to go from strength to strength, today becoming a world class poultry enterprise with an annual turnover of Rs.4000 crores.

He is a dynamic person who actively contributes to the industry and society. He served as President of the Indian Breeders Association from 2002 to 2007. He was Chairman for National Poultry Committee in 2006-07 and Vice Chairman for CLFMA from 2005 till date. Mr.Soundararajan has been an active member in the Poultry Advisory Committee to the Ministry of Agriculture in New Delhi since 2004 and Planning Board Member in Tamilnadu Veterinary University since 2005.

He was recognized for his contribution and achievements and awarded the Best Entrepreneur and influential people by Business Today and CII (Confederation of Indian Industry).

Under his able leadership, Suguna Poultry Farm Limited won the National Productivity Council Awards 7 times successively, since 1994-95 and won the Best Asian Poultry Company in 2008.

He holds Directorship and membership in Committees of other Companies as follows:

**Directorship in other companies**

**Membership in Committees**

Suguna Foods Ltd.	Nil
Suguna Capital Ventures Pvt. Ltd.	Nil
Globion India Pvt. Ltd.	Nil
Bovian Healthcare Pvt. Ltd.	Nil
Suguna Holdings Pvt. Ltd.	Nil
Aminovit Pvt. Ltd.	Nil
Suguna Foods and Feeds Bangladesh Pvt. Ltd.	Nil
Suguna Poultry Pvt Ltd	Nil

He does not hold any share in the Company. He is also not related to any director of the company.

**BOARD OF DIRECTORS**

Mr. RAJA M.J.ABDEEN

Dr. P SURULINARAYANASAMI

Mr. G.R.KARTHIKEYAN

Mr. G.S.V.SUBBA RAO

Mr. R.C.H.REDDY

Dr. K.MOHAN NAIDU

Mr. ADITYA KRISHNA PATHY \*\*

Mr. B. SOUNDARARAJAN \*\*

Mr. R.VARADARAJAN  
WholetimeDirector

Ms. RAJSHREE PATHY  
Chairperson and Managing Director

\*\* Appointed as Additional Directors on 5.11.2012

**Auditors**

M/s Srikishen & Co.  
Kanapathy Towers, 3rd Floor  
1391/A-1, Sathy Road  
Ganapathy  
Coimbatore 641 006.

**President & Chief Financial Officer**

Mr. A. Sathyamurthy

**Company Secretary**

Mr. R. S. Gowdhaman

**Registered Office**

*'The Uffizi'*  
338 Avanashi Road  
Peelamedu  
Coimbatore 641 004

**Factory Unit I  
Sugar, Cogeneration & Distillery**

Varadarajnagar P.O.  
PIN 625 562  
Periyakulam Taluk  
Theni District

**Factory Unit II  
Sugar & Cogeneration**

Mundiampakkam PO  
PIN 605 601  
Villupuram Taluk & District

**Factory Unit III  
Sugar, Cogeneration & Distillery**

Semmedu Village, Gingee Taluk  
PIN 604 153.  
Villupuram District

**Bankers**

State Bank of India  
State Bank of Mysore  
State Bank of Hyderabad  
UCO Bank  
Bank of India  
ICICI Bank Ltd.  
Axis Bank Ltd.

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## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 27th Annual Report with the audited financial statements for the year ended 31st March 2013.

	₹ in lakhs	
	2012-13	2011-12
<b>FINANCIAL HIGHLIGHTS</b>		
Total Income	<b>84,714.91</b>	71,711.88
Profit before Finance Costs, Depreciation and exceptional items	<b>12,500.06</b>	10,022.69
Less: Finance Costs	<b>7,909.08</b>	6,165.36
Depreciation	<b>3,415.50</b>	2,572.59
Exceptional items	<b>0.61</b>	1,477.65
Extraordinary items	<b>--</b>	25.00
Profit before Tax	<b>1,174.88</b>	(217.90)
Current Tax	<b>235.45</b>	--
Less: MAT credit entitlement	<b>235.45</b>	--
Deferred Tax Asset	<b>146.35</b>	(40.75)
Income tax of prior years	<b>--</b>	--
Profit after Tax	<b>1,028.52</b>	(177.15)
Basic Earnings Per Share of ₹10/- each before extraordinary items	<b>4.33</b>	(0.64)
Basic Earnings Per Share of ₹10/- each after extraordinary items	<b>4.32</b>	(0.74)
Diluted Earnings Per Share of ₹10/- each after extraordinary items (after considering allotment of 11,50,000 warrants)	<b>4.12</b>	(0.74)

## DIVIDEND

The Board of Directors have not recommended any dividend for the year ended 31st March 2013.

## FINANCIAL PERFORMANCE

Your Company earned an income of ₹ 84,714.91 lakhs in the year 2012-13 as against ₹ 71,711.88 lakhs during the previous year. The Company has earned a net profit of ₹ 1,028.52 lakhs as against the net loss of ₹ 177.15 lakhs during the previous year.

## OPERATIONAL PERFORMANCE

### Sugar Division

The sugarcane crushing in 2012-13 has increased substantially (17%) over the previous year on account of adequate sugarcane planting in the command area of the factories and as a consequence to our sustained efforts in the Research & Development and cane extension activities. The average recovery of sugar was at 9.16% as against 9.40% in the previous year.

The Company produced 2.60 lakh tons of sugar as against 2.28 lakh tons in the previous year, registering a 14% increase. The Company sold (including exports) 2.37 lakh tons as against 2.23 lakh tons in the previous year.



The key operational data of our sugar division for the year 2012-13 are as follows :

<b>Sugar Division - at a glance</b>	<b>2012-13</b>	<b>2011-12</b>
Sugarcane crushed (Tons)	<b>2,837,376</b>	2,434,644
Recovery %	<b>9.16</b>	9.40
Sugar Produced (Tons)	<b>259,981</b>	228,802
Sugar Produced from Raw Sugar (Tons)	<b>5,060</b>	--
Total Sugar Produced (Tons)	<b>265,041</b>	228,802
Sugar Sold (Tons)		
-Domestic (including Levy)	<b>178,431</b>	178,508
-Exports	<b>58,425</b>	44,895

### **Cogeneration Division**

The operations of cogeneration division across all the Units were satisfactory. The total power generated by the cogeneration division recorded a growth of 13%, largely owing to higher crushing and bagasse availability, coupled with better capacity utilisation. During the year under review, the total power generated by all our Units was 3,103 lakh units as against 2,751 lakh units. The company exported 1,975 lakh units as against 1,877 lakh units in the previous year.

The Company has received 44,442 units of carbon credits during the year ended 31st March 2013 which has been accounted during the year under review.

### **Distillery Division**

The distillery units located at Unit I and III have produced 222.98 lakh litres of Alcohol in 2012-13 as against 92.76 lakh litres of Alcohol in the previous year and the company has sold 209.31 lakh litres of alcohol against 95.41 lakh litres of alcohol in the previous year. The increase in production of alcohol is due to the successful commissioning of the new distillery plant at Gingee (Unit III) on 27th April 2012.

### **Operations of subsidiary companies**

#### **Trident Sugars Limited**

Your wholly owned subsidiary Company, Trident Sugars Limited, has crushed 4.25 lakh tons of sugarcane during the financial year 2012-13 as against 4.07 lakh tons in the previous year. The company produced 40,373 tons of sugar and sold 35,473 tons of sugar during the financial year as against 42,897 tons of production and 47,168 tons of sales in the previous year.

#### **Rajshree Power Private Limited**

There were no operations of the said subsidiary company during the year under review.

### **Accounts of Subsidiaries**

Pursuant to the resolution passed in accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, by the Board of Directors at its meeting held on 25th May 2013, it was decided that the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However, the financial information of the subsidiary companies are disclosed in the Annual Report in compliance with the said circular.

The Company hereby undertakes to make available the Annual financial statements of the subsidiary companies and the related detailed information to any member of the Company and members of subsidiary companies, seeking such information at any point of time. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

The annual financial statements of the subsidiary companies shall also be kept for inspection of any shareholder at the Registered Office of the holding company and of the subsidiary companies concerned. The holding company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on request.

## **FUTURE OUTLOOK**

The acute drought conditions in the entire state of Tamilnadu are likely to impact crop productivity and recovery of sugar in the current season. The resulting reduction in sugar stocks should be offset by the surplus stocks likely to be available at the end of this season. This would keep the domestic prices relatively stable.

Your Company will see a period of consolidation in the coming year when we stabilize and increase efficiencies in all its plants to extract optimum returns on investments.

## **DIRECTORS**

Mr.G.R.Karthikeyan and Dr.K.Mohan Naidu, Directors retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for reappointment.

M/s Aditya Krishna Pathy and B.Soundararajan were co-opted as Additional Directors on 5th November 2012 and they hold office upto the ensuing Annual General Meeting. Notices have been received from a shareholder together with the requisite deposit, proposing their candidature for the office of Directorship which is being placed at the ensuing Annual General Meeting.

## **AUDITORS**

M/s Srikishen & Co, Chartered Accountants, the present auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for reappointment. They have furnished necessary certificate in terms of Sec.224(1B) of the Companies Act, 1956.

## **PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)**

Information as required under Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules 1975, as amended, are given in Annexure forming part of this Report.

However, having regard to the provisions of Section 219(1) (b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all members of the Company. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

## **TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND**

Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, relevant amounts which remained unpaid or unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 8th August 2012 (date of last Annual General Meeting) on the website of the Company ([www.rajshreesugars.com](http://www.rajshreesugars.com)), as also on the website of Ministry of Corporate Affairs.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that in the preparation of annual financial statements for the financial year ended 31.3.2013;

- I. the applicable accounting standards have been followed;
- II. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profits of the company for that period;
- III. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities and
- IV. the annual account/financial statements have been prepared on a going concern basis.

## **CONSERVATION OF ENERGY**

Particulars required to be furnished under sub section 1(e) of section 217 of the Companies Act, 1956 are also annexed to this report as Annexure 1.

## **CORPORATE GOVERNANCE**

The Management discussion and analysis and the compliance of recommendations on corporate governance are annexed to this report as Annexure 2.

## **RSCL EMPLOYEES STOCK OPTION PLAN 2012**

During the year under review, your company allotted 10,35,437 options convertible into equity shares at ₹ 55.40 each to its employees under RSCL Employee Stock Option Plan with a vesting period of 4 years.

Pursuant to the provisions of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended, the details of Stock Options as on 31st March, 2013 under the "RSCL Employee Stock Option Plan 2012" form part of this report, as Annexure 3.

The Company has received a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed by the shareholders. The Certificate would be placed at the Annual General Meeting for inspection by members.

## **ACKNOWLEDGEMENT**

Your Directors thank the Banks and Financial Institutions for the continued financial assistance and support provided by them to the Company. Your Directors also thank the cane growers, suppliers, Government Institutions and others for the cooperation extended to the Company. The Board also places on record its appreciation of the dedicated services rendered by the employees of the Company.

May **Goddess Lakshmi** shower Her blessings for the continued prosperity of the Company.

For and behalf of the Board

Place : Coimbatore  
Date : 25th May 2013

**RAJSHREE PATHY**  
Chairperson and Managing Director

## ANNEXURE 1 TO DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH 2013

### A. CONSERVATION OF ENERGY:

i) During the year under review, the Company has taken various energy conservation measures including:

At Unit-I, Varadarajnagar:

- a) Three Nos of 750 kg/charge batch type Centrifugal machine replaced with two Nos of 1500kg / charge, in which pole changing motor were replaced with DC drive and installed HP also reduced leading to power saving.

At Unit-II, Mundiampakkam

- b) New fibrizor installed at sugar mill for reduction of moisture in bagasse, which resulted in saving of 6180 tons of Bagasse per year.
- c) 10 Nos of LED and CFL street light fittings were installed in place of conventional light fittings, which resulted in saving of 3500 Units of power per year.

At Unit-III, Semmedu

- d) Two Nos of VFD provided for two Nos of vacuum filters in sugar.
- e) Turbine gland steam condensate and PRDS (3 Nos) condensate collected and recycled to the Distillery boiler.
- f) VFD is provided for submersible ash conveyor in the boiler in Distillery.

All the above three measures in Unit-III, resulted in saving of 170 units of power per day and 30 tons of DM water per day which is equivalent to 50M<sup>3</sup> of raw water savings/day.

- g) Zero discharge Distillery plant in Semmedu:

The Company installed and commissioned a 80 KLPD Distillery plant in Semmedu unit in the year 2012. The distillery project is a zero discharge plant which is first of its kind in the distillery industry in our country.

In the conventional distillery plant, the spent wash generated in the plant is disposed off through bio-methanization, composting and one time land application, whereas in our plant we had installed spent wash concentrator and incineration boiler. The system enables us to incinerate the entire spent wash in the Boiler as a fuel along with coal after concentration. The calorific value of spent wash is 1600 k.cal /kg which generates 1.4 kg of steam / kg of spent wash (slop) at 60 brix. The condensate separated from the spent wash from the Evaporator plant contains high volatile acids. Presently RO system is adopted in most of the distilleries to remove the volatile acid. This RO system cannot remove the entire organic load present in the condensate. Hence they are not recycling 100% condensate to the plant, whereas we are recycling 100% of condensate through UASB (Up flow Anaerobic Sludge Blanket) reactor, Aeration and UF system to reduce the COD from 7000 PPM to < 300 PPM. This system enable us to recycle around 900 M<sup>3</sup>/day of water for fermentation and alcohol process. Hence this is a Zero discharge plant. (Spent wash is incinerated in the Boiler and condensate is recycled for process).

Advantages of zero discharge:

- Raw water consumption is avoided by recycling the process condensate i.e. 900 M<sup>3</sup>.
- Spent wash is incinerated in the boiler and hence land application is totally avoided (zero pollution).
- Spent wash is used a fuel in Boiler which meets the steam and power requirement of the distillery by 60%.
- Ash generated from the spent wash contains high potash content (15 - 17%) which is given to the farmers for use as manure.

Apart from saving the fossil fuel (imported coal), the plant also generates additional revenue by supplying 70 MT/day of surplus steam to sugar factory and exporting 3000 to 4000 units /day of power to the TNEB Grid.

ii) Additional investments and proposals, being implemented for reduction of consumption of energy.

- a) Two Nos 1500 kg/charge batch centrifugal machine to be installed costing ₹100 lakh, at Unit-I
- b) Insulation of steam and vapour pipelines costing ₹5 lakh, at Unit-I
- c) Steam saving measures in Unit-II
- d) LED and CFL lamp fittings installation will be implemented further whenever we renew the old one in all units.

iii) The impact of the above measures taken during financial year 2012-13 are expected to reduce the consumption of energy substantially and consequently the cost of production.

a) Unit-I, Power saving cost ₹15 lakhs / year

b) Unit-II, Additional export cost from power saving ₹ 0.11 lakhs and through bagasse sale ₹ 74.16 lakhs from the saving in the current year

c) Unit-III, additional income through power saving ₹ 2.03 lakhs, and water conservation is about ₹ 3.76 lakhs.

## Form A

(The total energy consumption and energy consumption per unit of production)

### a. Power and Fuel Consumption

Particulars	Units	Sugar Division	Distillery Division	Co-generation Division
<b>1. ELECTRICITY</b>				
a. Purchased	KWH	7,35,180 (9,92,690)	3,83,840 (59,560)	6,92,380 (7,59,210)
Total amount	₹ in lakhs	91.51 (89.31)	46.88 (4.99)	97.10 (75.01)
Rate per unit	₹	12.45 (9.00)	12.21 (8.38)	14.02 (9.88)
b. Own Generation				
i) Through Diesel Gensets Qty. Produced	KWH	37,940 (23,110)	12,740 (6,790)	33,530 (18,920)
Units per ltr of Diesel		2.99 (2.66)	2.63 (3.31)	2.92 (2.51)
Cost per unit	₹	15.08 (16.64)	17.24 (13.50)	17.37 (17.64)
ii) Through steam turbine (Co-generation) Qty. consumed	KWH	6,69,51,660 (5,63,92,360)	35,45,170 (15,72,670)	3,27,46,470 (2,94,91,970)
Units per MT of steam		149 (151)	78 (103)	160 (161)
Cost/unit	Steam produced from own bagasse (Steam produced from own bagasse)			
<b>2. COAL</b>				
Quantity Consumed	MT	- (-)	19,844 (-)	168 (6,222)
Total Value	₹ in lakhs	- (-)	970.00 (-)	6.95 (246.38)
Average rate per unit	₹	- (-)	4,888 (-)	4,134 (3,960)

Particulars	Units	Sugar Division	Distillery Division	Co-generation Division
<b>3. FIRE WOOD</b>				
Quantity Consumed	MT	- (-)	- (-)	6,885 (20,117)
Total value	₹ in lakhs	- (-)	- (-)	213.70 (548.33)
Average Rate	₹	- (-)	- (-)	3,104 (2,726)
<b>4. OTHER/INTERNAL GENERATION</b>	Nil			

**b. Consumption per unit of production**

Product	Per Quintal of White Crystal Sugar	Per Litre of Alcohol
Electricity (KWH)	26.05 (25.09)	0.61 (0.18)

**B. TECHNOLOGY ABSORPTION**
**Form B**

(Research &amp; Development and technology absorbtion)

**I) Research and development (R&D)**
**1) Specific areas in which R&D carried out by the Company:**

- The state of art soil testing lab for analyzing the soils of our command area
- Soil health management through various activities
- Soil survey and analysis based formulation of micronutrient mixture for our command area.
- Scouting of Varieties throughout India for location specific crop development.
- Multiplication of disease free varieties through tissue culture lab.
- Pest and disease survey to monitor the outbreak of pest and diseases
- Technology development for predators and parasites like trichogramma and tetrastichus, the Bio-control agents for borer pest management.
- Transfer of Technology for the Establishment of Tricho centres for supply of Tricho cards. (Entrepreneur model)
- Transfer of Technology to farmers for crop production

**2) Benefits derived as a result of above R&D:**

- Soil lab: Soil lab at Mundiampakkam helps to analyse soils for nutrients like nitrogen, phosphorus, potassium and sulphur which helps the farmer to save cost and avoid excess fertilizers use.
- Soil health improvement and improved method of cultivation practices: RSCL (Rajshree Sugars & Chemicals Limited)-Tamil Nadu Agricultural University collaborative project on 'Soil mapping and maximizing the cane yield productivity' has helped to identify the nutrient requirement for targeted crop production. It helps to maintain sustainable soil health management.

