RAJSHREE

PEOPLE PASSION PROGRESS

ANNUAL REPORT

2013-14

SUGAR • ALCOHOL • CO-GENERATION OF POWER • RESEARCH & DEVELOPMENT

RAJSHREE SUGARS & CHEMICALS LIMITED
CIN L01542TZ1985PLC001706
Regd. Office: "*The Uffizi*", 338/8, Avanashi Road, Peelamedu, Coimbatore - 641 004

NOTICE TO THE MEMBERS

Notice is hereby given that the 28th Annual General Meeting of the Members of Rajshree Sugars & Chemicals Limited will be held on Monday, the 8th September, 2014 at 10.00 A.M. at the Chamber Hall, Indian Chamber of Commerce & Industry, Avanashi Road, Coimbatore - 641 018 to transact the following businesses:

ORDINARY BUSINESSES

1 To consider, approve and adopt the Statement of Profit & Loss, Cash flow statement for the year ended 31st March 2014, 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 Dr. P. Surulinarayanasami who retires by rotation and being eligible offers himself for re-appointment.

3 Appointment of Auditors

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

"RESOLVED THATpursuant to Section 139 and other applicable provisions of the Companies Act, 2013 and rules made thereunder and pursuant to recommendations of the Audit Committee of the Board, the Company do hereby appoint M/s. Srikishen & Co. Chartered Accountants (Registration No. 0040009S), the retiring auditors as statutory auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as shall be fixed by the Board of Directors of the Company on recommendation by Audit Committee."

SPECIAL BUSINESSES

4 Appointment of Mr.G.R.Karthikeyan as an Independent Director.

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereon for the time being in force) Mr.G.R.Karthikeyan (holding DIN: 01587747), a Non-Executive/ Independent Director of the Company whose term is liable to determination by retirement of director by rotation and in respect of whom a notice under Section 160 of the Companies Act, 2013 has been received by the Company together with requisite deposit, be and is hereby appointed as an Independent Director of the Company to hold office from the date of this Annual General Meeting upto the expiry of 3 (three) consecutive years or the date of 31st Annual General Meeting, whichever is earlier.

5 Appointment of Dr.K.Mohan Naidu as an Independent Director.

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereon for the time being in force) Dr.K.Mohan Naidu (holding DIN:01774192), a Non-Executive/ Independent Director of the Company whose term is liable to determination by retirement of director by rotation and in respect of whom a notice under Section 160 of the Companies Act, 2013 has been received by the Company together with requisite deposit, be and is hereby appointed as an Independent Director of the Company to hold office from the date of this Annual General Meeting upto the expiry of 3 (three) consecutive years or the date of 31st Annual General Meeting, whichever is earlier."

6 Appointment of Mr.R.C.H.Reddy as an Independent Director.

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereon for the time being in force) Mr.R.C.H.Reddy (holding DIN: 00006184), a Non-Executive/ Independent Director of the Company who retires by rotation at this Annual General Meeting and in respect of whom a notice under Section 160 of the Companies Act, 2013 has been received by the Company together with requisite deposit, be and is hereby appointed as an Independent Director of the Company to hold office from the date of this Annual General Meeting upto the expiry of 3 (three) consecutive years or the date of 31st Annual General Meeting, whichever is earlier."

7 Appointment of Mr.G.S.V.Subba Rao as an Independent Director.

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereon for the time being in force) Mr.G.S.V.Subba Rao (holding DIN: 00001697), a Non-Executive/ Independent Director of the Company who retires by rotation at this Annual General Meeting and in respect of whom a notice under Section 160 of the Companies Act, 2013 has been received by the Company together with requisite deposit, be and is hereby appointed as an Independent Director of the Company to hold office from the date of this Annual General Meeting upto the expiry of 3 (three) consecutive years or the date of 31st Annual General Meeting, whichever is earlier."

8 Reappointment of Ms.Rajshree Pathy as Managing Director.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as Special Resolutions:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 (corresponding to Sections 198, 269, 309 and any other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956) and the consent of the members be and is hereby accorded to the reappointment of Ms.Rajshree Pathy (holding DIN 00001614), as the "Managing Director" of the Company for a period of three years effective from 16th March 2015 and for payment of remuneration for the said period as detailed below subject to the limit specified in Section 197 read with Schedule V to the Companies Act 2013"

Salary : ₹ 10,00,000/- per month.

Perquisites : Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

Encashment of earned leave at the end of the tenure.

Provision of Company's mobile phone and telephone at her residence for official purposes.

Provision of Company's car with driver for official purposes. Personal use of car, if any, shall be billed and paid for by the Director.

"RESOLVED FURTHER THAT in the case of absence or inadequacy of profits, the remuneration as detailed above shall be paid as minimum remuneration."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary to give effect to these resolutions."

9 Reappointment of Mr.R.Varadarajan as Wholetime Director.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolutions:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions of the

Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 (corresponding to Sections 198, 269, 309 and any other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956) and the consent of the members be and is hereby accorded to the reappointment of Mr.R.Varadarajan (holding DIN 00001738), as the Wholetime Director of the Company for a period of three years effective from 5th June 2014 and for payment of remuneration for the said period as detailed below subject to the limit specified in Section 197 read with Schedule V to the Companies Act 2013:"

Salary : ₹ 4,00,000/- per month
Perquisites : Leave Travel Allowance of ₹ 2,00,000/- per annum.
Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
Encashment of earned leave at the end of the tenure.
Provision of Company's mobile phone and telephone at his residence for official purposes.
Provision of Company's car with driver for official purposes. Personal use of car, if any, shall be billed and paid for by the Director.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary to give effect to these resolutions."