- c) Formulation of micronutrient mixture for our command area: Based on soil fertility mapping project, the micronutrient mixture required for the command area is formulated for RSCL units. It saves cost to the farmers and helps the environment also.
- d) Varietal improvement and selection of location specific varieties: Obtained 228 clones from Sadhana Agri Tech Consulting (P) Ltd., Bangalore, and evaluated for its suitability in our command areas of Varadarajnagar, Mundiampakkam and Semmedu. Identified around 15 clones which are superior to Co 86032 in quality. Further testing and evaluation on yield and quality is going on. Promising two clones, SI 309 and 339 are multiplied at farmers holding for large scale evaluation and Big mill test (BMT).

Varieties under Tie up from AICRP (S), Co-ordinated Agronomic Experiments (CAE) are also evaluated and one variety viz Co 6012 performed better than Co 86032 on yield and quality.

- e) Multiplication of disease free varieties through tissue culture lab: The R&D through consistent efforts has developed YLD and GSD free tissue culture seedlings, which are used as breeder seed. The entire Breeder seed and Primary Nursery requirements are met through this TC seedlings only.

Promising new varieties, SI 309, SI 339, SI 317, Co 6027 and Co 6002 are under multiplication through tissue culture method.

- f) Pest and disease survey to monitor pest, disease outbreak: Pest and disease survey are done in periodical sequence in all the units by the entomologists and pathologist to monitor the outbreak and to take corrective actions. The emergence of the new diseases called yellow leaf diseases (YLD) were observed in all the units. This helped us in taking timely corrective actions to manage the diseases.
- g) Development of Technology for the Bio control production of Tetrastichus and Trichogramma for borer pest management: Bio-control laboratories were established for the production of Tetrastichus and Trichogramma which are eco-friendly and an efficient bio-control agent for control of internode borer. This will help to improve the yield of sugarcane in addition to juice quality.
- h) Transfer of technology for the Establishment of outsourced Tricho centre. (Entrepreneur Model): Eight outsourced Tricho entrepreneurs were developed in RSCL. These units started production of Trichogramma eggs. The production of the Tricho cards by the entrepreneur are purchased by the company on a buy back arrangement. This helps for an inclusive growth of the society.
- i) Disease survey and management through various cultural practices: The scientists from R&D regularly surveyed the areas and suggest various cultural practices and acting as resource person to explain the crop production technology for the farmers during the training program conducted by the farmers training officers.

### 3) Future plan of action:

- a) Soil Fertility mapping of other command area and random soil analysis in all units.
- b) Development of nutrient and fertigation schedules for Drip Irrigation.
- c) Productivity improvement per unit area.
- d) Multiplication of superior short duration clones from the Sadhana, AICRP (S) and CAE.
- e) Pest disease surveillance

₹ in lakhs

### 4) Expenditure on R & D

a) Capital	<b>26.26</b>	(17.68)
b) Recurring	<b>138.47</b>	(96.18)
c) Total	<b>164.73</b>	(113.86)
d) Total R & D expenditure as a percentage of total turnover	<b>0.19%</b>	(0.16%)

**II) Technology absorption, adaptation and innovation****1) Efforts in brief towards technology absorption, adaptation and innovation.**

The Scientist at our R&D has developed a quick and easy method to screen the RED ROT susceptibility of the new varieties, cutting short the time and cost. This method is accepted by the International Society of Sugarcane Technologist (ISSCT) for presentation and discussion.

**2) Benefits derived as a result of the above efforts:**

The study showed that four clones, SI 329, SI 366, SI 313 and SI 330 were resistant; three clones SI 336, SI 317 and SI 344 were moderately resistant, and SI 338, SI 310 and SI 319 susceptible. This will help the international community on a long run.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Total foreign exchange used and earned		₹ in lakhs
Foreign exchange earned :	<b>14,535.74</b>	(9,534.48)
Foreign exchange outgo :	<b>6,308.47</b>	(5,390.58)

The Company constantly utilizes the export possibilities to its fullest potential.



## ANNEXURE 2 TO DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT

#### 1. Company's philosophy on code of Governance

Rajshree Sugars believes that good corporate governance is essential to achieve long term corporate goals and enhance shareholder value. The company is committed to produce sugar and value added by-products of good quality and strive for continuous improvement in all spheres of its activities to create value that can be sustained over a long term for all its shareholders, employees, customers, government and lenders. Rajshree Sugars endeavours to ensure that high standards of ethical conduct are maintained throughout the organization.

#### 2. Board of Directors

As on the date of this report, the Board of Directors of the Company is comprised of

- 1 Promoter Executive Director                      Ms. Rajshree Pathy
- 1 Promoter Non-Executive Director              Mr. Aditya Krishna Pathy
- 1 Non Promoter Executive Director              Mr. R. Varadarajan
- 2 Non-Independent Non-Executive Directors      Mr. Raja M.J. Abdeen  
Dr. P. Surulinarayanasami
- 5 Independent Non-Executive Directors              Mr. G.R.Karthikeyan  
Mr. R.C.H.Reddy  
Mr. G.S.V.Subba Rao  
Dr. K.Mohan Naidu  
Mr. B.Soundararajan

Attendance of Directors at Board meetings and Annual General meeting during the year 2012-13:

Name of Director	No. of Board Meetings held	No. of Board Meetings attended	Last AGM attended	Membership in Board of other Companies	Membership in Committee of other Companies	Sitting fees paid for Board and Committee meetings (₹)
Ms.Rajshree Pathy	6	6	Yes	14	1	--
Mr. R.Varadarajan	6	6	Yes	7	1	--
Mr. G.R.Karthikeyan	6	6	Yes	5	3	1,80,000
Dr. P.Surulinarayanasami	6	3	Yes	1	--	40,000
Mr. Raja M.J.Abdeen	6	6	Yes	16	--	1,80,000
Mr. R.C.H. Reddy	6	6	Yes	6	4	1,80,000
Mr. G.S.V.Subba Rao	6	5	Yes	--	--	1,40,000
Dr. K.Mohan Naidu	6	4	Yes	2	1	1,00,000
Mr.Aditya Krishna Pathy	2 **	2	NA	7	--	40,000
Mr.B.Soundararajan	2 **	1	NA	6	--	20,000

**\*\* Co-opted as Additional Directors on 5th November 2012.**

During the year, the meetings were held on 19th May 2012, 8th August 2012, 6th September 2012, 5th November 2012, 6th February 2013 and 22nd March 2013.

### 3. Audit Committee

The Audit Committee constituted by the Board of Directors consists of the following Directors as members.

Mr.G.S.V.Subba Rao	(Chairman)	Non-Executive and Independent Director
Mr.G.R.Karthikeyan	(Member)	Non-Executive and Independent Director
Mr.R.C.H.Reddy	(Member)	Non-Executive and Independent Director
Mr.Raja M.J.Abdeen	(Member)	Non-Executive and Non-Independent Director
Dr.K.Mohan Naidu	(Member)	Non-Executive and Independent Director

The broad terms of reference are as follows:

- Review of company's financial reporting process and its financial statements
- Review of accounting and financial policies and practices
- Review of internal control systems
- Review of risk management policies and practices, listing and other legal requirements relating to financial statements
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval
- Review of statement of significant related party transactions

During the year 2012-13, the meetings were held on 19th May 2012, 8th August 2012, 6th September 2012, 10th November 2012 and 6th February 2013. Members' attendance at the meetings was as follows:

Name of the Member	No. of meetings held	No. of meetings attended
Mr. G.S.V. Subba Rao	5	4
Mr. G.R. Karthikeyan	5	5
Mr. Raja M.J.Abdeen	5	5
Mr. R.C.H. Reddy	5	5
Dr. K. Mohan Naidu	5	3

### 4. Remuneration Committee

The Remuneration Committee constituted by the Board of Directors to approve remuneration to the Directors consists of the following Directors as members.

Mr.G.R.Karthikeyan	(Chairman)	Non-Executive and Independent Director
Mr.R.C.H.Reddy	(Member)	Non-Executive and Independent Director
Mr.Raja M.J.Abdeen	(Member)	Non-Executive and Non-Independent Director

During the year, two meetings of the Remuneration Committee was conducted on 6th September 2012 and 11th October 2012. Members' attendance at the meeting was as follows:

Name of the Member	Meeting attended
Mr.G.R. Karthikeyan	2
Mr.Raja M.J.Abdeen	2
Mr.R.C.H.Reddy	2

The remuneration policy of the Company is to remunerate the Wholtime Directors commensurate with the operational and financial performance of the Company and the performance of the individuals.

The remuneration paid to Executive Directors for the year 2012-2013 was as follows (in ₹):

Managerial remuneration:	Ms. Rajshree Pathy	Mr. R.Varadarajan
Salary	1,22,51,479	48,00,000
Commission	--	--
Perquisites	9,360	9,24,745
<b>Total</b>	<b>1,22,60,839</b>	<b>57,24,745</b>

There are no pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company.

Since no remuneration is paid to Non-Executive Directors other than the sitting fee, no criteria of making payments to non-executive Directors.

The number of shares held by the non-executive Directors are as follows-

Name of Director	No. of shares held	% to the total share capital of the company
Dr.P.Surulinarayanasami	1,131,107	4.754
Mr.Raja M.J.Abdeen	1,010,000	4.245
Mr.G.R.Karthikeyan	1,040	0.004
Mr.R.C.H.Reddy	832	0.003
Dr.K.Mohan Naidu	1,000	0.004
Mr.G.S.V.Subba Rao	--	--
Mr.B.Soundararajan	--	--
Mr. Aditya Krishna Pathy	2,48,217	1.043

## 5. Allotment Committee Meeting

An Allotment Committee meeting was held on 24th October 2012 to allot 11,50,000 equity warrants on preferential basis convertible into equal number of equity shares to Ms.Rajshree Pathy, Chairperson and Managing Director of the company based on the approval of the shareholders at the Extraordinary General Meeting held on 10th October 2012.

## 6. Shareholders / Investors Grievance Committee

The Shareholders / Investors Grievance Committee is headed by Mr.Raja M.J.Abdeen, Non-Executive Director. Mr.R.S.Gowdhaman, Company Secretary is the Compliance Officer. During the year 2012-13, 3 complaints were received and all of them were resolved to the satisfaction of the shareholders. As of 31st March 2013, there are no complaints/queries pending reply. An exclusive email ID for addressing shareholders grievances, viz., investor@rajshreesugars.com is already available.

## 7. General Body meetings

Location and time for the last three Annual General Meetings

Year	Location	Date	Time	No. of special resolutions passed
2009-10	Chamber Hall, Indian Chamber of Commerce & Industry, Coimbatore.	20.09.2010	3.00 PM	--
2010-11	--as above--	10.08.2011	11.00 AM	3
2011-12	--as above--	08.08.2012	11.00 AM	--

No special resolutions were put through postal ballot last year and there is no such proposal for this year also.

## 8. Disclosures

There are no materially significant transactions with related parties viz. promoters, directors or the management, their subsidiaries or relatives conflicting with company's interests.

No penalty or strictures have been imposed on the company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

The Company does not have a Whistle Blower Policy. Access to the Audit Committee has not been denied to any personnel.

The Company has complied with all the mandatory requirements of Clause 49 of the Listing agreement. Constitution of Remuneration Committee as per the Non-mandatory requirement has been complied with.

Investor complaints of non-receipt of dividends, non-receipt of annual reports, etc. forwarded by SEBI are periodically resolved and uploaded into SCORES (SEBI Complaints Redress System) website and no complaints is pending during the year under review.

## 9. Cost Audit reports for the financial year ended 31.3.2012

Your company had filed the Cost Audit Reports with the Ministry of Corporate Affairs for its Sugar, Industrial Alcohol and Co-generation divisions for the financial year ended 31.3.2012 as detailed below :

Year	Due date of filing	Actual date of filing	SRN No.	Qualification
2011-12	28.2.2013	31.1.2013	S 20145330	NIL

## 10. Means of Communication

The company is publishing audited financial results / quarterly unaudited financial results and notice advertisements in The Hindu-Business Line and Dinamani (vernacular language) regularly. The company has posted the corporate governance report, quarterly/annual results, shareholding pattern, etc. in the Company's Website [www.rajshreesugars.com](http://www.rajshreesugars.com). The company has also updating with the requirements of Clause 54 of the Listing Agreement at the Company's Website as and when required.

## 11. General shareholder information

i. AGM Date, time and venue	Monday, 12th August 2013 at 11.00 A.M Chamber Hall, Indian Chamber of Commerce and Industry, Avanashi Road, Coimbatore 641 018.
ii. Financial calendar 2013-14 First quarterly results Second quarterly results Third quarterly results Audited yearly results	Before 15th August 2013 Before 15th November 2013 Before 15th February 2014 Before end of May 2014

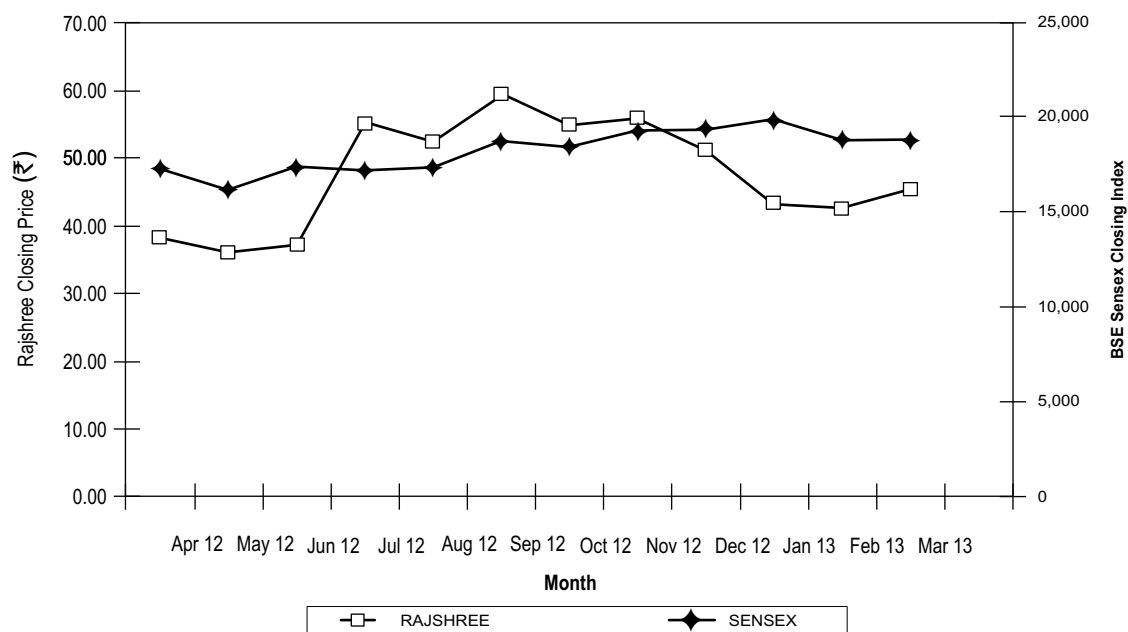
iii. Book Closure Date	5th August 2013 to 12th August 2013
iv. Listing on Stock Exchange	Bombay Stock Exchange Limited National Stock Exchange of India Limited
v. Stock Code Bombay Stock Exchange Limited National Stock Exchange of India Limited	500354 RAJSREESUG

vi. Market Price Data High/Low during each month of the Financial Year 2012-13 (Bombay Stock Exchange)

Month	High (₹)	Low (₹)
April	42.35	36.00
May	40.45	34.00
June	39.40	34.50
July	59.50	38.25
August	60.50	51.00
September	62.00	53.35
October	61.75	54.00
November	62.00	52.55
December	57.00	47.55
January	54.80	43.00
February	47.95	39.00
March	45.95	37.25

vii. Performance in comparison to broad based indices such as BSE Sensex, CRISIL index etc.

**Rajshree Vs BSE Sensex**



viii. Registrars and Share Transfer Agents (for physical & demat shares)	M/s SKDC Consultants Limited Kanapathy Towers, 3rd Floor 1391/A-1, Sathy Road Ganapathy Coimbatore 641 006.
ix. Share transfer system	Share transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects by the Committee which meets every week.

x. Distribution of shareholding as on 31st March 2013

No. of equity shares held	No. of Folios	No. of shares held	% of shareholding
1 to 5000	24,255	6,109,485	25.67
5001 to 10000	108	810,700	3.41
10001 to 20000	45	674,598	2.84
20001 to 30000	21	536,685	2.26
30001 to 40000	9	352,779	1.48
40001 to 50000	2	85,267	0.36
50001 to 100000	7	548,469	2.31
100001 and above	14	14,673,717	61.67
<b>Total</b>	<b>24,461</b>	<b>23,791,700</b>	<b>100.00</b>

xi. Shareholding pattern as on 31st March 2013

Category	No. of Folios	No. of shares held	% of shareholding
Promoters & Promoters Group	4	8,778,234	36.90
Directors and their relatives	11	3,395,666	14.27
Mutual funds and UTI	14	623,927	2.62
Banks, Financial institutions and insurance companies	5	1,530	0.01
Corporate bodies	476	2,266,823	9.53
Indian public	23,830	8,513,898	35.78
NRIs and OCBs	121	211,622	0.89
GDRs	-	-	-
<b>Total</b>	<b>24,461</b>	<b>23,791,700</b>	<b>100.00</b>

xii. Dematerialisation of shareholding and liquidity	87.47% of total equity share capital is held in dematerialized form with NSDL and CDSL.
xiii. Outstanding GDR/ADR/ Warrants or any convertible instruments, conversion date and impact on equity	<p>11,50,000 Equity warrants convertible into 11,50,000 equity shares on exercise of option of such warrants on preferential basis were allotted to Ms.Rajshree Pathy, Chairperson and Managing Director at ₹ 55.20 per warrant. Against the allotment, a sum of ₹1,58,70,000/- being 25% of the exercise price has already been received. The warrants are to be converted into 11,50,000 equity shares of ₹10/- each fully paid, provided the balance amount of ₹4,76,10,000/- is paid on or before 23rd April 2014.</p> <p>This will have the impact of increasing the Equity Capital by ₹1,15,00,000/- and Securities Premium Reserve account by ₹5,19,80,000/-.</p>
xiv. Plant locations	<p><u>Unit I - Sugar, Cogeneration &amp; Distillery</u> Varadarajnagar PO, PIN 625 562. Periakulam Taluk, Theni District</p> <p><u>Unit II - Sugar &amp; Cogeneration</u> Mundiampakkam PO PIN 605 601. Villupuram Taluk &amp; District</p> <p><u>Unit III - Sugar, Cogeneration &amp; Distillery</u> Semmedu Village, Gingee Taluk, PIN 604 153. Villupuram District</p>
xv. Address for correspondence	<p>"The Uffizi", 338 Avanashi Road Peelamedu, Coimbatore 641 004. Email ID: investor@rajshreesugars.com rscl@rajshreesugars.com</p>

xvi. The following are the details of dividends declared by the Company and the respective due dates for transfer of unclaimed / unpaid dividend to the Investor Education and Protection Fund (IEPF).