10 Remuneration for Cost Auditor

To consider and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolutions:

"RESOLVED THAT the Company do hereby confirm and ratify in terms of Section 148 and all other applicable provisions of the Companies Act, 2013 and Rules made thereunder, the remuneration approved by the Board of Directors on the recommendation of the Audit Committee, for M/s.S.Mahadeven & Co., Cost Accountants (Firm Registration No.000007) for conducting the audit of the cost records for the products sugar and industrial alcohol of the Company for the financial year ending March 31, 2015, as set out below:"

Product	Amount (₹ per annum)
Sugar	80,000/-
Industrial Alcohol	25,000/-

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

11 Borrowing Powers

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special resolution:

"RESOLVED THAT pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof), the consent of the members be and is hereby accorded to the Board of Directors (which power the Board may exercise by delegation to a duly constituted Committee thereof) to borrow, any sum or sums of money from time to time at their discretion for the purpose of business of the Company, which together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid-up capital and free reserves by a sum not exceeding ₹ 750 crores (Rupees seven hundred fifty crores only) in aggregate, and that the Board of Directors be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may think fit."

12 Mortgage of Assets

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as Special Resolutions:

"RESOLVED THAT pursuant Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013, the consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred

to as the Board which term shall be deemed to include duly constituted Committee thereof) for mortgaging, hypothecating and/or charging the whole or substantially the whole of the Company's any one or more of the undertakings including the present and/or future properties, whether movable or immovable comprised in any or new undertaking(s) of the Company as the case may be, in favour of financial institutions, corporations, banks, mutual funds, government / other agencies or any other person(s), entities which give, provide or extend loans / facilities to the Company or in favour of trustees of such lenders to secure amount of loans/debentures together with interest thereon, commitment charges, liquidated damages, premium on redemption, trustees remuneration, costs, charges, expenses and all other moneys payable under the agreement(s) / arrangement(s) entered into / to be entered into by the Company in respect of the said loans as the Board may deem fit in the best interests of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized and empowered to enter into, sign, seal and execute and deliver such arrangements, assignments, conveyances, covenants, contracts, deed of hypothecation, mortgage deed, other deeds, writings and other instruments and to do all such acts, deeds, matters and things in the name and on behalf of the Company as the Board may consider expedient, usual, proper or desirable for creating mortgages / charges / hypothecation on all or any of the immovable and movable properties of the Company, both present and future, which may be beneficial and convenient to the Company."

13 Alteration of Articles of Association - Same person as Chairperson & Managing Director

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 14 and any other applicable provisions of the Companies Act, 2013, the existing Article 16 of the Articles of Association of the Company be and is hereby amended/altered to read as follows:

Article 16: The Board may elect a Chairperson of its meeting and determine the period for which such Chairperson shall hold office. Such Chairperson shall occupy the position, notwithstanding that he/she is the Managing Director of the Company for the time being. The Board is empowered to fix the term of office of such Chairperson and in the absence of term being fixed, the Chairperson so elected shall occupy the position as long as she/he is director of the Company. The Chairman so appointed shall preside over all the meetings of the Board and the General Meetings during the tenure of his/her office.

By Order of the Board

Place : Coimbatore
Date : 2nd August 2014

M. PONRAJ
Company Secretary

NOTE:

1 **The Register of Members of the Company will remain closed from 1st September 2014 to 8th September 2014 (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.**

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

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. BSE 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 2014-15.

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
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 details pertaining to Directors, Dr.P.Surulinarayanasami, Mr.R.C.H.Reddy, Mr.G.S.V.Subba Rao, Mr.G.R.Karthikeyan, Dr.K.Mohan Naidu, Ms.Rajshree Pathy and Mr.R.Varadarajan being Directors seeking appointment / reappointment at the AGM, to be provided in terms of clause 49 of the Listing Agreement with the Stock Exchanges is 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 Electronic copy of the Annual Report and AGM Notice are being sent to all the members whose e-mail id is registered with the Company/Depository Participants unless any member has requested for a hard copy of the same. For members who have not registered their E-mail ID, physical copies of annual report and AGM Notice for the year 2013-14 are sent through the permitted mode separately.

10 Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, notices, circulars etc., from the Company. The e-mail may be registered with the Registrar and Share Transfer Agents of the Company viz., 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 Annual Report upon receipt of a requisition from the member of the Company. The Annual Report is available in the website of your company 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.

11 E-Voting option is provided to members pursuant to Section 108 of the Companies Act 2013. Please read carefully the instructions for 'eVoting Process' attached to this notice. Record date for eVoting is 1st August 2014.

12 The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 and the Register of Contracts and Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.

13 The Statements pursuant to section 102(1) of the Companies Act, 2013, in respect of special businesses are annexed hereunder.

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act")

ITEM Nos. 4 TO 7 : Appointment of Independent Directors.

Mr.R.C.H.Reddy, Mr.G.S.V.Subba Rao, Mr.G.R.Karthikeyan and Dr.K.Mohan Naidu are the present independent Directors of the Company appointed as per the Listing Agreement with Stock Exchanges.

Pursuant to Section 149 of the Companies Act, 2013 (which was notified with effect from 1.4.2014) and clarifications issued by the Ministry of Corporate Affairs, the Company being a listed Company need to appoint Independent Directors within a period of 1 year from the commencement of the said Act. Though the Company is having Independent Directors already, it is required to appoint them as per the new provision of the Companies Act 2013, as the definition for the Independent Director has been changed.