Date of declaration of dividend	Dividend for the financial year	Due date of credit to the Central Government	Due date of transfer to the Central Government
06.09.2006	2005-2006	05.09.2013	05.10.2013
10.09.2007	2006-2007	09.09.2014	09.10.2014
23.09.2009	2008-2009	22.09.2016	22.10.2016
20.09.2010	2009-2010	19.09.2017	19.10.2017

It may be noted that no claim of the shareholders will be entertained for the unclaimed / unpaid dividends after their credit to the Investors Education & Protection Fund.

In view of the above, the shareholders are advised to send their unencashed dividend warrants to the Registered Office of the Company for revalidation and encash them before the due date for credit to the IEPF.

**Compliance to Clause 5A of the Listing Agreement**

The following is the compliance of Clause 5A of the Listing Agreement - Unclaimed shares pertaining to Public Issue / Rights Issue of the company.

Particulars	Number of shareholders	Number of shares
(i) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year;	23	3182
(ii) Number of shareholders who approached issuer for transfer of shares from suspense account during the year;	Nil	Nil
(iii) Number of shareholders to whom shares were transferred from suspense account during the year;	Nil	Nil
(iv) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year;	23	3182
(v) That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares	Yes	

**CEO/CFO Certification**

The certification as per clause 49 (V) of the Listing agreement has been submitted by the CEO and CFO of the Company to the Board of Directors.

**Declaration under clause 49 of Listing Agreement by the Managing Director**

The Shareholders,

I, Rajshree Pathy, Chairperson and Managing Director, hereby declare that all the Board Members and Senior Management personnel have affirmed compliance with the code of conduct for the Board of Directors and Senior Management of Rajshree Sugars & Chemicals Limited.

Place :Coimbatore  
Date : 25th May 2013

**RAJSHREE PATHY**  
Chairperson and Managing Director



**ANNEXURE 3 TO DIRECTORS' REPORT**

Pursuant to the provisions of Guideline 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999, as amended, the details of stock options as on March 31, 2013

**A. Summary of Status of ESOPs Granted**

The position of the existing schemes is summarized as under

Sl.No.	Particulars	"RSCL Employees Stock Option Plan 2012"
1	Approved	1,189,585
2	The Pricing Formula	Options under the RSCL Employee Stock Option Plan 2012 may be granted at a discount of upto 50% of the Market Price of Equity Shares of the Company on the date of grant.  1,035,437 options granted during FY 2012-13 are at ₹ 55.40 which is the market price on the date of grant.
3	Options Granted	1,035,437
4	Options Vested and Exercisable	-
5	Options Exercised	-
6	Options Forfeited / Surrendered	-
7	Options Lapsed	-
8	Total Number of Options in force	1,035,437
9	Variation in terms of ESOP	Not Applicable
10	Total number of shares arising as a result of exercise of options	-
11	Money realised by exercise of options (₹)	-

**B. Employee-wise details of options granted during the financial year 2012-13 to:**

(i) Senior managerial personnel :

Name	No. of Option granted
Mr. Karthikeyan M	41,491
Mr. Gopalkrishnan VB	41,491
Mr. Subramanian K	41,491
Mr. Palanivel K	32,773
Mr. Sadhasivam R	32,773
Mr. Manoj Goel	32,773
Mr. Kathiravan V	29,926
Mr. Stephen Francis A	25,833

Name	No. of Option granted
Mr. Thanga Thiruppathi M	25,833
Dr. Jeybal A	25,833
Mr. Lakshmanan SJ	25,833
Mr. Vijayakumar J	25,833
Mr. Sankaralingam N	25,833
Mr. Sudhakar VK	25,833
Mr. Lakshmi Narayanan G	25,833
Ms. Sathiyaveni M	25,833
Mr. Velmayil A	25,833
Mr. Prasanna Venkatesan R	25,833
Mr. Krishnan M.	59,276
Mr. Sathiyamoorthi .G	59,276
Mr. Narayan R K	59,276
Mr. Mathiyalagan D.	59,276
Mr. Ramesh S.M	59,276
Mr. Vardarajan R	101,088
Mr. Sathyamurthy A	101,088

- (ii) Employees who were granted, during the year, options amounting to 5% or more of the options granted during the year

Name	No. of Option granted
Mr. Krishnan M	59,276
Mr. Sathiyamoorthi G	59,276
Mr. Narayan R K	59,276
Mr. Mathiyalagan D	59,276
Mr. Ramesh S M	59,276
Mr. Vardarajan R	101,088
Mr. Sathyamurthy A	101,088

- (iii) Identified employees who were granted option, during the year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.

Not Applicable

C. Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20

₹ 4.12

**D. Weighted average exercise price of Options granted during the year whose (₹)**

(a) Exercise price equals market price	55.40
(b) Exercise price is greater than market price	Nil
(c) Exercise price is less than market price	Nil

**Weighted average fair value of options granted during the year whose (₹)**

(a) Exercise price equals market price	20.06
(b) Exercise price is greater than market price	Nil
(c) Exercise price is less than market price	Nil

- E.** The stock-based compensation cost calculated as per the intrinsic value method for the period April 1, 2012 to March 31, 2013 is Nil. If the stock-based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognised in the financial statements for the period April 1, 2012 to March 31, 2013 would be ₹ 5,068,477/-. The effect of adopting the fair value method on the net income and earnings per share is presented below:

**Pro Forma Adjusted Net Income and Earning Per Share**

Particulars	₹
Net Profit as reported	102,852,041
Add: Intrinsic Value Compensation Cost	-
Less: Fair Value Compensation Cost	5,068,477
Adjusted Pro Forma Net Income	97,783,564
Earning Per Share: Basic	
As Reported	4.32
Adjusted Pro Forma	4.11
Earning Per Share: Diluted	
As Reported	4.12
Adjusted Pro Forma	3.92

**F. Method and Assumptions used to estimate the fair value of options granted during the year:**

The fair value has been calculated using the Black Scholes Option Pricing model

The Assumptions used in the model are as follows:

Date of grant	11.10.2012
1. Risk Free Interest Rate %	8.10
2. Expected Life (in years)	5
3. Expected Volatility %	52.59
4. Dividend Yield %	5.42
5. Price of the underlying share in market at the time of the option grant (₹)	55.40

**Compliance certificate from the Auditors of the Company**

To

The Members of

M/s. RAJSHREE SUGARS & CHEMICALS LIMITED

We have examined the compliance of conditions of corporate governance by Rajshree Sugars & Chemicals Limited, for the year ended 31.3.2013, as stipulated in clause 49 of the listing agreement of the said company, with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the company for ensuring compliance with the conditions of corporate governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the company has complied with the conditions of corporate governance as stipulated in clause 49 of the above mentioned listing Agreement.

As required by the guidance note issued by the Institute of Chartered Accountants of India, we have to state that based on the representation given by the Registrars of the company to the Investors' Grievance Committee as on March 31, 2013, there were no investors' grievance matters against the Company remaining pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness, with which, the management has conducted the affairs of the Company.

**For SRIKISHEN & CO.**

Registration No. 004009S

Chartered Accountants

**K.Murali Mohan**

Membership No.14328

Auditors, Proprietor

Place : Coimbatore

Date : 25th May 2013

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Scenario and Development

#### Global Scenario

Continuing its earlier trend, Sugar year (SY) 2012-13 has seen spurt in the production of sugar for the fourth consecutive year in row. World Sugar production has reached record level of 180.4 million tons against 174.8 million tons in the previous year. As per the second revision published by International Sugar Organization (ISO), global consumption of sugar stands at 171.8 million tons as against 168.4 million tons in the previous year. The quarterly market outlook of February 2013 published by ISO indicates that Global statistical surplus would increase to 8.5 million tons in SY 2012-13. The record high global total can be largely attributed to better recovery in Brazil, the world's leading producer.

In the long term, World sugar production is expected to cross 209 million tons in 2020-21. The bulk of the additional sugar production is likely to come from the developing countries and the main burden of growth will continue to fall on Brazil.

On the global front, the Indian sugar sector occupies a noteworthy position of being the top producer after Brazil and the largest consumer of the commodity in the world. India remains a key growth driver for world sugar, growing above the average Asian and world consumption growth. India is expected to boost production substantially to around 30 million tons of Sugar per year on average, by the end of this decade. Of course, annual sugar output in India will continue to be subject to periodic swings in response to the cyclical nature of the industry.

#### Global sugar prices

With the prolonged sugar surplus, world sugar prices have been under sustained pressure. Raw sugar prices in New York are struggling to rebound following a fall to nearly 3-year lows. In the last week of March 2013 it plunged to 17.25 cents, the lowest since July 2010. In the last week of May 2013, white sugar was trading around \$477.3 per ton and raw sugar around 16.55 cents. Given the forecasts of bumper cane harvest in Brazil and healthy stock levels, the pressure is likely to continue on raw sugar prices. However weather patterns, ethanol pricing decision and the resultant conversion by Brazilian mills from cane to ethanol production or vice versa would have a significant impact on the international sugar price.

#### Sugar Sector in India

In India, till end of April 2013, the country has produced 24.52 million tons of sugar by crushing around 243 million tons of sugarcane with an average 10.09% recovery. According to Indian Sugar Mills Association (ISMA), sugar output will be 24.6 million tons in 2012-13, beating consumption of 22.5 million tons and thus leaving a surplus of 2.1 million tons. Thus production will outstrip annual domestic demand for the third consecutive year and with a comfortable stock prices are likely to remain range bound.

Uttar Pradesh, Maharashtra, Karnataka, Gujarat, Tamil Nadu, and Andhra Pradesh contribute to more than 85% of total sugar production in India while UP and Maharashtra together contribute to 60% of total production.

Sugar demand in India has been growing steadily owing to rapid economic growth, urbanization, growing population and strong demand from bulk consumers. Bulk consumers such as soft drink manufacturers, bakeries, confectionary, hotel and restaurant consumers account for 60 percent of milled sugar demand. As per ISMA's forecast, by 2020-21, sugar consumption in India is likely to touch 31.3 million tons.

In Tamil Nadu, mills here have produced 1.55 million tons of sugar till end of April 2013 which is about 1% less than last year. Sugar recovery is also down as of April to about 9.80% compared with 10.40% in 2011-12. Drought conditions across Tamil Nadu have hit sugarcane output and sugar recovery in the current season. Based on the current sugarcane registrations in the field, the coming season could also see a drop in production. Inadequate electricity shortage and ground water depletion continue to affect the sugarcane planting.

## **Sugarcane Price**

Sugarcane is the main raw material in the production of sugar and accounts for around 80-85% of the cost of production. Any increase in the sugarcane price has therefore an impact on the financial performance of the mill. Minimum price of sugarcane to be paid by sugar mills is being regulated by the Government by means of Fair and Remunerative Price (FRP). FRP for sugarcane in the 2012-13 sugar season had been fixed at ₹ 170/- per quintal. For the sugar season 2013-14, the Government, in line with the recommendation of the Commission for Agricultural Costs and Prices, has approved an increase of ₹ 40/- per quintal and thus fixed FRP at ₹ 210/- per quintal.

During the year, Tamil Nadu Government has hiked the State Advised Price (SAP) from ₹ 2000/- per ton to ₹ 2250/- per ton (linked to 9.5% recovery) plus a transport cost of ₹ 100/- per ton for the 2012-13 sugar season. SAP is yet to be announced for 2013-14 sugar season.

## **Sugar Decontrol**

In October last year, a panel headed by Dr.C.Rangarajan, the Chairman of the Prime Minister's Economic Advisory Council, had recommended the removal of two control measures namely the regulated release mechanism and the levy sugar obligation immediately and other restrictions gradually. The Cabinet Committee on Economic Affairs (CCEA) recently approved the proposal to dismantle the regulated release mechanism as well as abolish the levy-sugar mechanism.

According to the mechanism approved by CCEA, States will now purchase sugar from open market through a transparent bidding process and sell it at subsidized prices through ration shops. This new arrangement is valid for two years and the reimbursement from the Centre to the State is capped at a purchase price of ₹ 32/- per kg. These two important reforms will definitely pave way for improving efficiencies both at farm and mill level and make Indian sugar competitive in the international market.

The other controls on the sugar sector such as sugarcane pricing, cane area reservation and minimum distance between two mills have been left to the State Governments to review

## **Ethanol**

After several rounds of inter-ministerial level discussions, CCEA on 22nd November 2012, finally approved the policy for procuring ethanol by Oil Marketing Companies from either domestic or international ethanol suppliers. The CCEA left the pricing mechanism to the Oil Marketing Companies and ethanol suppliers. It also gave freedom to OMCs to import ethanol in case there is any domestic shortfall of ethanol. The Ministry of Petroleum has issued a gazette notification making 5% ethanol blending with petrol mandatory across the country with effect from 30th June 2013.

## **Outlook**

The costs of sugar production in the current sugar year have gone up compared to 2012 due to an increase of sugarcane price by 16 -17% over the last season. Also, a decline in sugarcane availability due to unfavourable climatic conditions would result in lower capacity utilization, and thus an increase of overall cost of production. However, mills near the Port have an option to import raw sugar to enhance the capacity utilization thus optimizing the overall production costs.

Meanwhile, domestic sugar prices are likely to remain stable in 2013 considering the comfortable stock position.

## **Risks and concerns**

Your company continues to review and manage the risks emanating from such a dynamic environment at periodic intervals. The major risks faced by the industry include sugarcane availability, price realization and regulatory control by Government, financial liquidity, amongst others.

### Sugarcane availability

Sugarcane is the main raw material in sugar mills. Sugarcane cultivation is monsoon dependent. Hence it becomes unpredictable in adverse climatic conditions. Similarly other factors like scarcity of harvest labour, lower sugarcane price, availability of attractive competitive/alternate crops will have a direct impact on cane availability and affect our business.

**Risk mitigation:** The Company has mitigated this risk by following:

- Continuous yield improvement activities to obtain a better quality cane leading to a better recovery
- Close monitoring of cane development activities, which includes supply of good quality seeds, fertilisers and manure, among others.
- Promoting drip irrigation
- Testing new improved varieties of cane
- Careful monitoring of cane planting and harvesting schedule.
- Introduction of mechanical harvesters
- Timely cane payment to farmers and maintaining good relationship with them

### Sugar price realisation risk

Sugar being a commodity, the sugar price remains volatile and realisations get adversely affected during a downturn. Coupled with this, higher cane price too affects profitability.

**Risk mitigation:** To address the challenge of cyclicity in the sugar business, the Company has adopted an integrated business model manufacturing sugar and also producing alcohol and cogenerating power from the sugarcane residue viz., molasses and bagasse. The power and Alcohol business enhances the profitability of the company and de-risks the business from the adverse movements of sugar price. While Unit I (Varadarajnagar) is already an integrated complex, we have now made Unit II (Mundiyampakkam) and Unit III (Semmedu) also integrated complexes with the commissioning of a state of the art multi-pressure alcohol distillation plant.

The Company is also focusing on improving direct sales to institutional buyers to lock down on prices, thereby balancing the volatility of the market.

### Regulatory risk

Even after the recent partial decontrol, the sugar industry continues to be regulated by State Governments by way of reservation of cane area and fixing sugarcane price.

**Risk response:** ISMA and SISMA of which the Company is a member are in the process of presenting recommendation for appropriate policy changes to reduce governmental influence in the sugar sector and help complete decontrol of the sugar industry.

### Financial liquidity risk

Procurement of funds to meet working capital requirements and the payment of the interest and principal with respect to loans availed. The other associated risk is soaring interest rates.

During the year, the company's working capital was under stress due to delayed payments from TNEB. The financial stress of TNEB is being passed on to its suppliers and the sugar industry which cogenerates and supplies power to the State Grid, suffers as a consequence.

**Risk response:** As the Company has a sound credibility with the Banks, the Company has been able to arrange different financing options at economical and better cost.

With the increase in power tariff coupled with financial restructuring, TNEB's financial position should improve and hence the company hopes to receive the payments without difficulty.

### Internal control systems and their adequacy

The Company has a well-established internal control system in the form of well-documented policies, authorisation guidelines commensurate with the level of responsibility and standard operating procedures, to ensure proper functioning of operations. Moreover there exists an effective internal audit system, commensurate with the requirements of the company.

The Board, Audit Committee and the Management review the findings and recommendations of the Internal Auditors and take corrective action, wherever necessary. Moreover the Audit Committee periodically interacts with Statutory Auditors and makes continuous assessments of the adequacy and effectiveness of the internal control systems.

### Segment wise performance

The segments for the purpose of reporting are Sugar, Co-generation, Distillery and others consisting of property development.

The segment wise performance is given below:

(₹ in lakhs)		
Particulars	31.03.2013	31.03.2012
<b>Sales / Turnover</b>		
Sugar	<b>71,156</b>	62,235
Co-generation	<b>6,998</b>	7,256
Distillery	<b>5,967</b>	2,221
<b>Profit / (Loss) before Tax</b>		
Sugar	<b>2,458</b>	146
Co-generation	<b>6,122</b>	5,950
Distillery	<b>2,093</b>	895
Less: i. Interest	<b>(7,909)</b>	(6,165)
ii. Other un-allocable expenditure	<b>(1,589)</b>	(1,019)
<b>Profit /(Loss) before tax</b>	<b>1,175</b>	<b>(193)</b>

### Financial performance and operational performance

The details of financial performance and operational performance are mentioned in the Directors' Report.

### Cautionary statement

Statements in this Report describing the Company's objectives, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.