As per the new law, the Independent Directors are not liable to retire by rotation and should be appointed for a fixed tenure upto five consecutive years and are eligible for reappointment for one more term of upto five years on passing special resolution by the Company. Any tenure of independent Directors as on 1.4.2014 will not be counted for this purpose.

The Securities and Exchange Board of India (SEBI) has also issued circular in the month of April 2014, to amend the listing agreement, with effect from 1st October 2014, with a view to align the same with the Companies Act 2013.

Accordingly, in order to comply with the provisions of the Companies Act 2013 and Listing Agreement, the Company being a listed Company should have at least 50% of the Board comprising Independent Directors.

Hence, it is proposed to appoint Mr.R.C.H.Reddy, Mr.G.S.V.Subba Rao, Mr.G.R.Karthikeyan and Dr.K.Mohan Naidu, the present Directors, who are qualifying to be appointed as Independent Directors as per the Companies Act 2013, as Independent Directors to hold office from the date of this Annual General Meeting upto the expiry of 3 (three) consecutive years or the date of 31st Annual General Meeting, whichever is earlier.

The Company has received notices in writing alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Mr.R.C.H.Reddy, Mr.G.S.V.Subba Rao, Mr.G.R.Karthikeyan and Dr.K.Mohan Naidu, for being appointed as Independent Directors of the Company.

The proposed independent Directors have also furnished declarations that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. They are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

In the opinion of the Board, Mr.R.C.H.Reddy, Mr.G.S.V.Subba Rao, Mr.G.R.Karthikeyan and Dr.K.Mohan Naidu fulfill the conditions for appointment as Independent Directors as specified in the Act, rules and the Listing Agreement and that the proposed Directors are independent of the management.

Details of Independent Directors proposed for appointment are furnished in the Annexure pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, that forms an integral part of this notice.

Copy of the draft letters for respective appointments of Mr.R.C.H.Reddy, Mr.G.S.V.Subba Rao, Mr.G.R.Karthikeyan and Dr.K.Mohan Naidu as Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company. This would also be posted in the website.

None of the Directors/Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions excepting the interest of each of the person above in their respective appointments.

The Board commends the Ordinary Resolutions set out at Item Nos. 4 to 7 of the Notice for approval by the shareholders.

ITEM No.8 : **Reappointment of Ms.Rajshree Pathy as Managing Director.**

The present term of office of Ms.Rajshree Pathy, Managing Director expires on15th March 2015. The Board of Directors at its meeting held on 14th May 2014 have reappointed Ms.Rajshree Pathy as Managing Director for a further period of 3 years from 16th March 2015 and approved the remuneration package, as given in the resolutions in agenda. The Nomination and Remuneration Committee of the Board also approved the remuneration package which will be subject to approval of shareholders by way of special resolution.

The proposed resolution in the agenda and this explanatory statement may be treated as abstract of the terms and conditions of the reappointment of Ms.Rajshree Pathy, Managing Director pursuant to applicable section of the Companies Act, 2013.

Excepting the Corporate Debt Restructuring Scheme of the Company, the Company has not defaulted in debt servicing. Hence, the proposed remuneration could be sanctioned by the shareholders, without need for the approval of Central Government, by way of special resolutions.

Memorandum and Articles of Association, relevant resolutions passed by the Nomination and Remuneration Committee and the Board and the written memorandum setting out the terms of appointment of Managing Director vide Section 190(1)(b) are available for inspection by members at the registered office of the company during business hours on any working day.

Ms.Rajshree Pathy, Managing Director and holder of 83,70,884 equity shares in the Company, is interested in the resolution. None of the other Directors or key managerial personnel or their relatives have any interest either financial or otherwise in this subject.

Statement as required under Section II of Part II of Schedule V of the Companies Act, 2013 for appointment of Ms.Rajshree Pathy.

I. GENERAL INFORMATION

a. Nature of Industry.

Sugar is India's second largest agro processing industry. About 50 million farmers and their families are dependent on sugarcane cultivation. There are about 500 sugar factories in India with majority of them under the cooperative sector and the rest under private and public sector. The industry besides meeting the domestic consumption requirements, exports sugar substantially thereby earning precious foreign exchange. The by products, namely, molasses and bagasse are used by downstream industries like distillery and power plants for producing alcohol and power.

b. Date or expected date of commencement of commercial production.

The company is a running entity since 1985.

c. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.

Does not arise

d. Financial performance based on given indicators.

The Company achieved a turnover of ₹ 835.98 crores in the year 2013-14 as against ₹ 847.15 crores during the previous year. The Company incurred a net loss of ₹ 26.68 crores as against ₹ 10.29 crores net profit in the previous year.

e. Foreign investments or collaborators, if any : Nil

II. INFORMATION ABOUT THE APPOINTEE Ms.RAJSHREE PATHY

1. Background details
Ms.Rajshree Pathy is the promoter of the Company with varied interest in sugar, power, alcohol, travels, property development, biotechnology etc. She has been at the helm of affairs of the Company right from inception with the turnover of the company currently over ₹ 800 crores. She was the first woman President of Indian Sugar Mills Association, New Delhi.

2. Past remuneration
The remuneration paid to Ms.Rajshree Pathy for the year 2013-2014 was as follows (in ₹):

Particulars	Amount ₹
Salary	1,23,64,820
Commission	--
Perquisites	9,360
Total	**1,23,74,180**

3. Recognition or awards
She was selected as one of the hundred 'Global Leaders of Tomorrow' by the World Economic Forum, Geneva in the year 1996.