**INDEPENDENT AUDITOR'S REPORT**

To the Members of Rajshree Sugars & Chemicals Limited

**Report on the Financial Statements**

We have audited the accompanying financial statements of Rajshree Sugars & Chemicals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of Statement of Profit and Loss, the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956; and
- e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For SRIKISHEN & CO.**  
Registration No. 004009S  
Chartered Accountants

**K.Murali Mohan**  
Auditors, Proprietor  
Membership No.14328

Place : Coimbatore  
Date : 25th May 2013

**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 1 of our report on Other Legal and Regulatory Requirements )

- (i) a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b. As explained to us, all the fixed assets have been physically verified in a phased periodical manner, by the management, which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies have been noticed on such physical verification.
- c. The company has not disposed off substantial part of its fixed assets during the year.
- (ii) a. The physical verification of inventory has been conducted by the management at reasonable intervals.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper record of inventory and no material discrepancies were noticed on the physical verification of inventories as compared to the book records.
- (iii) a. The Company has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Act.
- b. The Company has granted unsecured loan to its wholly owned subsidiary company. The maximum amount involved in the above transaction net of periodical repayments is ₹ 2,351.58 lakhs and the year end balance is ₹1,210.32 lakhs. In our opinion and according to the information and explanations given to us, the rate of interest & other terms and conditions of the loan are not prima facie prejudicial to the interests of the company.
- c. In respect of said loan, the said principal and interest are payable on demand and therefore the question of overdue amounts does not arise.
- iv) In our opinion and according to the information and explanations given to us there are adequate internal control systems commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control systems.
- v) a. To the best of our knowledge and belief, and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register in pursuance of section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations, such transactions have been made at prices, which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) In our opinion, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business;
- viii) The Central Government has prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of certain products manufactured by the company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however carried out a detailed examination of the same.

- ix) a. The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Customs duty, Excise duty, service tax, cess and any other statutory dues with the appropriate authorities. According to the information and explanation given to us no undisputed arrears of statutory dues were outstanding as at 31.3.2013 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us, the details of disputed statutory dues which have not been deposited is as given below:

Name of the statute	Period to which amount relates	Nature of demand	Amount disputed (₹ in lakhs)	Forum where dispute is pending
Service Tax	2006 -2007	Penalty	21.92	Commissioner (Appeals)

- x) There are no accumulated losses at the end of the financial year 31.03.2013. The Company has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks. The company has not issued any debentures till date.
- xii) During the year, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of special statute applicable to Chit fund, nidhi/mutual Benefit fund/ societies are not applicable to the Company.
- xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.
- xv) The Company has given corporate guarantee for loans taken from bank by its wholly owned subsidiary Company. According to the information and explanations given to us, the terms & conditions of the guarantee given are not prejudicial to the interests of the company.
- xvi) The Company has applied term loans for the purpose for which the loans were obtained during the year.
- xvii) According to the information and explanations given to us and on an overall examination of the source and application of funds of the Company, we report that funds raised to the tune of ₹ 5,318.82 lakhs on short term basis has been used for repayment of current maturities of long term loans during the year.
- xviii) The Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 .
- xix) The Company has not issued any secured debentures during the year.
- xx) The Company has not raised any money by way of public issues during the year.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no frauds on or by the Company has been noticed or reported during the year.

**For SRIKISHEN & CO.**  
Registration No. 004009S  
Chartered Accountants

**K.Murali Mohan**  
Auditors, Proprietor  
Membership No.14328

Place:Coimbatore  
Date: 25th May 2013

**BALANCE SHEET AS AT 31st MARCH 2013**

(₹ in Lakhs)

PARTICULARS	Note	31.03.2013	31.03.2012
<b>I. EQUITY AND LIABILITIES</b>			
1 Shareholders' funds			
(a) Share capital	A	2,379.17	2,379.17
(b) Reserves and surplus	B	10,589.45	9,560.93
(c) Money received against share warrants [Refer note Y (19)]		158.70	-
		<u>13,127.32</u>	<u>11,940.10</u>
2 Non-current liabilities			
(a) Long-term borrowings	C	29,311.30	36,175.92
(b) Deferred tax liabilities (Net)	D	4,650.86	4,504.51
		<u>33,962.16</u>	<u>40,680.43</u>
3 Current liabilities			
(a) Short-term borrowings	E	19,658.41	14,393.32
(b) Trade payables	F	10,697.19	7,031.35
(c) Other current liabilities	G	19,709.39	14,497.16
(d) Short-term provisions	H	1,831.66	1,784.75
		<u>51,896.65</u>	<u>37,706.58</u>
<b>TOTAL</b>		<u>98,986.13</u>	<u>90,327.11</u>
<b>II. ASSETS</b>			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	I	55,551.65	42,937.14
(ii) Intangible assets		272.73	332.18
(iii) Capital work-in-progress		1,316.23	13,237.37
(b) Non-current investments	J	4,831.84	4,764.47
(c) Long-term loans and advances	K	609.82	683.51
		<u>62,582.27</u>	<u>61,954.67</u>
2 Current assets			
(a) Inventories	L	23,627.94	14,508.46
(b) Trade receivables	M	6,015.07	6,628.46
(c) Cash and cash equivalents	N	774.71	943.30
(d) Short-term loans and advances	O	5,697.15	5,898.40
(e) Other current assets	P	288.99	393.82
		<u>36,403.86</u>	<u>28,372.44</u>
<b>TOTAL</b>		<u>98,986.13</u>	<u>90,327.11</u>

See accompanying notes to the financial statements

As per our report of even date

 For **Srikishen & Co**

Registration No. 004009 S

Chartered Accountants

**K. Murali Mohan**

Membership No. 14328

Auditors, Proprietor

Place: Coimbatore

Date : 25th May 2013

**R. Varadarajan**  
 Wholetime Director

**A. Sathyamurthy**  
 President & Chief Financial Officer

**Rajshree Pathy**  
 Chairperson and Managing Director

**R.S. Gowdhaman**  
 Company Secretary

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2013**

(₹ in Lakhs)

PARTICULARS	Note	31.03.2013	31.03.2012
<b>Income:</b>			
I. Revenue from operations	Q	<b>84,121.57</b>	70,861.17
II. Other income	R	<b>593.34</b>	850.71
III. Total Revenue (I + II)		<b>84,714.91</b>	71,711.88
IV. Expenses:			
Cost of materials consumed	S	<b>65,552.18</b>	52,449.47
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	T	<b>(8,397.01)</b>	(1,291.70)
Employee benefits expense	U	<b>3,234.82</b>	2,652.18
Finance costs	V	<b>7,909.08</b>	6,165.36
Depreciation and amortization expense		<b>3,415.50</b>	2,572.59
Other expenses	W	<b>11,824.86</b>	7,879.23
Total expenses		<b>83,539.43</b>	70,427.13
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		<b>1,175.48</b>	1,284.75
VI. Exceptional items		<b>0.60</b>	1,477.65
VII. Profit/(Loss) before extraordinary items and tax (V - VI)		<b>1,174.88</b>	(192.90)
VIII. Extra ordinary Items		-	25.00
IX. Profit/(Loss) before tax (VII- VIII)		<b>1,174.88</b>	(217.90)
X Tax expense:			
(1) Current tax		<b>235.45</b>	-
Less: MAT credit entitlement		<b>235.45</b>	-
(2) Deferred tax - Asset		<b>146.36</b>	(40.75)
XI Profit / (Loss) for the period from continuing operations (IX-X)		<b>1,028.52</b>	(177.15)
XII Profit / (Loss) from Discontinuing operations (after tax)		-	-
XIII Profit / (Loss) for the period (XI + XII)		<b>1,028.52</b>	(177.15)
XIV Earnings per equity share:			
(1) Basic		<b>4.32</b>	(0.74)
(2) Diluted		<b>4.12</b>	(0.74)

See accompanying notes to the financial statements

As per our report of even date

For **Srikishen & Co**

Registration No. 004009 S

Chartered Accountants

**K. Murali Mohan**

Membership No. 14328

Auditors, Proprietor

Place: Coimbatore

Date : 25th May 2013

**R. Varadarajan**  
Wholetime Director

**A. Sathyamurthy**  
President & Chief Financial Officer

**Rajshree Pathy**  
Chairperson and Managing Director

**R.S. Gowdhaman**  
Company Secretary

## NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

PARTICULARS	31.03.2013	31.03.2012
<b>A. SHARE CAPITAL</b>		
AUTHORISED		
30,000,000 Equity Shares of ₹ 10/- each	<u>3,000.00</u>	<u>3,000.00</u>
ISSUED SUBSCRIBED & PAID UP:		
23,791,700 Equity Shares of ₹10/- each fully paid-up in cash	<u>2,379.17</u>	<u>2,379.17</u>
	31.03.2013	31.03.2012
i) No of Equity Shares outstanding at the beginning of the year	23,791,700	23,791,700
Additions/(Reductions) during the year	-	-
At the end of the year	23,791,700	23,791,700
ii) Shareholder holding more than 5 percent shares:		
Ms. Rajshree Pathy	8,307,558	8,307,558
<b>B. RESERVES &amp; SURPLUS</b>		
<b>RESERVES</b>		
i) General Reserve		
Opening Balance	8,000.00	8,000.00
Additions / (Deductions) during the year	-	-
Closing Balance	8,000.00	8,000.00
ii) Securities Premium Reserve		
Opening Balance	572.00	572.00
Additions / (Deductions) during the year	-	-
Closing Balance	572.00	572.00
<b>SURPLUS</b>		
iii) Balance in Profit & Loss statement:		
Opening Balance	988.93	1,166.07
Profit / (Loss) after tax	1,028.52	(177.14)
Closing Balance	2,017.45	988.93
	<u>10,589.45</u>	<u>9,560.93</u>
<b>C LONG - TERM BORROWINGS</b>		
<b>SECURED LOANS</b>		
Term Loans		
a) From Banks	27,766.36	28,613.26
b) External Commercial Borrowings	-	5,419.53
c) From Other parties :		
i) Sugar Development Fund	1,477.00	1,999.00
ii) Sundaram Finance Limited - Hire Purchase	25.08	89.56
	1,502.08	2,088.56
<b>UNSECURED LOANS</b>		
Deposits	42.86	54.57
	<u>29,311.30</u>	<u>36,175.92</u>

## NOTES TO THE FINANCIAL STATEMENTS

## Rate of Interest and Maturity Profile of Long Term Borrowings:

(₹ in Lakhs)

Rate interest	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total
LIBOR+ 2.2%	4,601	-	-	-	-	-	-	-
4.00%	522	422	422	422	211	-	-	1,477
8.00%	314	314	314	314	314	-	-	1,256
11.75%	6	7	7	7	3	-	-	24
12.75%	500	1,250	2,000	2,000	2,000	1,500	750	9,500
13.06%	34	25	-	-	-	-	-	25
13.50%	40	10	-	-	-	-	-	10
14.10%	1,558	1,895	2,220	2,220	1,895	741	744	9,715
14.20%	990	1,500	1,500	1,800	1,860	-	-	6,660
14.40%	200	-	-	-	-	-	-	-
15.40%	672	600	-	-	-	-	-	600
<b>TOTAL</b>	<b>9,437</b>	<b>6,023</b>	<b>6,463</b>	<b>6,763</b>	<b>6,283</b>	<b>2,241</b>	<b>1,494</b>	<b>29,269</b>

## Security details for the aforesaid long term loans

- 1) Term loan ₹ 9,272.99 lakhs secured by exclusive 1st charge over the fixed assets purchased/ created out of the Bank finance for the Distillery project at Unit-III, Semmedu and 2nd charge over the sugar & Cogeneration division assets of Unit-III at Semmedu.
- 2) Term loan ₹ 7,650 lakhs secured by exclusive 1st Charge on Cogeneration receivables of Unit-II at Mundiampakkam and Unit-III at Gingee and exclusive 1st charge on the Cogeneration assets (including immovable properties) of Unit-II at Mundiampakkam.
- 3) Term loan ₹ 2,000 lakhs secured by 1st paripassu charge over the current assets excluding Cogeneration receivables of Unit-II at Mundiampakkam & Unit-III at Semmedu, 2nd paripassu charge on fixed assets of Unit-I at Varadarajnagar, 2nd paripassu charge on the cogeneration assets of Unit-II at Mundiampakkam and 2nd paripassu charge over the Sugar & Cogeneration division assets of Unit-III at Semmedu.
- 4) Term loan ₹ 1,272 lakhs secured by 1st paripassu charge on the current assets excluding cogen receivables of Unit-II at Mundiampakkam and Unit-III at Semmedu and 1st paripassu charge on fixed & immovable assets of sugar mill of Unit-II at Mundiampakkam
- 5) Term loan ₹ 200 lakhs secured by 1st paripassu charge on the fixed & immovable assets of Sugar & Cogeneration plants of Unit-III at Semmedu, 2nd paripassu charge on the fixed assets of Unit-I at Varadarajnagar and 4th paripassu charge on sugar mill assets of Unit-II at Mundiampakkam.
- 6) Term loan ₹ 50 lakhs secured by 1st paripassu charge on the fixed & immovable assets of Sugar & Cogeneration plants of Unit-III at Semmedu.



- 7) ECB loan outstanding of ₹4,601.01 lakhs is secured by 1st paripassu charge on the fixed & immovable assets of Sugar & Cogeneration plants of Unit-III at Semmedu and 2nd charge on the current assets of sugar and co-generation plants of Unit-III at Semmedu, which is subservient to the 1st charge in favour of working capital lenders of Unit-III, 2nd paripassu charge on movable and immovable assets of Distillery plant of Unit-III at Semmedu and 2nd paripassu charge on receivables and inventories of Distillery plant of Unit-III at Semmedu. The loan has been closed on 16th April 2013.
- 8) Term loan ₹1,899 lakhs secured by 1st paripassu charge on movable and immovable properties of Sugar & Cogeneration plants of Unit-III at Semmedu.
- 9) Term loan ₹100 lakhs is secured by issue of bank guarantee, which is secured by 2nd paripassu charge on the current assets of the Company.
- 10) Term loan ₹ 1,571.42 lakhs secured by 2nd charge on land and buildings of the Company at Golf Links, New Delhi and subservient charge on the entire movable fixed assets of the company.
- 11) Term loan ₹2,500 lakhs secured by 1st Paripassu charge on the entire fixed and immovable assets of the Company's Unit-I at Varadarajnagar and subservient charge on the entire movable fixed assets and current assets of the Company.
- 12) Term loan ₹ 7,500 lakhs secured by way of 1st paripassu charge on the entire movable fixed assets of Unit-I at Varadarajnagar, Unit-II at Mudiampakkam (excluding Cogeneration unit), exclusive charge on piece of land and building thereon, if any, situated at Pallipuram Village, Kerala, exclusive charge on the land and building of Corporate office at Coimbatore, exclusive charge on piece of land and building thereon at Vilankurichi, Coimbatore and residual charge on the entire current assets of the Company.
- 13) Term loan ₹ 59.45 lakhs secured by way of exclusive 1st charge on one no. of Machinery viz. John Deere wheel Cane located at Unit-II, Mudiampakkam.
- 14) Term loan ₹ 30 lakhs secured by way of 1st hypothecation charge on plant & machineries purchased out of bank's finance for Bio-control Unit at Varadarajnagar and 1st mortgage charge on 2.96 Acres along with buildings and other properties thereon belonging to the said Bio-control unit.
- 15) Term loans ₹ 9,500 lakhs guaranteed by the Managing Director.
- 16) Term Loans guaranteed by others is Nil.
- 17) Period and amount of continuing default in respect of the aforesaid loans is Nil.

( ₹ in Lakhs)

PARTICULARS	31.03.2013	31.03.2012
<b>D DEFERRED TAX LIABILITIES:</b>		
Opening Balance	4,504.51	4,545.26
Provided/ (Reversed) during the year	<u>146.35</u>	<u>(40.75)</u>
	4,650.86	4,504.51
<b>E SHORT - TERM BORROWINGS</b>		
i) SECURED LOANS		
Loans repayable on demand from Banks:		
Cash Credit Account	17,158.41	11,893.32
<b>UNSECURED LOANS</b>		
From Bank	<u>2,500.00</u>	<u>2,500.00</u>
	19,658.41	14,393.32

## NOTES TO THE FINANCIAL STATEMENTS

## Security details for short term borrowings

- 1) Working capital limit ₹17,158.40 lakhs from consortium of bankers are secured by 1st paripassu charge on the current assets of the Company excluding Cogeneration receivables of Unit-II at Mundiampakkam and Unit-III at Semmedu, 2nd paripassu charge on the fixed & immovable assets of Unit-I at Varadarajnagar and 2nd paripassu charge on the fixed & immovable assets of sugar plant of Unit-II at Mundiampakkam.
- 2) Working capital limit ₹ 500 lakhs secured by 1st paripassu charge on the Current Assets of the company. The loan has not been availed during the year.
- 3) Working capital limit ₹ 23.80 lakhs secured by first hypothecation charge on Current assets belonging to Bio-control Unit at Varadarajnagar and first mortgage charge on 2.96 Acres belonging to the said Bio-control unit.
- 4) Short Term Loans guaranteed by others is Nil.
- 5) Period and amount of default in respect of the aforesaid loans is Nil.
- 6) Short Term Loan ₹ 2,500 lakhs guaranteed by the Managing Director.

( ₹ in Lakhs)

PARTICULARS	31.03.2013	31.03.2012
<b>F TRADE PAYABLES</b>		
Due to Micro, Small & Medium Enterprises	-	-
Due to Others	<u>10,697.19</u>	<u>7,031.35</u>
<b>G OTHER CURRENT LIABILITIES</b>		
i) Current maturities of long term debt	9,486.58	8,646.72
ii) Interest accrued but not due on borrowings	175.63	404.95
iii) Unpaid Dividend*	75.08	93.40
* The figures reflect the position as at 31st March. The actual amount to be transferred to the Investors Education and Protection Fund in this respect shall be determined on the due dates		
iv) Other Payables :		
Advance received from Customers	6,890.24	2,723.55
Statutory dues payables	1,249.69	954.09
Creditors for capital expenditure	<u>1,832.17</u>	<u>1,674.45</u>
	<u>9,972.10</u>	<u>5,352.09</u>
	<u>19,709.39</u>	<u>14,497.16</u>
<b>H SHORT- TERM PROVISIONS</b>		
i) Provisions for employee benefits:		
Leave Salary entitlement	35.32	25.22
Gratuity contribution	<u>275.60</u>	<u>238.92</u>
	310.92	264.14
ii) Others		
Provisions for Income tax	1,517.51	1,517.50
Provisions for Wealth Tax	3.23	3.11
Corporate Tax on Dividend	-	-
	<u>1,520.74</u>	<u>1,520.61</u>
	<u>1,831.66</u>	<u>1,784.75</u>

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE I

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As on 31.03.2012	Additions For the Period	Deletions For the Period	As on 31.03.2013	Upto to 31.03.2012	For the year	Written Back	Upto 31.03.2013	As on 31.03.2013	As on 31.03.2012
<b>Tangible Assets</b>										
Land	823.35	81.01	-	904.36	-	-	-	-	904.36	823.35
Buildings	11,361.35	2,813.14	114.34	14,060.15	1,989.36	356.04	-	2,345.41	11,714.74	9,371.99
Plant & Equipment	44,827.30	13,702.31	719.06	57,810.55	13,218.00	2,884.19	104.96	15,997.23	41,813.32	31,609.29
Furniture & Fixtures	138.40	8.14	-	146.54	59.30	6.92	-	66.22	80.32	79.10
Vehicles	863.25	57.35	26.03	894.57	296.88	72.50	18.73	350.65	543.92	566.37
Office Equipments	147.39	5.31	3.51	149.19	58.98	6.46	3.51	61.93	87.26	88.40
Electrical Equipments	493.59	8.62	-	502.21	211.54	21.00	-	232.54	269.67	282.06
Tools & Equipments	89.09	-	-	89.09	47.88	3.11	-	50.99	38.10	41.21
Lab Equipments	104.39	31.54	1.74	134.19	29.02	5.82	0.61	34.23	99.96	75.36
<b>Total</b>	<b>58,848.11</b>	<b>16,707.42</b>	<b>864.68</b>	<b>74,690.85</b>	<b>15,910.98</b>	<b>3,356.04</b>	<b>127.82</b>	<b>19,139.20</b>	<b>55,551.65</b>	<b>42,937.14</b>
<b>Intangible Assets</b>										
SAP Software	366.79	-	-	366.79	34.61	59.46	-	94.06	272.73	332.18
<b>Grand Total</b>	<b>59,214.90</b>	<b>16,707.42</b>	<b>864.68</b>	<b>75,057.64</b>	<b>15,945.58</b>	<b>3,415.50</b>	<b>127.82</b>	<b>19,233.26</b>	<b>55,824.38</b>	<b>43,269.31</b>
<b>Capital work in Progress</b>									1,316.23	13,237.37
2011-2012	55,261.09	4,099.09	145.28	59,214.90	13,472.03	2,572.59	99.04	15,945.58	43,269.32	41,789.06

## NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

PARTICULARS	31.03.2013	31.03.2012
<b>J NON-CURRENT INVESTMENTS</b>		
Unquoted Non - trade		
i) Investment in Equity Instruments of body corporates: Subsidiaries:		
a) M/s. Trident Sugars Limited - 7,411,250 Equity shares of ₹ 10/- each at cost (Previous year 6,737,500 shares)	4,830.74	4,763.37
b) M/s. Rajshree Power Private Limited 49,980 Equity shares of ₹ 10/- each at cost ₹ 2/- per share paid up.	1.00	1.00
	4,831.74	4,764.37
ii) Other non-current investments		
Investment in Post office	0.10	0.10
	4,831.84	4,764.47
<b>K LONG TERM LOANS &amp; ADVANCES</b> (Unsecured, considered good)		
i) Capital Advance	108.30	384.69
ii) Security Deposits	101.52	248.82
iii) Loans & Advances due by Director Land purchase advance	400.00	50.00
	609.82	683.51
<b>L INVENTORIES</b>		
Work-in-progress at cost	716.87	669.88
Finished Goods at Cost	20,690.25	11,944.62
Stock In Trade at Cost	567.59	631.17
Stores & Spares at cost	1,653.23	1,262.79
	23,627.94	14,508.46
<b>M TRADE RECEIVABLES</b> (Unsecured, considered good)		
Outstanding for a period exceeding six months.	3,052.01	152.12
Others	2,963.06	6,476.34
	6,015.07	6,628.46
<b>N CASH AND CASH EQUIVALENTS</b>		
Balance with Banks	382.49	235.55
Cash on hand	48.82	26.20
Bank deposits having more than 12 months maturity	86.67	121.87
Guarantee Margin Account	181.65	353.78
Deposit in Escrow Account	-	112.50
Dividend account	75.08	93.40
	774.71	943.30

## NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

PARTICULARS	31.03.2013		31.03.2012	
<b>O SHORT TERM LOANS AND ADVANCES</b> (Unsecured, considered good)				
i) Loans & Advances to Subsidiary company M/s. Trident Sugars Limited	<u>1,210.32</u>	<u>1,210.32</u>	<u>1,505.61</u>	<u>1,505.61</u>
ii) Others				
Staff and other advance	94.07		67.28	
Advance to suppliers	263.61		522.53	
Advance Sales Tax	50.00		143.77	
Advance Income - Tax	1,992.89		1,764.86	
Excise Duty Deposits	1,215.84		1,235.29	
Prepaid Expenses	<u>870.42</u>		<u>659.06</u>	
		<u>4,486.83</u>		<u>4,392.79</u>
		<u>5,697.15</u>		<u>5,898.40</u>
<b>P OTHER CURRENT ASSETS</b>				
Income receivable	215.71		199.89	
Interest receivable on Excise Duty Loan	<u>73.28</u>		<u>193.93</u>	
		<u>288.99</u>		<u>393.82</u>
<b>Q Revenue from Operations</b>				
i) Sale of products	85,801.91		72,635.65	
ii) Other operating revenue				
Sale of scrap	151.19		244.51	
Export incentives	<u>261.46</u>		<u>196.04</u>	
	<u>86,214.56</u>		<u>73,076.20</u>	
LESS: Excise duty	<u>2,092.99</u>		<u>2,215.03</u>	
		<u>84,121.57</u>		<u>70,861.17</u>
<b>R OTHER INCOME</b>				
i) Interest Income - Others	301.62		219.44	
ii) Other non- operating Income				
Rental Income	1.32		1.22	
Other Miscellaneous Income	83.56		228.38	
Net gain on foreign currency transactions / translations	196.56		341.75	
Profit on Sale of Assets	<u>10.28</u>		<u>59.92</u>	
		<u>593.34</u>		<u>850.71</u>
<b>S COST OF MATERIALS CONSUMED</b>				
Raw material		<u>65,552.18</u>		<u>52,449.47</u>
<b>T CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS &amp; STOCK IN TRADE</b>				
Opening Inventory				
Finished goods	11,944.62		10,730.26	
Work in progress	669.88		465.35	
Stock in trade	<u>540.89</u>	<u>13,155.39</u>	<u>540.89</u>	<u>11,736.50</u>

## NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

PARTICULARS	31.03.2013	31.03.2012
Less : Closing inventory		
Finished goods	20,690.25	11,944.62
Work in progress	716.87	669.88
Stock in trade	540.89	540.89
	<u>21,948.01</u>	<u>13,155.39</u>
	<u>(8,792.62)</u>	<u>(1,418.89)</u>
Less: Excise duty on Increase / (Decrease) in stock of Finished Goods	395.61	127.19
	<u>(8,397.01)</u>	<u>(1,291.70)</u>
<b>U EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages & Bonus	2,583.57	2,240.18
Contribution to Provident Fund & Other funds	310.29	89.31
Welfare Expenses	340.96	322.69
	<u>3,234.82</u>	<u>2,652.18</u>
<b>V FINANCE COST</b>		
a) Interest expense	7,186.12	5,813.52
b) Other borrowing costs	722.96	355.62
c) Net (gain) / loss on foreign currency transaction	-	(3.78)
	<u>7,909.08</u>	<u>6,165.36</u>
<b>W OTHER EXPENSES</b>		
Consumption of Stores	1,262.10	746.16
Consumption of Packing Materials	1,570.13	1,151.98
	<u>2,832.23</u>	<u>1,898.14</u>
Power & Fuel	1,498.24	1,018.45
Building rent	97.46	106.94
Repairs & Maintenance		
Building	102.05	102.00
Machinery	2,003.10	1,399.60
	<u>2,105.15</u>	<u>1,501.60</u>
Insurance Premium	162.42	123.67
Licence Fees & Tax	312.58	201.01
Selling Expenses	1,232.93	581.52
Cartage & Freight	1,125.36	635.10
Payment to Auditor's		
- Statutory Audit fees	6.00	4.00
- Taxation matters	1.50	2.00
- Certification *	1.69	0.97
* excluding ₹ 0.44 lacs considered under capital work in progress	9.19	6.97
Cost Audit fees	1.29	1.05
Miscellaneous Expenses	2,448.01	1,804.78
	<u>11,824.86</u>	<u>7,879.23</u>

**NOTES TO THE FINANCIAL STATEMENTS****X SIGNIFICANT ACCOUNTING POLICIES****i) BASIS OF ACCOUNTING & REVENUE RECOGNITION**

The financial statements are prepared under historical costing convention on a going concern basis, with revenue recognised and expenses accounted on accrual concept (including provisions and adjustments) and in accordance with the applicable accounting standards referred to in sub section 3C of section 211 of the Companies Act, 1956.

**ii) EMPLOYEE BENEFITS**

Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.

Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognized at the present value of the amounts payable determined using actuarial valuation techniques.

**iii) FIXED ASSETS**

Fixed assets are stated at historical cost including allocable borrowing costs and exchange differences arising on reporting of long term Foreign currency loans relating to acquisition of fixed assets (as per option exercised in terms of clause 46 of AS 11) and net of specific subsidies, cenvat credit, if any and depreciation.

**Preoperative expenses**

Expenditure (including financing cost and exchange rate fluctuations relating to the borrowed funds for construction and acquisition of qualifying fixed assets) incurred on projects under implementation are treated as pre-operative expense pending allocation to the assets and are shown under "Capital Work in Progress" and transferred to the concerned assets on pro-rata basis after installation and commencement of operations.

**iv) FOREIGN CURRENCY TRANSACTIONS**

Transactions in foreign currency are initially recorded at the exchange rate at which the transaction is carried out. Gains or losses on the settlement of these transactions, if any, within the same accounting year are recognized in the Statement of Profit & Loss prepared for the said year on a net off basis, except exchange differences arising on restatement of borrowings for acquisition of fixed assets, which restatement has been done taking into consideration the terms of relevant hedge / derivative contracts applicable. The monetary assets and liabilities related to foreign currency transactions remaining outstanding at the year end are restated.

**v) DERIVATIVE TRANSACTION**

In respect of derivative contracts, bank charges, provision for losses on restatement and gains / losses on settlement are recognized alongwith the underlying transactions and charged to Statement of profit and loss.

**vi) INVENTORY VALUATION**

Inventory is valued at lower of cost and net realizable value as under:

- a) Raw material is valued at cost on FIFO basis.
- b) In respect of sugar and industrial alcohol, cost is arrived at on historical cost basis after deducting the realisable value of the by products. In respect of manufactured finished goods, excise duty and cess payable are added to the cost, wherever applicable.

- c) In respect of immovable property cost is taken as the net payment for acquisition and expenses incurred therewith till the date of title perfection.
- d) In respect of semi finished goods (in process) cost is taken as cost of input raw materials and estimated cost of manufacture upto the various stages of completion.
- e) Stores and spares are valued at Weighted Average cost.

**vii) INVESTMENTS**

Investments are stated at cost inclusive of expenses incidental to acquisition.

**viii) DEPRECIATION**

Depreciation is provided on straight line method pro rated to the number of days used during the year in accordance with the provisions of Section 205 (2) (b) of the Companies Act, 1956. In respect of Plant and Equipment's costing ₹ 5,000/- or less, 100% depreciation is provided.

**ix) INCOME AND EXPENDITURE RECOGNITION**

Revenue on sales transactions is recognised as and when the property in the goods sold is transferred to the buyers for a definite consideration. Revenue from other sources and expenses are recognised on accrual basis.

**x) EXCISE DUTY**

Excise duty in respect of goods manufactured is accounted at the time of removal of goods from the factory for sale.

Cenvat credit, if any, in respect of capital goods is deducted from the respective assets and in respect of revenue items are deducted in the respective expenditure itself.

**xi) TAXATION**

Provision for taxation is made as per estimated total income after considering various reliefs admissible under the provisions of the Income Tax Act, 1961.

In accordance with the Accounting Standard 22, the deferred tax for the timing differences between the book and tax profits for the year is accounted for using the tax rates and laws in force as of the balance sheet date.

**xii) TURNOVER**

Sales are stated inclusive of excise duty and cess net of discount and rebate but exclusive of sales tax collected wherever applicable. Export sales include export incentives.

**xiii) LEASED ASSETS**

Operating lease rentals are expensed / recognized with reference to lease terms and other considerations.

**xiv) IMPAIRMENT OF ASSETS**

Impairment is recognized to the extent that the recoverable amount of an asset is less than its carrying amount and is charged to the Statement of Profit and Loss as prescribed in AS-28.

**xv) PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS**

Provision is recognized only when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Financial Statements. Contingent Assets are neither recognized nor disclosed in the Financial Statements.



## NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

PARTICULARS	31.03.2013	31.03.2012
<b>Y OTHER ADDITIONAL INFORMATION</b>		
1) The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under:		
Principal amount due and remaining unpaid	--	--
Interest due on above and the unpaid interest	--	--
Interest paid	--	--
Payment made beyond the appointed day during the year	--	--
Interest due and payable for the period of delay	--	--
Interest accrued and remaining unpaid	--	--
Amount of further interest remaining due and payable in succeeding years	--	--
2) CIF Value of Imports		
a) Raw materials-Raw sugar	--	--
b) Capital Goods	--	25.10
c) Consumable spares	--	2.02
3) Earnings in Foreign Exchange		
a) Export of goods calculated on FOB basis	12,170.52	9,106.24
b) Sale of carbon credits	197.38	428.24
4) Expenditure in Foreign Currency		
a) Professional, Agency & Consultation services	193.46	23.86
b) Interest Payments	632.33	804.96
c) Dividend paid	--	--
d) Foreign Travel & Boarding	30.17	15.41
e) Registration & Membership Fees	4.61	20.71
f) Others	15.52	--
5) Cost of Materials consumed		
a) Sugarcane	65,552.18	52,449.47
b) Raw Sugar	--	--
6) Consumption		
a) Raw Materials		
i) Imported	--	--
ii) Indigenous	65,552.18 (100%)	52,449.47 (100%)
b) Stores & Spares		
i) Imported	--	2.02 (0.27%)
ii) Indigenous	1,262.10 (100%)	744.14 (99.73%)
7) a) Amount of Dividend remitted in Foreign currencies	--	--
b) Number of Non-resident shareholders	--	--
c) Number of shares held by the above persons	--	--
d) Year to which the dividend related	--	--

## NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

PARTICULARS	31.03.2013	31.03.2012
8) The exchange difference arising on restatement of Foreign Currency loan (ECB), capitalized during the year.	(685.41)	1,711.27
9) Exceptional items comprises of		
a) Purchase tax interest paid under Samadhan Scheme	--	1,366.81
b) Payment under Voluntary Separation Scheme	--	113.47
c) Excess provision for tax on dividend reversed	--	2.63
d) CST Payment for earlier year	0.60	--
10) Extraordinary items		
a) Amount of tender deposit forfeited and hence written off consequent to adverse decision of Karnataka High Court.	--	25.00
11) Capital and other commitments:		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for.	900.32	2,601.94
b) The company has subscribed 49,980 equity shares of ₹10/- each in Rajshree Power Private Limited (a subsidiary company), of which ₹ 2/- per share has been paid-up and the balance of ₹ 8/- per share is payable.	3.99	3.99
c) Other commitments	-	-
12) The company held three properties on lease for operating purpose and the future minimum lease payments are as under:		
a) Not later than one year	35.91	21.00
b) Later than 1 year and not later than 5 years	10.50	48.00
c) Later than 5 years	--	85.00
d) Lease payments recognized in the Statement of Profit & Loss	43.91	44.00
13) Borrowing costs capitalized	124.56	162.42
14) Borrowing costs included in Capital Work in progress	53.54	281.48

- 15) Provision towards Gratuity and superannuation schemes has been made upto date as per the demands received from Life Insurance Corporation of India and HDFC Standard Life Insurance Company Limited based on actuarial valuation. Provision for leave encashment benefit has been made for the entire amount due and payable as at the close of the year.

The disclosures required under Accounting Standard 15 "Employee Benefits" are as follows.

#### Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized are charged off for the year as under:

Employer's Contribution to Provident Fund	88.92	89.42
Employer's Contribution to Superannuation Fund	57.70	30.81

**Defined Benefit Plan**

The employees' gratuity fund scheme managed by Life Insurance Corporation of India / HDFC Standard Life Insurance Company Limited is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

( ₹ in Lakhs)

<b>PARTICULARS</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
a. Reconciliation of opening and closing balances of Defined Benefit obligation		
Defined Benefit obligation at beginning of the year	<b>618.59</b>	758.33
Current service cost	<b>49.20</b>	53.95
Interest cost	<b>54.12</b>	62.56
Benefits paid	<b>(179.67)</b>	(103.65)
Actuarial (gain)/loss	<b>110.14</b>	(152.61)
Defined Benefit obligation at year end	<b>652.38</b>	618.59
b. Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at beginning of the year	<b>376.17</b>	359.41
Expected return on plan assets	<b>32.35</b>	28.75
Employer contribution	<b>110.00</b>	105.00
Benefits paid	<b>(179.67)</b>	(103.65)
Actuarial (gain) / loss	<b>15.29</b>	(13.35)
Fair value of plan assets at year end	<b>354.14</b>	376.17
c. Reconciliation of fair value of assets and obligations		
Fair value of plan assets as at 31st March 2013	<b>354.14</b>	376.17
Present value of obligation as at 31st March 2013	<b>652.38</b>	618.59
Amount recognized in Balance Sheet	<b>(298.24)</b>	(242.42)
d. Expenses recognized during the year		
Current Service Cost	<b>49.20</b>	53.95
Interest Cost	<b>54.13</b>	62.56
Expected return on plan assets	<b>(32.35)</b>	(28.75)
Actuarial (gain) / loss	<b>94.84</b>	(139.26)
Net Cost	<b>165.82</b>	(51.50)
e. Investment details		
L.I.C. Group Gratuity policy	<b>138.85</b>	178.47
HDFC Group Gratuity policy	<b>215.29</b>	197.70
f. Actuarial assumptions		
Mortality Table (L.I.C)	<b>1994-96</b>	1994-96
Discount rate % (per annum)	<b>8.75</b>	8.75
Expected rate of return on plan assets % (per annum)	<b>8.70</b>	8.60
Rate of escalation in salary % (per annum)	<b>4.00</b>	7.50

The estimates of rate of escalation in salary considered in actuarial valuation, taken into account the inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

**16) Contingent Liabilities not provided for**
**a) Claims against the company not acknowledged as debt:**

- i) The Commissioner of Central Excise (Appeals) has upheld the order of the Central Excise department imposing a penalty of ₹ 21.92 lakhs in the matter of payment of service tax for agency fees and other charges paid towards ECB availed. The company has filed an appeal before CEGAT and the appeal is pending before the said Appellate Tribunal and hence no provision has been made.
- ii) Electricity generation tax demand for ₹ 304.90 lakhs has been raised in respect of captive consumption of electricity generated from cogeneration division. The same is disputed and contested in appeal and SLP is pending before Supreme Court. Hence no amount is provided towards this demand and interest liability of ₹172.29 lakhs.
- iii) The administrative service fee on alcohol manufactured by distilleries was hiked by the Tamil Nadu Government from 50 paise to 100 paise per litre. This was struck down by the Hon'ble Madras High Court as unconstitutional against which Tamil Nadu Government has filed SLP before the Hon'ble Supreme Court. By its interim order dated 6.5.2004, the Hon'ble Supreme Court has held that only 50 paise per litre could be collected pending disposal of the appeal. The amount is indeterminate at this juncture.

**b) Guarantees**

The Company has provided a corporate guarantee of ₹ 4,667.25 lakhs (₹ 3,983.21 lakhs) to the Banks in respect of Term loans and cash credit facilities sanctioned to the subsidiary company Trident Sugars Limited.

- c) Income Tax assessments have been completed upto Assessment year 2010-11. Disallowances made in the order of assessment in some of the years, purely technical in nature, have been disputed in appeal before the appellate authorities. No provision has been made therefor since there are no tax demands for the present.

17) In terms of AS-28, the company has carried out an exercise to ascertain the impairment, if any, in the carrying values of its Fixed assets. The exercise has not revealed any impairment of assets during the year 2012-13.

18) The Tamil Nadu Government has issued a G.O. dated 31.08.2010 as directed by the Hon'ble Madras High Court, notifying the elephant corridor in the Nilgiris District, which includes company's land of 7.83 acres in Masinagudi Village, Nilgiris District. The GO has now been disputed before the Hon'ble Supreme Court by the Company in SLP (C) 16898/2011 and interim stay has been granted. The carrying value of the said land in the books is ₹35.57 lakhs.

19) At the Extraordinary General meeting held on 10th October 2012, the shareholders of the company have consented by way of special resolutions for offering, issuing, allotting on preferential basis to Ms.Rajshree Pathy, Chairperson and Managing Director upto 11,50,000 Equity warrants at an exercise price of ₹ 55.20/- per warrant, and for the allotment of equal number of Equity Shares on exercise of such Equity Warrants. As per the requirement of SEBI Regulations, Ms.Rajshree Pathy has paid the strike price (25% of exercise price) amounting to ₹158.70 lakhs on 24th October 2012 and accordingly she has been allotted 11,50,000 equity warrants on the same date. The exercise period shall not exceed 18 months from the date of allotment of warrants.

**20) Deferred tax workings:**

(₹ in Lakhs)

Particulars	Opening balance	Addition / (Reversal)	Closing balance
<b>Deferred tax liabilities</b>			
Depreciation	8,607.23	1,401.50	10,008.73
<b>Total - A</b>	<b>8,607.23</b>	<b>1,401.50</b>	<b>10,008.73</b>
<b>Deferred tax assets</b>			
Unabsorbed Depreciation and losses	3,133.14	997.18	4,130.32
Disallowance u/s 43 B	146.22	29.88	176.10
Payment under Voluntary Separation Scheme	29.45	(7.36)	22.09
<b>Total - B</b>	<b>3,308.81</b>	<b>1,019.70</b>	<b>4,328.51</b>
<b>Net Deferred tax liability (A-B)</b>	<b>5,298.42</b>	<b>381.80</b>	<b>5,680.22</b>
MAT Credit (C)	793.92	235.45	1,029.37
<b>Net Deferred tax liability (A-B-C)</b>	<b>4,504.50</b>	<b>146.35</b>	<b>4,650.85</b>

## 21) RELATED PARTY DISCLOSURE

## Transactions with related parties

( ₹ in Lakhs)

Particulars	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Other Related Parties	Total
<b>Remuneration paid</b>					
Ms Rajshree Pathy	-	122.60*	-	-	<b>122.60</b>
	(-)	(150.09)	(-)	(-)	<b>(150.09)</b>
Mr R Varadarajan	-	57.24	-	-	<b>57.24</b>
	(-)	(55.21)	(-)	(-)	<b>(55.21)</b>
<b>Purchase of Goods</b>					
Ms Aishwarya Pathy	-	-	8.24	-	<b>8.24</b>
	(-)	(-)	(9.96)	(-)	<b>(9.96)</b>
Mr Aditya Krishna Pathy	-	-	7.24	-	<b>7.24</b>
	(-)	(-)	(-)	(-)	<b>(-)</b>
RSCL Properties (P) Ltd	-	-	-	1.03	<b>1.03</b>
	(-)	(-)	(-)	(6.06)	<b>(6.06)</b>
Greenplus Manures (P) Ltd	-	-	-	21.69	<b>21.69</b>
	(-)	(-)	(-)	(14.29)	<b>(14.29)</b>
<b>Sale of goods</b>					
Trident Sugars Ltd	17.16	-	-	-	<b>17.16</b>
	(4.87)	(-)	(-)	(-)	<b>(4.87)</b>
<b>Purchase of Assets/ Accessories</b>					
Trident Sugars Ltd	13.61	-	-	-	<b>13.61</b>
	(-)	(-)	(-)	(-)	<b>(-)</b>
CAI Industries (P) Ltd	-	-	-	18.73	<b>18.73</b>
	(-)	(-)	(-)	(16.97)	<b>(16.97)</b>
Rajshree Automotive (P) Ltd	-	-	-	0.43	<b>0.43</b>
	(-)	(-)	(-)	(0.31)	<b>(0.31)</b>
<b>Sale of Assets /Accessories</b>					
Trident Sugars Ltd	28.12	-	-	-	<b>28.12</b>
	(1.13)	(-)	(-)	(-)	<b>(1.13)</b>
<b>Receiving of Services</b>					
CAI Industries (P) Ltd	-	-	-	2.07	<b>2.07</b>
	(-)	(-)	(-)	(0.58)	<b>(0.58)</b>
Aloha Tours & Travels (India) (P) Ltd	-	-	-	1.47	<b>1.47</b>
	(-)	(-)	(-)	(2.04)	<b>(2.04)</b>
Rajshree Automotive (P) Ltd	-	-	-	0.55	<b>0.55</b>
	(-)	(-)	(-)	(0.34)	<b>(0.34)</b>
<b>Finance - Loans Given</b>					
Trident Sugars Ltd	2,272.96	-	-	-	<b>2,272.96</b>
	(2,807.60)	(-)	(-)	(-)	<b>(2,807.60)</b>

**Transactions with related parties**

( ₹ in Lakhs)

Particulars	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Other Related Parties	Total
<b>Finance - Advance for purchase of property</b>					
Ms Rajshree Pathy	- (-)	350.00 (50.00)	- (-)	- (-)	<b>350.00 (50.00)</b>
<b>Finance - Strike price received for subscription of equity warrants</b>					
Ms Rajshree Pathy	- (-)	158.70 (-)	- (-)	- (-)	<b>158.70 (-)</b>
<b>Finance - Equity Contribution Made</b>					
Trident Sugars Ltd	67.38 (-)	- (-)	- (-)	- (-)	<b>67.38 (-)</b>
<b>Finance - Fixed Deposits Repaid</b>					
Prana Ayurveda Coimbatore (P) Ltd	- (-)	- (-)	- (-)	- (10.00)	<b>- (10.00)</b>
Argead Enterprises(P) Ltd	- (-)	- (-)	- (-)	- (0.74)	<b>- (0.74)</b>
<b>Finance - Fixed Deposits Received</b>					
Prana Ayurveda Coimbatore (P) Ltd	- (-)	- (-)	- (-)	- (1.50)	<b>- (1.50)</b>
<b>Interest paid</b>					
Prana Ayurveda Coimbatore (P) Ltd	- (-)	- (-)	- (-)	- (0.59)	<b>- (0.59)</b>
Argead Enterprises (P) Ltd	- (-)	- (-)	- (-)	- (0.02)	<b>- (0.02)</b>
<b>Interest received</b>					
Trident Sugars Ltd	248.42 (182.39)	- (-)	- (-)	- (-)	<b>248.42 (182.39)</b>
<b>Guarantee given</b>					
Trident Sugars Ltd	4,667.25 (3,983.21)	- (-)	- (-)	- (-)	<b>4,667.25 (3983.21)</b>
<b>Lease rent paid</b>					
Rajshree Spinning Mills Ltd	- (-)	- (-)	- (-)	6.57 (5.02)	<b>6.57 (5.02)</b>
<b>OUTSTANDINGS</b>					
Payable	4.00 (4.00)	600.00 (950.00)	1.79 (-)	0.46 (0.89)	<b>606.25 (954.89)</b>
Receivable	1,210.32 (1,505.61)	- (-)	- (0.13)	6.24 (0.08)	<b>1,216.56 (1,505.83)</b>

\*Net of recovery of excess provision of ₹ 1.13 lakhs in prior year.

**Note:**

**Names of Related parties and description of relationship**

1. Holding Companies  
None
2. Subsidiaries  
Trident Sugars Limited  
Rajshree Power Private Limited
3. Fellow Subsidiaries  
None
4. Associates  
None
5. Key Management Personnel  
a) Ms. Rajshree Pathy  
b) Mr. R.Varadarajan
6. Relatives of Key Management Personnel  
a) Ms. Aishwarya Pathy  
b) Mr. Aditya Krishna Pathy
7. Other Related Parties  
a) RSCL Properties Pvt Ltd  
b) Prana Ayurveda Coimbatore Pvt Ltd  
c) Argead Enterprises Pvt Ltd  
d) CAI Industries Pvt Ltd.  
e) Rajshree Automotive Pvt Ltd.  
f) Aloha Tours & Travels (India) Pvt Ltd  
g) Rajshree Spinning Mills Limited  
h) Raj Fabrics and Accessories (Cbe) Ltd  
i) Greenplus Manures Pvt Ltd

( ₹ in Lakhs)

**31.03.2013**      **31.03.2012**

**22) Earnings per share**

a) Weighted average number of equity shares of ₹ 10/- each outstanding at the year end.	<b>23,791,700</b>	23,791,700
b) Number of potential equity shares of ₹10/-each (Equity warrants pending conversion)	<b>1,150,000</b>	-
c) Profit/(Loss) before exceptional/extraordinary items & tax	<b>1,175.48</b>	1,284.75
i) Basic earnings per share of ₹10/- each	<b>4.94</b>	5.40
ii) Diluted earnings per share of ₹10/- each (After conversion of pending equity warrants)	<b>4.71</b>	5.40
d) Profit/(Loss) after exceptional/extraordinary items & tax	<b>1,028.52</b>	(177.15)
i) Basic earnings per share of ₹10/- each	<b>4.32</b>	(0.74)
ii) Diluted earnings per share of ₹10/- each (After conversion of pending equity warrants)	<b>4.12</b>	(0.74)

23) Previous year figures have been regrouped wherever necessary to conform to current year's classification.

As per our report of even date

For **Srikishen & Co**

Registration No. 004009 S

Chartered Accountants

**R. Varadarajan**  
Wholetime Director

**Rajshree Pathy**  
Chairperson and Managing Director

**K. Murali Mohan**  
Membership No. 14328  
Auditors, Proprietor

**A. Sathyamurthy**  
President & Chief Financial Officer

**R.S. Gowdhaman**  
Company Secretary

Place: Coimbatore  
Date : 25th May 2013

(₹ in Lakhs)

<b>Cash Flow Statement for the Year ended</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
<b>A. Cash Flow from Operating activities:</b>		
Net Profit / (Loss) before taxation & extraordinary items	<b>1,175.48</b>	1,284.75
Adjustment for:		
Depreciation	<b>3,415.50</b>	2,572.59
Loss / ( Profit ) on sale of Fixed Assets	<b>(7.91)</b>	(45.43)
Interest paid	<b>7,909.08</b>	6,165.36
Interest received	<b>(301.62)</b>	(219.44)
Operating profit before working capital changes	<b>12,190.53</b>	9,757.83
<b>Adjustments for:</b>		
Trade and other receivables	<b>1,236.03</b>	(1,306.07)
Inventories	<b>(9,119.48)</b>	(1,381.10)
Trade payables	<b>8,924.98</b>	5,539.99
Cash generated from Operations	<b>13,232.06</b>	12,610.65
Direct taxes (paid) / Refund	<b>(242.86)</b>	19.29
Cashflow before extraordinary items	<b>12,989.20</b>	12,629.94
Extraordinary items	<b>(0.61)</b>	(1,502.65)
Net cash from operating activities	<b>12,988.59</b>	11,127.29
<b>B. Cash flow from investing Activities</b>		
Purchase of Fixed Assets	<b>(4,767.49)</b>	(15,122.10)
Investment in Subsidiary company / Post office Deposit	<b>(67.38)</b>	-
Sale of Fixed Assets - Including compensation received on acquisition	<b>40.57</b>	45.43
Interest received	<b>301.63</b>	219.44
Net Cash used in Investing Activities	<b>(4,492.67)</b>	(14,857.24)
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of Share Capital	<b>158.70</b>	-
Proceeds from / (Repayment of) long term borrowings	<b>(6,179.21)</b>	8,213.39
Proceeds from / (Repayment of) short term borrowings	<b>5,265.09</b>	816.32
Interest paid	<b>(7,909.08)</b>	(6,165.36)
Dividend paid including tax on dividend	<b>-</b>	-
Net Cash used in Financing Activities	<b>(8,664.50)</b>	2,864.35
Net Increase / (Decrease) in Cash and Cash Equivalents	<b>(168.59)</b>	(865.59)
Cash and cash equivalent as at the beginning of the Year	<b>943.30</b>	1,808.89
Cash and cash equivalent as at the close of the Year	<b>774.71</b>	943.30

As per our report of even date

For **Srikishen & Co**

Registration No. 004009 S

Chartered Accountants

**K. Murali Mohan**

Membership No. 14328

Auditors, Proprietor

Place: Coimbatore

Date : 25th May 2013

**R. Varadarajan**  
Wholetime Director

**A. Sathyamurthy**  
President & Chief Financial Officer

**Rajshree Pathy**  
Chairperson and Managing Director

**R.S. Gowdhaman**  
Company Secretary



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Rajshree Sugars & Chemicals Limited

We have audited the accompanying consolidated financial statements of Rajshree Sugars & Chemicals Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the consolidated Profit and Loss Account, of the profit/loss for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**For SRIKISHEN & CO.**  
Registration No. 004009S  
Chartered Accountants

**K.Murali Mohan**  
Auditors, Proprietor  
Membership No.14328

Place:Coimbatore  
Date: 25th May 2013

**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2013**

(₹ in Lakhs)

PARTICULARS	Note	31.03.2013	31.03.2012
<b>I. EQUITY AND LIABILITIES</b>			
1 Shareholders' funds			
(a) Share capital	A	2,379.17	2,379.17
(b) Reserves and surplus	B	9,318.39	8,766.48
(c) Money received against share warrants [Refer note X (6)]		158.70	-
		<u>11,856.26</u>	<u>11,145.65</u>
2 Non-current liabilities			
(a) Long-term borrowings	C	31,206.60	38,375.58
(b) Deferred tax liabilities (Net)	D	4,335.10	4,401.87
		<u>35,541.71</u>	<u>42,777.45</u>
3 Current liabilities			
(a) Short-term borrowings	E	22,525.66	16,452.11
(b) Trade payables	F	14,368.69	9,116.23
(c) Other current liabilities	G	20,888.43	15,281.74
(d) Short-term provisions	H	1,843.70	1,854.85
		<u>59,626.48</u>	<u>42,704.93</u>
<b>TOTAL</b>		<u><b>107,024.45</b></u>	<u><b>96,628.03</b></u>
<b>II. ASSETS</b>			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	I	60,080.32	46,867.91
(ii) Intangible assets		3,520.12	3,579.57
(iii) Capital work-in-progress		1,506.40	13,887.54
(b) Non-current investments	J	0.10	0.10
(c) Long-term loans and advances	K	626.42	759.82
(d) Other non-current assets		0.53	0.46
		<u>65,733.89</u>	<u>65,095.40</u>
2 Current assets			
(a) Inventories	L	29,155.90	17,689.03
(b) Trade receivables	M	6,022.42	7,474.16
(c) Cash and cash equivalents	N	957.21	1,182.65
(d) Short-term loans and advances	O	4,850.54	4,779.21
(e) Other current assets	P	304.49	407.58
		<u>41,290.56</u>	<u>31,532.63</u>
<b>TOTAL</b>		<u><b>107,024.45</b></u>	<u><b>96,628.03</b></u>