She has been conferred with Padmashri Award in the field of Trade and Industry by the Government of India in the year 2013.

4. Job profile and her suitability
As Managing Director, she will have substantial powers of management and will work under the supervision and control of the Board of Directors. She has been the Managing Director of the Company right from inception and has been responsible for its growth taking the turnover to over ₹ 800 crores.

5. Remuneration proposed
Salary : ₹ 10,00,000/- per month.
Perquisites : Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
Encashment of earned leave at the end of the tenure.
Provision of Company's mobile phone and telephone at her residence for official purposes.
Provision of Company's car with driver for official purposes. Personal use of car, if any, shall be billed and paid for by the Director.

In the case of absence or inadequacy of profits, the remuneration as detailed above shall be paid as minimum remuneration.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.
The remuneration proposed to the appointee is comparable with the remuneration with respect to industry, size of the company and profile of the position.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.
Ms.Rajshree Pathy, holds of 83,70,884 equity shares in the Company and no other pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel.

III. OTHER INFORMATION

1. Reasons of loss or inadequate profits
During the year 2013-14, the net loss includes lesser sugar price realizations coupled with increased raw materials cost added to the loss in operations during the year under review.

2. Steps taken or proposed to be taken for improvement
Sugar industry being regulated from purchase of sugarcane to sale of sugar, the profitability of the industry is impacted not only by market dynamics, but also government policy. However, the Company has been operating at efficient levels equal to the best norms for the industry.

3. Expected increase in productivity and profits in measurable terms
   The productivity depends upon the vagaries of nature, namely, good monsoon, which in turn will help in higher sugarcane availability. The profit also depends upon the demand supply position which is again a factor of the environment.

ITEM No.9: Reappointment of Mr.R.Varadarajan as Wholetime Director.

The present term of office of Mr.R.Varadarajan, Wholetime Director expired on 4th June 2014. The Board of Directors at its meeting held on 14th May 2014 has reappointed Mr.R.Varadarajan as Wholetime Director for a further period of 3 years from 5th June 2014 and approved the remuneration package, as given in the resolutions in agenda. The Nomination and Remuneration Committee of the Board also approved the remuneration package which will be subject to approval of shareholders by way of ordinary resolution.

The proposed resolution in the agenda and this explanatory statement may be treated as abstract of the terms and conditions of the reappointment of Mr.R.Varadarajan, Wholetime Director pursuant to applicable section of the Companies Act, 2013.

Excepting the Corporate Debt Restructuring Scheme of the Company, the Company has not defaulted in debt servicing. Hence, the proposed remuneration could be sanctioned by the shareholders,without need for the approval of Central Government, by way of ordinary resolutions.

Memorandum and Articles of Association, relevant resolutions passed by the Nomination and Remuneration Committee and the Board and the written memorandum setting out the terms of appointment of Wholetime Director vide Section 190(1)(b) are available for inspection by members at the registered office of the company during business hours on any working day.

None of the Directors or key managerial personnel or their relatives has any interest either financial or otherwise in this subject except Mr.R.Varadarajan.

Statement as required under Section II of Part II of Schedule V of the Companies Act, 2013 for appointment of Mr.R.Varadarajan

1. GENERAL INFORMATION

As set out under item No.8 (I) above

2. INFORMATION ABOUT THE APPOINTEE MR.R.VARADARAJAN

a) Background details

Mr.R.Varadarajan, who has a Masters' Degree in Business Management, has been associated with RSCL since its inception and is currently the Wholetime Director of the organization.

He has had a brief stint as Head, Faculty of Management studies of the PSG College of Arts & Science, Coimbatore where he had undertaken a special assignment in designing and implementing a three year undergraduate management programme to groom future Chief Executive Officers of Family Owned Businesses.

He leads a team, which handles Project Management, Strategic planning, legal affairs and general administration of all group companies. He has spearheaded the project team of the company through all stages of its development and expansion activities ranging from sugar to distillery to co-generation of power. Under his dynamic leadership, the company became the first ISO 9001:2000 certified integrated sugar complex in India, manufacturing sugar, alcohol, power, organic manure and bio-products.

b) Past remuneration

The remuneration paid to Mr.R.Varadarajan for the year 2013-2014 was as follows (in ₹):

Particulars	Amount ₹
Salary	48,00,000
Commission	--
Perquisites	9,24,745
Total	**57,24,745**

Mr.R.Varadarajan has been granted 1,01,088 Stock Options under the Company's Employee Stock Option Plan 2012 (ESOP 2012) at an exercise price of ₹ 55.40 per stock option without any discount, entitles one equity share (face value ₹ 10 each) of the Company. The exercise period would be a maximum of 4 years from the date of vesting of options.

c) Recognition or awards
The Coimbatore Management Association recognized him with its award as Best Manager of the Year 2011.

d) Job profile and his suitability
As Wholetime Director, he will be responsible for the overall operations of the Company and will work under the supervision and control of the Board of Directors and Managing Director. He has been associated with the Company right from inception and spearheaded the project team of the company through all stages of its development and expansion activities ranging from sugar to distillery to co-generation of power. Under his dynamic leadership,the company became the first ISO 9001:2000 certified integrated sugar complex in India, manufacturing sugar, alcohol, power, organic manure and bio-products and hence suitable for reappointment as Wholetime Director

e) Remuneration proposed
Salary : ₹ 4,00,000/- per month
Perquisites : Leave Travel Allowance of ₹ 2,00,000/- per annum.
Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
Encashment of earned leave at the end of the tenure.
Provision of Company's mobile phone and telephone at his residence for official purposes.
Provision of Company's car with driver for official purposes. Personal use of car, if any, shall be billed and paid for by the Director.

f) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.