See accompanying notes to the financial statements

As per our report of even date

 For **Srikishen & Co**

Registration No. 004009 S

Chartered Accountants

**R. Varadarajan**  
 Wholetime Director

**Rajshree Pathy**  
 Chairperson and Managing Director

**K. Murali Mohan**  
 Membership No. 14328  
 Auditors, Proprietor

**A. Sathyamurthy**  
 President & Chief Financial Officer

**R.S. Gowdhaman**  
 Company Secretary

 Place: Coimbatore  
 Date : 25th May 2013

**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2013** (₹ in Lakhs)

PARTICULARS	Note	31.03.2013	31.03.2012
<b>INCOME</b>			
I. Revenue from operations	Q	<b>95,068.57</b>	83,630.19
II. Other income	R	<b>356.12</b>	787.02
III. Total Revenue (I + II)		<b>95,424.69</b>	84,417.21
IV. Expenses:			
Cost of materials consumed	S	<b>76,613.68</b>	61,400.54
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	T	<b>(10,689.20)</b>	(505.39)
Employee benefits expense	U	<b>3,741.37</b>	3,124.80
Finance costs	V	<b>8,462.71</b>	6,665.69
Depreciation and amortization expense		<b>3,702.63</b>	2,799.74
Other expenses	W	<b>13,114.51</b>	9,387.47
Total expenses		<b>94,945.70</b>	82,872.84
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		<b>478.98</b>	1,544.37
VI. Exceptional items		<b>(6.16)</b>	1,477.65
VII. Profit/(Loss) before extraordinary items and tax (V - VI)		<b>485.14</b>	66.72
VIII. Extraordinary Items		-	25.00
IX. Profit/(Loss) before tax (VII- VIII)		<b>485.14</b>	41.72
X Tax expense:			
(1) Current tax		<b>235.45</b>	0.06
Less : MAT credit entitlement		<b>235.45</b>	-
(2) Deferred tax liability/(asset) provided		<b>(66.77)</b>	55.41
XI Profit / (Loss) for the period from continuing operations (IX-X)		<b>551.91</b>	(13.74)
XII Profit / (Loss) from Discontinuing operations (after tax)		-	-
XIII Profit / (Loss) for the period (XI + XII)		<b>551.91</b>	(13.74)
XIV Earnings per equity share:			
(1) Basic		<b>2.32</b>	(0.06)
(2) Diluted		<b>2.21</b>	(0.06)

See accompanying notes to the financial statements

As per our report of even date

For **Srikishen & Co**

Registration No. 004009 S

Chartered Accountants

**K. Murali Mohan**

Membership No. 14328

Auditors, Proprietor

Place: Coimbatore

Date : 25th May 2013

**R. Varadarajan**  
Wholetime Director

**A. Sathyamurthy**  
President & Chief Financial Officer

**Rajshree Pathy**  
Chairperson and Managing Director

**R.S. Gowdhaman**  
Company Secretary

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

PARTICULARS	31.03.2013	31.03.2012
<b>A. SHARE CAPITAL</b>		
AUTHORISED		
30,000,000 Equity Shares of ₹10/- each	<u>3,000.00</u>	<u>3,000.00</u>
ISSUED SUBSCRIBED & PAID UP:		
23,791,700 Equity Shares of ₹10/- each		
fully paid-up in cash	<u>2,379.17</u>	<u>2,379.17</u>
31.03.2013 31.03.2012		
i) No of Equity Shares outstanding at the beginning of the year	23,791,700	23,791,700
Additions/(Reductions) during the year	-	-
At the end of the year	23,791,700	23,791,700
ii) Shareholder holding more than 5 percent shares:		
Ms. Rajshree Pathy	8,307,558	8,307,558
<b>B. RESERVES &amp; SURPLUS</b>		
<b>RESERVES</b>		
i) General Reserve		
Opening Balance	8,000.00	8,000.00
Additions / (Deductions) during the year	-	-
Closing Balance	<u>8,000.00</u>	<u>8,000.00</u>
ii) Securities Premium Reserve		
Opening Balance	572.00	572.00
Additions / (Deductions) during the year	-	-
Closing Balance	<u>572.00</u>	<u>572.00</u>
<b>SURPLUS</b>		
iii) Balance in Profit & Loss statement:		
Opening Balance	194.48	208.21
Add: Profit / (Loss) after tax	<u>551.91</u>	<u>(13.74)</u>
Closing Balance	<u>746.39</u>	<u>194.48</u>
	<u>9,318.39</u>	<u>8,766.48</u>
<b>C LONG - TERM BORROWINGS</b>		
<b>SECURED LOANS</b>		
Term Loans -		
a) From Banks	29,022.36	30,413.26
b) External Commercial Borrowings	-	5,419.53
c) From Other parties :		
i) Sugar Development Fund	2,116.30	2,398.65
ii) Sundaram Finance Limited - Hire Purchase	<u>25.08</u>	<u>89.56</u>
	<u>2,141.38</u>	<u>2,488.21</u>
<b>UNSECURED LOANS</b>		
Deposits	42.86	54.58
	<u>31,206.60</u>	<u>38,375.58</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Secured Loans

- a) Rajshree Sugars & Chemicals Limited.

Rate of interest, maturity profile and Security details for long term and short term borrowings are set out under Company's standalone financial statements.

- b) Trident Sugars Limited.

- i) Rate of Interest and Maturity Profile of Long Term Borrowings

( ₹ in Lakhs)

Rate of Interest	2013-14	2014-15	2015-16	2016-17	2017-18	Total
4.00%	160.00	160.00	160.00	160.00	160.00	640.00
14.55%	600.00	600.00	600.00	--	--	1,200.00
<b>Total</b>	<b>760.00</b>	<b>760.00</b>	<b>760.00</b>	<b>160.00</b>	<b>160.00</b>	<b>1,840.00</b>

- ii) Security details for the long term borrowings

- a) Term loan ₹1,800 lakhs secured by 1st pari passu charge on the current assets of the company and 1st pari passu charge on the Company's immovable and fixed assets at Madhunagar, Medak District, Andhra Pradesh.
- b) Term loan ₹ 799.30 lakhs secured by exclusive 2nd Charge on all immovable and movable properties (save and except book debts) of company's sugar factory situated at Madhunagar, Medak District, Andhra Pradesh.
- c) Aggregate amount of loan guaranteed by the holding company is ₹1,800 lakhs.
- d) Aggregate amount of loan guaranteed by others is Nil.
- e) Period and amount of continuing default in respect of the aforesaid loans is Nil.

( ₹ in Lakhs)

PARTICULARS	31.03.2013	31.03.2012
<b>D DEFERRED TAX LIABILITIES:</b>		
Opening Balance	4,401.87	4,346.47
Add / (Less) : Provided/ (Reversed) during the year	(66.77)	55.40
	<u>4,335.10</u>	<u>4,401.87</u>
<b>E SHORT - TERM BORROWINGS</b>		
i) SECURED LOANS		
Loans repayable on demand from Banks:		
Cash Credit Account	20,025.66	13,952.11
<b>UNSECURED LOANS</b>		
From Bank	2,500.00	2,500.00
	<u>22,525.66</u>	<u>16,452.11</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Security Details for Short term borrowings:

- a) Working Capital limit ₹ 2867.25 lakhs secured by 1st pari passu charge on the current assets of sugar factory at Madhunagar, Medak District and 3rd pari passu charge on immovable properties and fixed assets at Madhunagar, Medak District.
- b) Aggregate amount of loans guaranteed by the holding company is ₹ 2867.25 lakhs
- c) Aggregate amount of loans guaranteed by others is Nil.
- d) Period and amount of default in respect of the aforesaid loans is Nil.

(₹ in Lakhs)

PARTICULARS	31.03.2013	31.03.2012
<b>F TRADE PAYABLES</b>		
Due to Micro, Small & Medium Enterprises	-	-
Due to Others	<u>14,368.69</u>	<u>9,116.23</u>
<b>G OTHER CURRENT LIABILITIES</b>		
i) Current maturities of long term debt	10,190.58	8,771.13
ii) Interest accrued but not due on borrowings	262.25	434.82
iii) Unpaid Dividend*	75.08	93.40
<i>* The figures reflect the position as at 31st March. The actual amount to be transferred to the Investors Education and Protection Fund in this respect shall be determined on the due dates</i>		
iv) Other Payables :		
Advance received from customers	6,924.36	2,917.78
Statutory dues payables	1,544.17	1,228.32
Creditors for capital expenditure	<u>1,891.99</u>	<u>1,836.29</u>
	<u>10,360.52</u>	<u>5,982.39</u>
	<u>20,888.43</u>	<u>15,281.74</u>
<b>H SHORT- TERM PROVISIONS</b>		
i) Provisions for employee benefits:		
Leave Salary entitlement	47.36	43.32
Gratuity contribution	<u>275.60</u>	<u>238.92</u>
	322.96	282.24
ii) Others		
Provisions for Income tax	1,517.51	1,569.50
Provisions for Wealth Tax	3.23	3.11
Corporate Tax on Dividend	<u>-</u>	<u>-</u>
	<u>1,520.74</u>	<u>1,572.61</u>
	<u>1,843.70</u>	<u>1,854.85</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE I

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 31.03.2012	Additions For the Period	Deletions For the Period	As on 31.03.2013	Upto to 31.03.2012	For the year	Written Back	Upto 31.03.2013	As on 31.03.2013	As on 31.03.2012
<b>Tangible Assets</b>										
Land	893.67	81.01	-	974.68	-	-	-	-	974.68	893.67
Buildings	12,089.24	3,038.05	114.34	15,012.95	2,142.04	381.19	-	2,523.23	12,489.72	9,947.20
Plant & Equipment	49,434.23	14,355.81	719.06	63,070.98	14,571.55	3,140.58	104.97	17,607.16	45,463.82	34,862.68
Furniture & Fixtures	157.23	8.14	-	165.37	69.11	8.11	-	77.22	88.15	88.12
Vehicles	901.61	63.40	26.03	938.98	315.02	76.72	18.73	373.01	565.97	586.60
Office Equipments	150.66	5.89	3.51	153.04	59.66	6.63	3.51	62.78	90.26	91.01
Electrical Equipments	493.60	8.62	-	502.22	211.54	21.00	-	232.54	269.68	282.06
Tools & Equipments	89.09	-	-	89.09	47.89	3.11	-	51.00	38.09	41.21
Lab Equipments	104.39	31.54	1.74	134.19	29.02	5.82	0.61	34.23	99.95	75.36
<b>Total</b>	<b>64,313.72</b>	<b>17,592.46</b>	<b>864.68</b>	<b>81,041.50</b>	<b>17,445.83</b>	<b>3,643.17</b>	<b>127.82</b>	<b>20,961.18</b>	<b>60,080.32</b>	<b>46,867.91</b>
<b>Intangible Assets</b>										
SAP Software	366.79	-	-	366.79	34.60	59.46	-	94.06	272.73	332.19
<b>Grand Total</b>	<b>64,680.51</b>	<b>17,592.46</b>	<b>864.68</b>	<b>81,408.29</b>	<b>17,480.42</b>	<b>3,702.63</b>	<b>127.82</b>	<b>21,055.24</b>	<b>60,353.05</b>	<b>47,200.09</b>
<b>Capital work in Progress</b>									<b>1,506.40</b>	<b>13,887.54</b>
2011-2012	59,625.73	5,200.06	145.28	64,680.51	14,779.72	2,799.74	99.04	17,480.42	47,200.09	44,846.01

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

PARTICULARS	31.03.2013	31.03.2012
<b>J NON-CURRENT INVESTMENTS</b>		
Other non-current investments		
Investment in Post office	0.10	0.10
	<u>0.10</u>	<u>0.10</u>
<b>K LONG TERM LOANS &amp; ADVANCES</b>		
(Unsecured, considered good)		
i) Capital Advance	108.53	435.63
ii) Security Deposits	117.89	274.19
iii) Loans & Advances due by Director		
Land purchase advance	400.00	50.00
	<u>626.42</u>	<u>759.82</u>
<b>L INVENTORIES</b>		
Work-in-progress at cost	779.96	710.52
Finished Goods at Cost	25,925.13	14,878.51
Stock In Trade at Cost	567.59	631.17
Stores & Spares at cost	<u>1,883.22</u>	<u>1,468.83</u>
	<u>29,155.90</u>	<u>17,689.03</u>
<b>M TRADE RECEIVABLES</b>		
(Unsecured, considered good)		
Outstanding for a period exceeding six months.	3,058.75	159.02
Others	<u>2,963.67</u>	<u>7,315.14</u>
	<u>6,022.42</u>	<u>7,474.16</u>
<b>N CASH AND CASH EQUIVALENTS</b>		
Balance with Banks	522.34	434.42
Cash on hand	52.86	31.68
Bank deposits having more than 12 months maturity	125.28	156.87
Guarantee Margin Account	181.65	353.78
Deposit in Escrow Account	-	112.50
Dividend account	<u>75.08</u>	<u>93.40</u>
	<u>957.21</u>	<u>1,182.65</u>
<b>O SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Staff and other advance	280.68	257.64
Advance to suppliers	304.29	561.71
Advance Sales Tax	50.00	143.77
Advance Income Tax	2,080.23	1,816.93
Excise Duty Deposits	1,248.18	1,316.62
Prepaid Expenses	<u>887.16</u>	<u>682.54</u>
	<u>4,850.54</u>	<u>4,779.21</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

PARTICULARS	31.03.2013	31.03.2012
<b>P OTHER CURRENT ASSETS</b>		
Income receivable	218.16	200.59
Interest receivable on Excise Duty Loan	<u>86.33</u>	<u>206.99</u>
	<u>304.49</u>	<u>407.58</u>
<b>Q Revenue from Operations</b>		
i) Sale of products	97,203.30	85,982.61
ii) Other operating revenue		
Sale of scrap	224.18	343.73
Export incentives	<u>261.46</u>	<u>196.04</u>
	<u>97,688.94</u>	<u>86,522.38</u>
LESS: Excise duty	<u>2,620.37</u>	<u>2,892.19</u>
	<u>95,068.57</u>	<u>83,630.19</u>
<b>R OTHER INCOME</b>		
i) Interest Income - Others	60.98	38.16
ii) Other non operating Income		
Rental Income	1.32	1.22
Other Misc Income	86.98	345.97
Net gain on foreign currency transactions / translations	196.56	341.75
Profit on Sale of Assets	<u>10.28</u>	<u>59.92</u>
	<u>356.12</u>	<u>787.02</u>
<b>S COST OF MATERIALS CONSUMED</b>		
Raw material	<u>76,613.68</u>	<u>61,400.54</u>
<b>T CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS &amp; STOCK IN TRADE</b>		
Opening Inventory		
Finished goods	14,878.51	14,432.54
Work in progress	710.52	555.29
Stock in trade	<u>540.89</u>	<u>540.89</u>
	<u>16,129.92</u>	<u>15,528.72</u>
Less : Closing inventory		
Finished goods	25,925.13	14,878.51
Work in progress	779.96	710.52
Stock in trade	<u>540.89</u>	<u>540.89</u>
	<u>27,245.98</u>	<u>16,129.92</u>
	<u>(11,116.06)</u>	<u>(601.20)</u>
Less: Excise duty on Increase / (Decrease) in stock of Finished Goods	<u>426.86</u>	<u>95.81</u>
	<u>(10,689.20)</u>	<u>(505.39)</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

PARTICULARS	31.03.2013	31.03.2012
<b>U EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages & Bonus	3,014.54	2,652.99
Contribution to Provident Fund & Other funds	376.86	126.58
Welfare Expenses	349.97	345.23
	<u>3,741.37</u>	<u>3,124.80</u>
<b>V FINANCE COST</b>		
a) Interest expense	7,720.51	6,276.94
b) Other borrowing costs	742.20	392.53
c) Net (gain) / loss on foreign currency transaction	-	(3.78)
	<u>8,462.71</u>	<u>6,665.69</u>
<b>W OTHER EXPENSES</b>		
Consumption of Stores	1,458.83	1,064.92
Consumption of Packing Materials	1,804.00	1,344.78
	<u>3,262.83</u>	<u>2,409.70</u>
Power & Fuel	1,537.04	1,049.77
Building rent	120.18	144.58
Repairs & Maintenance		
Building	119.12	134.49
Machinery	2,373.74	1,799.84
	<u>2,492.86</u>	<u>1,934.33</u>
Insurance Premium	189.42	133.86
Licence Fees & Tax	318.62	206.31
Selling Expenses	1,280.39	741.42
Cartage & Freight	1,125.38	635.10
Payment to Auditor's		
- Statutory Audit fees	8.00	5.00
- Taxation matters	2.00	2.30
- Certification *	1.69	1.14
* excluding ₹ 0.44 lacs considered under capital work in progress	<u>11.69</u>	<u>8.44</u>
Cost Audit fees	1.54	1.30
Miscellaneous Expenses	2,774.56	2,122.66
	<u>13,114.51</u>	<u>9,387.47</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### X 1) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements relate to Rajshree Sugars & Chemicals Limited ('the company') and its subsidiary companies Trident Sugars Limited and Rajshree Power Private Limited. The consolidated financial statements have been prepared on the following basis.

- i) The financial statements of the Company and its subsidiary company have been prepared on a line-by-line basis by adding together the book values like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses.
- ii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- iii) Goodwill represents the difference between the Company's share in the net worth of the subsidiary and the cost of acquisition of investment in the subsidiary. For this purpose, the Company's share of net worth is determined on the basis of the latest financial statements prior to the acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of acquisition.
- iv) The subsidiary companies considered in the Company financial statement are as follows

Name of the Company	Country of incorporation	% of voting power held	Proportion of ownership interest as on 31.3.2013 & 31.3.2012
Trident Sugars Limited	India	100.00%	100.00%
Rajshree Power (P) Ltd	India	99.96%	99.96%

### 2) Other significant accounting policies

These are set out under the 'Significant Accounting Policies' as given in the Company's standalone financial statements.

3) Capital and other commitments (₹ in Lakhs)	31.3.2013	31.3.2012
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	917.33	2851.89
b) Other commitments	-	-

### 4) Contingent Liabilities not provided for

- a) Claims against the company not acknowledged as debt:
  - i) The Commissioner of Central Excise (Appeals) has upheld the order of the Central Excise department imposing a penalty of ₹21.92 lakhs in the matter of payment of service tax for agency fees and other charges paid towards ECB availed. The company has filed an appeal before CEGAT and the appeal is pending before the said Appellate Tribunal and hence no provision has been made.
  - ii) Electricity generation tax demand for ₹304.90 lakhs has been raised in respect of captive consumption of electricity generated from cogeneration division. The same is disputed and contested in appeal and SLP is pending before Supreme Court. Hence no amount is provided towards this demand and interest liability of ₹172.29 lakhs.
  - iii) The administrative service fee on alcohol manufactured by distilleries was hiked by the Tamil Nadu Government from 50 paise to 100 paise per litre. This was struck down by the Hon'ble Madras High Court as unconstitutional against which Tamil Nadu Government has filed SLP before the Hon'ble Supreme Court. By its interim order dated 6.5.2004, the Hon'ble Supreme Court has held that only 50 paise per litre could be collected pending disposal of the appeal. The amount is indeterminate at this juncture.

b) Income Tax assessments have been completed upto Assessment year 2010-11. Disallowances made in the order of assessment in some of the years, purely technical in nature, have been disputed in appeal before the appellate authorities. No provision has been made therefor since there are no tax demands for the present.

c) Contingent liabilities pertaining to Trident Sugars Limited (₹ in lakhs) **31.3.2013** **31.3.2012**

i) VAT 2006-07 (Appeal is pending before the Sales Tax Appellate Tribunal.) **4.06** **4.06**

ii) Income tax assessment upto assessment year 2010-11 have been completed. There are no pending demands payable nor any disputes affecting tax liability of the company.