The remuneration proposed to the appointee is comparable with the remuneration with respect to industry, size of the company and profile of the position.

g) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.
Nil

3. OTHER INFORMATION

As set out in the item No.8 above

ITEM No.10 Remuneration for Cost Auditor

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s.S.Mahadevan & Co., Cost Auditors to conduct the audit of the cost records of the Company in respect of the products sugar and industrial alcohol, for the financial year ending March 31, 2015 as per the following details:

Product	Amount (₹ per annum)
Sugar	80,000/-
Industrial Alcohol	25,000/-

Pursuant to Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors, as determined by the Board on recommendation of Audit Committee, has to be ratified by the shareholders of the Company at the following general meeting. The approval of the Central Government is not required under the Companies Act, 2013 notified with effect from 1.4.2014.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.10 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors / key managerial personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board commends the resolutions for approval by the shareholders.

ITEM No.11: Borrowing Powers

The members had, at the Extraordinary General Meeting held on 8th June 2006, authorized the Board to borrow ₹ 600 Crores from time to time in excess of aggregate of paid up capital and free reserves for the time being. Such authorization was given by way of ordinary resolutions.

The Section 180 of the Companies Act, 2013, required that such power had to be given by way of special resolutions. Hence the resolutions are being proposed at the ensuing Annual General Meeting.

Taking the advantages of the position and keeping in mind the enlarged business activities, it is proposed to get approval by way of special resolutions for borrowing a sum of ₹ 750 Crores from time to time in excess of aggregate of paid up capital and free reserves for the time being.

The Board of Directors recommends passing of the Special resolutions as set out in the item No.11 of the agenda.

None of the Directors / key managerial personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

ITEM No.12 : Mortgage of Assets

The members had, at the Extraordinary General Meeting held on 8th June 2006, authorized the Board for mortgaging, hypothecating and/or charging Company's movable or immovable assets. Such authorization was given by way of ordinary resolutions.

The Section 180 of the Companies Act, 2013, required that such power had to be given by way of special resolutions. Hence the resolutions are being proposed at the ensuing Annual General Meeting.

The Board of Directors recommends passing of the Special resolutions as set out in the item No.12 of the agenda.

None of the Directors / key managerial personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

ITEM No.13: Alteration of Articles of Association - Same person as Chairperson & Managing Director

In terms of Section 203 of the Companies Ac, 2013, an individual can be a Chairperson and Managing Director of the company at the same time only if specifically so authorised by the Articles of Association of the Company.

The Articles of Association of the Company in its present form does not contain such a clause. It is therefore proposed to amend the Articles of Association of the company by introducing a suitable clause.

The Board of Directors recommends passing of the Special resolutions as set out in the item No.13 of the agenda.

None of the Directors / key managerial personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution

By Order of the Board

Place : Coimbatore
Date : 2nd August 2014

M. PONRAJ
Company Secretary

Details of the Directors seeking appointment/re-appointment at the Annual General Meeting in pursuance of Clause 49 of the Listing Agreement.

A. **Dr. P.Surulinarayanasami (DIN 01468527 ; Date of Birth 15.1.1938)**

Dr.P.Surulinarayanasami, completed his doctorate in Engineering in the USA. He is a civil and structural engineer with interests in software development and fund management.

Other Directorships	Membership in Committees
L.S.Property Developers Pvt. Ltd.	Nil

He holds 11,31,107 equity shares in the Company.

B. **Mr.G.R.Karthikeyan (DIN 01587747 ; Date of Birth 12.3.1943)**

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.

Other Directorships	Membership in Committees
Sri Karthikeya Spinning & Weaving Mills Pvt Ltd.	Nil
RND Softech Pvt Ltd.	Nil
Leap Green Energy Pvt Ltd.	Nil
RND I-Health Care TPA Pvt Ltd.	Nil
Lotus Eye Hospital & Institute Ltd.	Nil

He holds 1,040 shares in the Company.

C. **Dr.K.Mohan Naidu (DIN 01774192 ;Date of Birth 22.8.1937)**

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.

Other Directorships	Membership in Committees
Trident Sugars Ltd	Audit Committee
Sri Sarvaraya Sugars Ltd.	Nil

He holds 1,000 equity shares in the Company.

D. **Mr.G.S.V.Subba Rao (DIN 00001697; Date of Birth 19.8.1942)**

Mr.G.S.V.Subba Rao, B.Com, MA (LITT) English, CAIIB (Certified Association of Indian Institute of Bankers), retired as Deputy General Manager of the State Bank of India after working in various capacities in the Bank. He has wide experience in handling various Corporate clients during his employment in the Bank.

He has wide expertise in the Banking sector, credit appraisal, finance and general administration.

He holds no Directorship / membership of committees in other Companies. He is the Chairman of Audit Committee of the company.

He does not hold any share in the Company.

E. **Mr.R.C.H.Reddy (DIN 00006184 ; Date of Birth 1.6.1935)**

Mr.R.C.H.Reddy is an Engineering graduate in textile technology and holds post graduate diploma in business management from the University of Madras. He has more than four decades of experience in various companies in the field of engineering and business operations.

He has wide expertise in the fields of production, marketing, engineering, operations and administration.

Other Directorships	Membership in Committees
Lakshmi Card Clothing Mfg.Co.Pvt Ltd	--
Lakshmi Precision Tools Ltd	1
Harshni Textiles Ltd	1
Lakshmi Electrical Drives Ltd	--
Lakshmi Automatic Loom Works Ltd	1
Lakshmi Ring Travellers (Coimbatore) Ltd.	1

He holds 832 equity shares in the Company.

F. **Ms.Rajshree Pathy (DIN 00001614; Date of Birth 15.4.1956)**

The brief resume of the director is furnished in item No.8 above under background details.

Other Directorships	Membership in Committees
Sans Craintes Stud Farm P Ltd.	--
Raj Fabrics & Accessories (Cbe) Ltd.	--
Sans Craintes Livestock P Ltd.	--
Sans Craintes Racing & Blood Stock P Ltd	--
Rasakondalu Developers P Ltd.	--
Coimbatore Lakshmi Cotton Press P Ltd	--
Aloha Tours & Travels (India) Pvt. Ltd	--
Indian Sugar EXIM Corporation Ltd.	--
Trident Sugars Limited	1
Sri Krishna Potable Products (P) Ltd.	--
CoCCA Art & Design Institute Pvt. Ltd.	--
National Design Business Incubator	--

She holds 83,70,884 equity shares in the Company.

G. **Mr.R.Varadarajan (DIN 00001738 ; Date of Birth 22.4.1958)**

The brief resume of the director is furnished in item No.9 above under background details.

Other Directorships	Membership in Committees
Sri Krishna Potable Products Pvt Ltd	--
Trident Sugars Ltd	1
COCCA Art & Design Institute Pvt. Ltd.	--
Petal Hotels Pvt. Ltd.	--
Lakshmi Automatic Loom Works Ltd.	1
Major Corporate Services (India) Ltd.	--

He does not hold any share in the Company.

VOTING THROUGH ELECTRONIC MEANS

In compliance with the provisions of clause - 35B of the Listing Agreement read with section 108 of the Companies Act 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their votes by electronic means for all the resolutions detailed in the Notice of the 28th Annual General Meeting scheduled to be held on Monday, the 8th day of September 2014 at 10 AM and the business may be transacted through e-voting. The Company has engaged the services of CDSL as the authorized agency to provide the e-voting facilities as per instructions below.

In terms of Clause 35B of the Listing Agreement, in order to enable its members, who do not have access to e-voting facility, to send their assent or dissent in respect of the resolution as set out in this Notice, a postal ballot Form is annexed. A member desiring to exercise vote by postal ballot shall complete the enclosed Ballot Form with assent (for) or dissent (against) and send it to Sri B.Krishnamoorthi, FCA, Chartered Accountant, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006 so as to reach him on or before 2nd September 2014 by 5.00 p.m. Any Ballot Form received after the said date shall be treated as if the reply from the Members has not been received. Kindly note that members can opt for only one mode of voting ie. either by postal ballot or through e-voting. If members are opting for e-voting then do not vote by postal ballot or vice versa.

However, in case of Members casting their vote both by postal ballot and e-voting, then voting done through e-voting shall prevail and voting done by Physical Ballot will be treated as invalid.

Instructions to Members for e-voting are as under:

(a) Date and time of commencement of voting through electronic means: 1st September, 2014 at 9.00 a.m.

(b) Date and time of end of voting through electronic means beyond which voting will not be allowed: 2nd September, 2014 at 5.00 p.m.

(c) Details of Website : www.evotingindia.com

Details of persons to be contacted for issues relating to e-voting:

S.K.D.C. Consultants Ltd, Kanapathy Towers, 3rd Floor,
1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006
Telephone No.91-422-6549995, 2539835, 2539836 Fax : +91 422 2539837
Email Id : info@skdc-consultants.com
Website : www.skdc-consultants.com

The e-voting module shall be disabled for voting on 2nd September, 2014 at 5.00 p.m. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. The voting right of shareholders shall be in proportion to their share in the paid up equity shre capital of the company as on 1st August 2014 (cut-off date).

Sri B.Krishnamoorthi, FCA, Practising Chartered Accountant has been appointed as the scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairperson of the Company. The results shall be declared at / after the AGM of the Company. The results declared along with the Scrutinizer's Report shall be available on the Company's website within two (2) days of conclusion of the AGM of the Company and communicated to the Stock Exchange.

In case of members receiving e-mail:

(i) Log on to the e-voting website: www.evotingindia.com

(ii) Click on "Shareholders" tab

(iii) Now, select, "RAJSHREE SUGARS AND CHEMICALS LIMITED" from the drop down menu and click on "SUBMIT"

(iv) Now Enter your User ID (For CDSL: 16 digits beneficiary ID; For NSDL: 8 Characters DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Image Verification Code as displayed and Click on Login).

(v) If you are holding shares in Demat form and had logged on to www.evotingindia.co.in and casted your vote earlier for any company, then your existing password is to be used.

(vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company /Depository participant are requested to use the sequence number provided at the attendance slip enclosed herewith in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company's records for the said demat account or folio. If the details are not recorded with the depository or Company please enter the member ID/ folio number in the Dividend Bank details field.

Please enter the DOB or Dividend Bank Details in order to login.

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Members holding shares in physical form will then reach directly the "Rajshree Sugars and Chemicals Limited" screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on the relevant EVSN- Rajshree Sugars and Chemicals Limited on which you choose to vote.

(xi) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolutions and option NO implies that you dissent to the Resolution.

(xii) Click on the "Resolutions File Link" if you wish to view the entire Resolution.

(xiii) After selecting the resolution you have decided to vote on, click on 'SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK" else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvi) If Demat account holder has forgotten the changed password then Enter the User ID and Image verification Code and click on Forgot Password & enter the details as prompted by the system.