5) The Tamil Nadu Government has issued a G.O. dated 31.08.2010 as directed by the Hon'ble Madras High Court, notifying the elephant corridor in the Nilgiris District, which includes company's land of 7.83 acres in Masinagudi Village, Nilgiris District. The GO has now been disputed before the Hon'ble Supreme Court by the Company in SLP (C) 16898/2011 and interim stay has been granted. The carrying value of the said land in the books is ₹ 35.57 lakhs.

6) At the Extraordinary General meeting held on 10th October 2012, the shareholders of the company have consented by way of special resolutions for offering, issuing, allotting on preferential basis to Ms.Rajshree Pathy, Chairperson and Managing Director upto 11,50,000 Equity warrants at an exercise price of ₹ 55.20 per warrant, and for the allotment of equal number of Equity Shares on exercise of such Equity Warrants. As per the requirement of SEBI Regulations, Ms.Rajshree Pathy has paid the strike price (25% of exercise price) amounting to ₹158.70 lakhs on 24th October 2012 and accordingly she has been allotted 11,50,000 equity warrants on the same date. The exercise period shall not exceed 18 months from the date of allotment of warrants.

7) The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under:

	<b>31.3.2013</b>	<b>31.3.2012</b>
Principal amount due and remaining unpaid	-	-
Interest due on above and the unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding years	-	-

8) Financial information of Subsidiaries

a) Pursuant to the resolution passed in accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, by the Board of Directors at its meeting held on 25th May 2013, it was decided that the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However, the financial information of the subsidiary companies are disclosed in the Annual Report in compliance with the said circular.

The Company hereby undertakes to make available the Annual financial statements of the subsidiary companies and the related detailed information to any member of the Company and members of subsidiary companies, seeking such information at any point of time. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

The annual financial statements of the subsidiary companies shall also be kept for inspection by any shareholder at the Registered Office of the holding company and of the subsidiary companies concerned. The holding company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on request.

## b) Financial information of subsidiaries (As required under the general Circular of the Ministry of Corporate Affairs):

(₹ in Lakhs)

Particulars	Trident Sugars Ltd		Rajshree Power (P) Ltd *	
	31.3.2013	31.3.2012	31.3.2013	31.3.2012
Share Capital	741.12	673.75	1.00	1.00
Reserves & Surplus	(428.83)	47.78	-	-
Total Assets	11,147.74	9,425.10	1.02	1.04
Total Liabilities	11,147.74	9,425.10	1.02	1.04
Investments	-	-	-	-
Turnover	10,947.00	12,769.03	-	-
Profit/(Loss) before tax	(689.73)	259.62	-	-
Provision for taxation	(213.13)	96.16	-	-
Profit/(Loss) after tax	(476.61)	163.41	-	-
Proposed dividend	-	-	-	-
*The Company is yet to commence its business activities				

## 9) Information about segment: Primary segment - Business segments

(₹ in Lakhs)

	31.3.2013				31.3.2012			
	Sugar	Cogeneration	Distillery	Total	Sugar	Cogeneration	Distillery	Total
<b>REVENUE</b>								
External Sales	84,586.28	6,998.19	6,104.46	97,688.93	77,045.17	7,256.21	2,221.00	86,522.38
Inter-segment Sales	3,389.24	4,375.85	133.64	7,898.73	2,446.80	3,570.64	-	6,017.44
Total Revenue	87,975.52	11,374.04	6,238.10	105,587.66	79,491.97	10,826.85	2,221.00	92,539.82
<b>RESULT</b>								
Segment result	2,311.99	6,122.12	2,093.04	10,527.15	2,213.68	5,950.45	894.95	9,059.08
Unallocated corporate expenses				(1,585.46)				(849.02)
Operating Profit				8,941.69				8,210.06
Interest Expense				8,462.71				(6,665.69)
Interest Income				-				-
Income Taxes/Deferred Tax				(66.77)				55.46
Profit from ordinary activities				545.75				1,488.91
Extraordinary/Exceptional Items				6.16				(1,502.65)
Net Profit /(Loss)				551.91				(13.74)
<b>OTHER INFORMATION</b>								
Segment assets	71,232.27	22,366.88	13,425.20	107,024.35	57,147.68	25,634.60	13,826.74	96,609.02
Unallocated Corporate assets				0.10				1.10
Total Assets				107,024.45				96,610.12
Segment Liabilities	71,203.35	8,836.00	9,273.00	89,312.35	61,832.15	12,406.39	9,653.32	83,891.86
Unallocated Corporate Liabilities				1,520.73				1,572.61
Total Liabilities				90,833.08				85,464.47
Capital Expenditure	4,190.81	66.67	955.23	5,212.71	3,923.66	960.87	11,507.50	16,392.03
Depreciation	1,755.54	1,268.74	678.35	3,702.63	1,518.51	1,220.49	60.74	2,799.74
Non-cash expenses other than depreciation	-	-	-	-	-	-	-	-

**Notes:**

- a. The Company has identified business segments as primary segments. The reportable business segments are based on segment results.
- b. Composition of the business segments and types of products in each of them is as under:
  - i) Sugar - White Crystal Sugar
  - ii) Cogeneration - Cogeneration of Electricity
  - iii) Distillery - Rectified spirit, Denatured Spirit, Anhydrous Alcohol & Organic Manure
  - iv) Others - Property Development
- c. Inter Segment revenues are recognised at net realisable price and are eliminated in consolidation.
- d. The Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.
- e. Secondary Segment:  
Geographical segment has been identified as secondary segment based on segment revenue (₹ in Lakhs)

	<b>31.3.2013</b>	<b>31.3.2012</b>
Domestic Sales	<b>80,106.47</b>	<b>73,803.76</b>
Export Sales including carbon credit	<b>17,096.83</b>	<b>12,178.85</b>
<b>Total</b>	<b>97,203.30</b>	<b>85,982.61</b>

**10) RELATED PARTY DISCLOSURE**
**Transactions with related parties**

(₹ in Lakhs)

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Other Related Parties	Total
<b>Remuneration paid</b>				
Ms Rajshree Pathy	122.60* (150.09)	- (-)	- (-)	<b>122.60</b> <b>(150.09)</b>
Mr R Varadarajan	57.24 (55.21)	- (-)	- (-)	<b>57.24</b> <b>(55.21)</b>
<b>Purchase of Goods</b>				
Ms Aishwarya Pathy	- (-)	8.24 (9.96)	- (-)	<b>8.24</b> <b>(9.96)</b>
Mr Aditya Krishna Pathy	- (-)	7.24 (-)	- (-)	<b>7.24</b> <b>(-)</b>
RSCL Properties (P) Ltd	- (-)	- (-)	1.03 (6.06)	<b>1.03</b> <b>(6.06)</b>
Greenplus Manures (P) Ltd	- (-)	- (-)	21.69 (14.29)	<b>21.69</b> <b>(14.29)</b>

**Transactions with related parties**

( ₹ in Lakhs)

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Other Related Parties	Total
<b>Purchase of Assets/ Accessories</b>				
CAI Industries (P) Ltd	-	-	18.73	<b>18.73</b>
	(-)	(-)	(16.97)	<b>(16.97)</b>
Rajshree Automotive (P) Ltd	-	-	0.43	<b>0.43</b>
	(-)	(-)	(0.31)	<b>(0.31)</b>
<b>Receiving of Services</b>				
CAI Industries (P) Ltd	-	-	2.07	<b>2.07</b>
	(-)	(-)	(0.58)	<b>(0.58)</b>
Aloha Tours & Travels (India) (P) Ltd	-	-	1.47	<b>1.47</b>
	(-)	(-)	(2.04)	<b>(2.04)</b>
Rajshree Automotive (P) Ltd	-	-	0.55	<b>0.55</b>
	(-)	(-)	(0.34)	<b>(0.34)</b>
<b>Finance-Advance for purchase of property</b>				
Ms Rajshree Pathy	350.00	-	-	<b>350.00</b>
	(50.00)	(-)	(-)	<b>(50.00)</b>
<b>Finance - Strike price received for subscription of equity warrants</b>				
Ms Rajshree Pathy	158.70	-	-	<b>158.70</b>
	(-)	(-)	(-)	<b>(-)</b>
<b>Finance - Fixed Deposits Repaid</b>				
Prana Ayurveda Coimbatore (P) Ltd	-	-	-	<b>-</b>
	(-)	(-)	(10.00)	<b>(10.00)</b>
Argead Enterprises(P) Ltd	-	-	-	<b>-</b>
	(-)	(-)	(0.74)	<b>(0.74)</b>
<b>Finance - Fixed Deposits Received</b>				
Prana Ayurveda Coimbatore (P) Ltd	-	-	-	<b>-</b>
	(-)	(-)	(1.50)	<b>(1.50)</b>
<b>Interest paid</b>				
Prana Ayurveda Coimbatore (P) Ltd	-	-	-	<b>-</b>
	(-)	(-)	(0.59)	<b>(0.59)</b>
Argead Enterprises (P) Ltd	-	-	-	<b>-</b>
	(-)	(-)	(0.02)	<b>(0.02)</b>
<b>Lease rent paid</b>				
Rajshree Spinning Mills Ltd	-	-	6.57	<b>6.57</b>
	(-)	(-)	(5.02)	<b>(5.02)</b>
<b>OUTSTANDINGS</b>				
Payable	600.00	1.79	0.46	<b>602.25</b>
	(950.00)	(-)	(0.89)	<b>(950.89)</b>
Receivable	-	-	6.24	<b>6.24</b>
	(-)	(0.13)	(0.08)	<b>(0.21)</b>

\* Net of recovery of excess provision of ₹1.13 lakhs in prior year.

**Note:**

**Names of Related parties and description of relationship**

- 1) Holding Companies  
None
- 2) Associates  
None
- 3) Key Management Personnel
  - a) Ms. Rajshree Pathy
  - b) Mr. R.Varadarajan
- 4) Relatives of Key Management Personnel
  - a) Ms Aishwarya Pathy
  - b) Mr Aditya Krishna Pathy
- 5) Other Related Parties
  - a) RSCL Properties Pvt Ltd
  - b) Prana Ayurveda Coimbatore Pvt Ltd
  - c) Argead Enterprises Pvt Ltd
  - d) CAI Industries Pvt Ltd.
  - e) Rajshree Automotive Pvt Ltd.
  - f) Aloha Tours & Travels (India) Pvt Ltd
  - g) Rajshree Spinning Mills Limited
  - h) Raj Fabrics and Accessories (Cbe) Ltd
  - i) Greenplus Manures Pvt Ltd

11) Earnings per share		( ₹ in Lakhs)
	<b>31.03.2013</b>	31.03.2012
a) Weighted average number of equity shares of ₹10/- each outstanding at the year end.	<b>23,791,700</b>	23,791,700
b) Number of potential equity shares of ₹10/-each (Equity warrants pending conversion)	<b>1,150,000</b>	--
c) Profit/(Loss) before exceptional/extraordinary items & tax	<b>478.98</b>	1,544.37
i) Basic earnings per share of ₹10/- each	<b>2.01</b>	6.49
ii) Diluted earnings per share of ₹10/- each (After conversion of pending equity warrants)	<b>1.92</b>	6.49
d) Profit/(Loss) after exceptional/extraordinary items & tax	<b>551.91</b>	(13.74)
i) Basic earnings per share of ₹10/- each	<b>2.32</b>	(0.06)
ii) Diluted earnings per share of ₹10/- each (After conversion of pending equity warrants)	<b>2.21</b>	(0.06)

12) Previous year figures have been regrouped wherever necessary to conform to current year's classification.

As per our report of even date

For **Srikishen & Co**

Registration No. 004009 S  
Chartered Accountants

**K. Murali Mohan**

Membership No. 14328  
Auditors, Proprietor

Place: Coimbatore  
Date : 25th May 2013

**R. Varadarajan**  
Wholetime Director

**A. Sathyamurthy**  
President & Chief Financial Officer

**Rajshree Pathy**  
Chairperson and Managing Director

**R.S. Gowdhaman**  
Company Secretary



(₹ in Lakhs)

<b>Consolidated Cash Flow Statement for the Year ended</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
<b>A. Cash Flow from Operating activities:</b>		
Net Profit/(Loss) before taxation & extraordinary items	<b>478.98</b>	1,544.38
Adjustment for:		
Depreciation	<b>3,702.63</b>	2,799.74
Loss/(Profit) on sale of Fixed Assets	<b>(7.91)</b>	(45.43)
Interest paid	<b>8,462.71</b>	6,665.69
Interest received	<b>(60.98)</b>	(38.16)
Operating profit/(loss) before working capital changes	<b>12,575.43</b>	10,926.22
<b>Adjustments for:</b>		
Trade and other receivables	<b>1,824.43</b>	(2,400.93)
Inventories	<b>(11,466.87)</b>	(573.02)
Trade payables	<b>10,848.00</b>	5,709.61
Cash generated from operations	<b>13,780.99</b>	13,661.88
Direct taxes (paid) / Refund	<b>(207.60)</b>	(4.56)
Cashflow before extraordinary items	<b>13,573.39</b>	13,657.32
Extraordinary items	<b>6.16</b>	(1,502.64)
Net cash from operating activities	<b>13,579.55</b>	12,154.68
<b>B. Cash flow from investing activities</b>		
Purchase of Fixed Assets	<b>(5,167.31)</b>	(16,349.13)
Investment in Subsidiary company / Post office Deposit	-	-
Sale of Fixed Assets - Including compensation received on acquisition	<b>15.36</b>	45.43
Interest received	<b>60.98</b>	38.16
Net Cash used in investing activities	<b>(5,090.97)</b>	(16,265.54)
<b>C. Cash Flow from financing activities</b>		
Proceeds from issue of Share Capital	<b>158.70</b>	-
Proceeds from / (Repayment of) long term borrowings	<b>(6,483.56)</b>	9,888.96
Proceeds from / (Repayment of) short term borrowings	<b>6,073.55</b>	198.24
Interest paid	<b>(8,462.71)</b>	(6,665.69)
Dividend paid including tax on dividend	-	-
Net Cash used in financing activities	<b>(8,714.02)</b>	3,421.51
Net Increase / (Decrease) in Cash and Cash Equivalents	<b>(225.44)</b>	(689.35)
Cash and cash equivalent as at the beginning of the Year	<b>1,182.65</b>	1,872.01
Cash and cash equivalent as at the close of the Year	<b>957.21</b>	1,182.65

As per our report of even date

For **Srikishen & Co**

Registration No. 004009 S

Chartered Accountants

**R. Varadarajan**  
Wholetime Director

**Rajshree Pathy**  
Chairperson and Managing Director

**K. Murali Mohan**  
Membership No. 14328  
Auditors, Proprietor

**A. Sathyamurthy**  
President & Chief Financial Officer

**R.S. Gowdhaman**  
Company Secretary

Place: Coimbatore  
Date : 25th May 2013



# Rajshree Sugars & Chemicals Limited

27th ANNUAL GENERAL MEETING

## ADMISSION SLIP

Please complete this attendance slip and hand it over at entrance of the Meeting Hall. Only members or their proxies are entitled to be present at the meeting.

Name and Address

Folio No. :

No. of Shares :

I hereby record my presence at the 27th Annual General Meeting held at The Chamber Hall, Indian Chamber of Commerce and Industry, Avanashi Road, Coimbatore - 641 018 at 11.00 a.m. on Monday, the 12th August 2013.

.....  
Signature of the Member / Proxy



# Rajshree Sugars & Chemicals Limited

Regd. Office : "The Uffizi", 338, Avanashi Road, Peelamedu, Coimbatore - 641 004.

## PROXY FORM

I / We.....  
of.....  
being a Member / Members of Rajshree Sugars & Chemicals Limited, hereby appoint.....  
.....of  
.....or failing him / her .....  
of .....or failing him / her .....  
of..... as my / our proxy to vote for me / us and on my / our behalf at  
the 27th Annual General Meeting of the Company to be held on Monday, the 12th August 2013 at 11.00 a.m. and at  
any adjournment thereof.

Signed this.....day of .....2013

Signed by the said.....

Re. 1/-  
Revenue  
Stamp

Folio No. :

No. of Shares :

Note : This form duly completed should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.



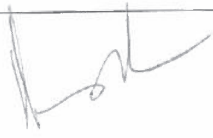
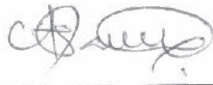

## **Rajshree Sugars & Chemicals Limited**

Registered Office: 338, Avinashi Road, Peelamedu Coimbatore – 641 004, TN, India.  
Phone: +91 – 422 – 258 0981, 258 0982, 258 0983, 422 6222. Fax: + 91 – 422 – 257 7929  
[www.rajshreesugars.com](http://www.rajshreesugars.com)



FORM A

(Format of covering letter of the annual audit report to be filed with the Stock Exchange)

1.	Name of the company	RAJSHREE SUGARS & CHEMICALS LTD
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2013
3.	Type of Audit observation	Un-qualified / Matter of Emphasis
4.	Frequency of observation	Whether appeared first time ..... / repetitive ..... / since how long period ..... / None
5.	To be signed by	
	Ms. RAJSHREE PATHY Chairperson and Managing Director	
	Mr.A.SATHYAMURTHY President & Chief Financial Officer	
	Mr.K.MURALI MOHAN Auditor of the Company <i>Prop: SRILAKSHMI &amp; Co</i>	
	Mr.G.S.V.SUBBA RAO Chairman – Audit Committee	