- ☞ Institutional shareholders (i.e. other than individuals, HUF, NRI, etc) are required to log on to https://www.evotingindia.co.in and register themselves as Corporate.
- ☞ They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com
- ☞ After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- ☞ The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- ☞ They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy :

(A) Please follow all steps from Sl. No. (i) to Sl. No. (xvi) above to cast vote.

(B) The voting period begins on Monday, the 1st September, 2014 at 9.00 a.m. and ends on Tuesday, the 2nd September, 2014 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com

In case of members desiring to exercise vote by Postal Ballot:

A member desiring to exercise vote by postal ballot shall complete the enclosed Ballot Form with assent (for) or dissent (against) and send it to Sri B.Krishnamoorthi, Chartered Accountant, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006 so as to reach him on or before 2nd September 2014 by 5.00 p.m. Any Ballot Form received after the said date shall be treated as if the reply from the Members has not been received.

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. R.VARADARAJAN
WholetimeDirector

Ms. RAJSHREE PATHY
Chairperson and Managing Director

Mr. ADITYA KRISHNA PATHY *

Mr. B. SOUNDARARAJAN *

*Resigned during the year

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. M. Ponraj

Registered Office

'The Uffizi'
338/8 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

Mundiyampakkam PO
PIN 605 601
Vikravandi Taluk, Villupuram 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.
Federal Bank Ltd.

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the 28th Annual Report with the audited financial statements for the year ended 31st March 2014.

₹ in lakhs

FINANCIAL HIGHLIGHTS	2013-14	*2012-13*
Total Income	**83,598.47**	*84,714.91*
Profit before Finance Costs, Depreciation and exceptional items	**7,013.68**	*12,500.06*
Less: Finance Costs	**7,343.70**	*7,909.08*
Depreciation	**3,530.47**	*3,415.50*
Exceptional items	**--**	*0.61*
Extraordinary items	**--**	*--*
Profit / (Loss) before Tax	**(3,860.49)**	*1,174.88*
Current Tax	**--**	*235.45*
Less: MAT credit entitlement	**--**	*235.45*
Deferred Tax Liability / (Asset) provided	**(1,192.89)**	*146.35*
Income tax of prior years	**--**	*--*
Profit / (Loss) after Tax	**(2,667.60)**	*1,028.52*
Basic Earnings Per Share of ₹ 10/- each before extraordinary items	**(11.21)**	*4.32*
Diluted Earnings Per Share of ₹ 10/- each before extraordinary items	**(11.21)**	*4.12*
Basic Earnings Per Share of ₹ 10/- each after extraordinary items	**(11.21)**	*4.32*
Diluted Earnings Per Share of ₹ 10/- each after extraordinary items	**(11.21)**	*4.12*

DIVIDEND

The Board of Directors has not recommended any dividend for the year ended 31st March 2014.

FINANCIAL PERFORMANCE

Your Company earned an income of ₹ 83,598.47 lakhs in the year 2013-14 as against ₹ 84,714.91 lakhs during the previous year. The Company has incurred a net loss of ₹ 2,667.60 lakhs as against the net profit of ₹ 1,028.52 lakhs earned during the previous year.

OPERATIONAL PERFORMANCE

Sugar Division

The inadequate rainfall in the command area of the factories and the low sugar prices during the previous season led to reduction in sugarcane crushing in 2013-14. The average recovery of sugar was at 9% as against 9.16% in the previous year.

The Company produced 2.22 lakh tons of sugar as against 2.60 lakh tons in the previous year. The Company sold 2.24 lakh tons of sugar as against 2.37 lakh tons (including exports) in the previous year.

The key operational data of our sugar division for the year 2013-14 are as follows :

Sugar Division - at a glance	**2013-14**	*2012-13*
Sugarcane crushed (Tons)	**2,466,747**	2,837,376
Recovery %	**9.00**	9.16
Sugar Produced (Tons)	**222,035**	259,981
Sugar Produced from Raw Sugar (Tons)	**--**	5,060
Total Sugar Produced (Tons)	**222,035**	265,041
Sugar Sold (Tons)		
-Domestic (including Levy)	**224,095**	178,431
-Exports	**--**	58,425

Cogeneration Division

The operations of cogeneration division across all the Units were satisfactory. During the year under review, the total power generated by all our Units was 2,672 lakh units as against 3,103 lakh units. The company exported 1,643 lakh units as against 1,975 lakh units in the previous year.

The Company has received 77,860 units of carbon credits during the year which has been accounted during the year under review.

Distillery Division

The distillery units located at Unit I and III has produced 271.61 lakh litres of Alcohol in 2012-13 as against 222.98 lakh litres of Alcohol in the previous year and sold 268.56 lakh litres of alcohol against 209.31 lakh litres of alcohol in the previous year.

OPERATIONS OF SUBSIDIARY COMPANIES

Trident Sugars Limited

Your wholly owned subsidiary Company, Trident Sugars Limited, has crushed 3.80 lakh tons of sugarcane during the financial year 2013-14 as against 4.25 lakh tons in the previous year. The company produced 41,243 tons of sugar and sold 30,551 tons of sugar during the financial year as against 40,373 tons of production and 35,473 tons of sales in the previous year.

Rajshree Power Private Limited

As a business strategy, M/s Rajshree Power Private Limited was incorporated on 12th August 2010 as a subsidiary Company, as per the approval of the Board at its meetings held on 17th May 2010 and 29th July 2010 for carrying on power/energy related businesses. There were procedural difficulties in implementing this business strategy and commencing business and hence the Board considered dropping of the said proposal and dissolution of the said subsidiary.

The Company, therefore, had its name struck off by the Registrar of Companies Tamilnadu, Coimbatore.

Accounts of Subsidiaries

In line with the procedure given by the Ministry of Corporate Affairs, the consolidated financial statements are also being given in addition to the standalone financial statements of the Company. The financial statements of the subsidiary will however be made available to those members who request for the same.

FUTURE OUTLOOK

Sugarcane crushing for the year 2014-15 is expected to be lower than the crushing for the year 2013-14 due to decrease in plantation of sugarcane in our command area. Prolonged drought and absence of alternate sources of water for irrigation in our command area have hit sugarcane planting very badly. However the company is hopeful of improving the sugarcane planting in our command area with our focussed cane extension activities.

The domestic sugar prices have already started showing signs of recovery in this financial year and it is expected that sugar prices would remain firm reflecting the demand - supply situation over the next twelve months.

DIRECTORS

Dr.P.Surulinarayanasami, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

M/s G.R. Karthikeyan, R.C.H.Reddy, Dr. K. Mohan Naidu and G.S.V.Subba Rao are being considered for appointment as Independent Directors.

M/s Aditya Krishna Pathy and B.Soundararajan, Directors, resigned during the year under review.

The Board places on record the valuable services rendered and guidance given by both M/s Aditya Krishna Pathy and B.Soundararajan during their tenure as Directors of the company.

AUDITORS

M/s Srikishen & Co, Chartered Accountants, the present auditors of the Company, retires at the ensuing Annual General Meeting and is eligible for reappointment. They have furnished necessary certificate in terms of Section 139(1) of the Companies Act 2013 read with Rules made thereunder.

COST AUDIT REPORTS FOR THE FINANCIAL YEAR ENDED 31.3.2013

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 31.3.2013 as detailed below:

Details of Cost Auditor	Year	Due date of filing	Actual date	SRN No.	Qualification
M/s. S. Mahadeven & Co Cost Auditors Old No.158, New No.112 'Sri Abhirami' Dr.Radhakrishnan Road Tatabad, Coimbatore 641 012. Mrs.Meena Ramji M.No.20783	2012-13	30.9.2013	27.9.2013	S 22598486	NIL

CORPORATE DEBT RESTRUCTURING (CDR)

The Empowered Group of Corporate Debt Restructuring Cell on being approached by the Company and on the strength of the recommendations of the lenders led by the State Bank of India, have given approval for Corporate Debt Restructuring Scheme. In accordance therewith, a Master Restructuring Agreement was entered into with the CDR lenders on 27th March 2014.

The key features of the CDR Scheme are given in detail under Notes to Financial Statements forming part of this Annual Report.

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 desirous of 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 12th August 2013 (date of last Annual General Meeting) on the website of the Company (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 31.3.2014;

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 losses 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 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

2,58,857 options have become eligible for vesting consequent to completion of one year from the date of grant of options.

Accordingly, the Compensation Committee of your company has vested 2,43,749 stock options to the employees as per the vesting terms. The remaining 15,108 stock options became un-exercisable and hence moved to the main pool.

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, 2014 under the "RSCL Employees Stock Option Plan 2012" form part of this report, as Annexure 3.

ACKNOWLEDGEMENT

Your Directors thank the Banks and Financial Institutions for their valuable and timely 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

RAJSHREE PATHY
Chairperson and Managing Director

Place : Coimbatore
Date : 14th May 2014

ANNEXURE 1 TO DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH 2014

A. CONSERVATION OF ENERGY:

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

At Unit-I, Varadarajnagar:

a) Sugar melting, Centrifugal washing, PAN floor general use - 3kg/cm2 steam used instead of 7 kg/cm2 steam, Raw juice primary heating done with hot condensate water instead of IV body evaporator vapour, which resulted in reduction of steam % cane by 0.5% comparing to previous financial year. This resulted in 1935 Tons of steam saving and equivalent bagasse saving of 987 Tons per year.

b) Service water tank level control automation, which results in power saving of 13500 KW per year approximately.

At Unit-II, Mundiampakkam

a) Fifth Mill conventional top roller was replaced by lotus type roller to reduce moisture % bagasse from 51.5% to 50.5%. Moisture % bagasse got reduced by 1% thereby improvement in steam fuel ratio from 2.35 to 2.45.

b) 35 Ton 'B" massecuite pump was replaced by 50 Ton pump to avoid parallel running of 2 Nos. of under sized 'B' massecuite pumps. 9KW / hour are saved by replacing 'B' massecuite pump.

At Unit-III, Semmedu

a) Boiler feed pump speed control taken up in auto mode to monitor the drum level and other measures taken to reduce captive power consumption resulted in reduction of cogen Auxiliary power consumption from 10.5% to <9%.

b) Introduced 5th mill Lotus roller (top) and reduced bagasse moisture to 49.7% and thereby cogen steam fuel ratio raised from 2.38 to 2.54.

c) 9 ata steam for sulphur melting completely stopped by way of using waste heat recovery system with electrical heaters for initial start up. Resulted in power saving of 850 units per day.

d) Introduced Direct Contact Heater for superheated wash water system for A-curing with 3 ata steam in lieu of 9 ata. Resulted in power saving of 350 units per day.

e) 2x11 kw Sugar Feeder Table motors operated with timers for intermittent running. Resulted in power saving of 200 units per day.

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

At Unit-I: Installation of high drain top lotus roller in 5th mill to ensure reduction in bagasse moisture % and thereby increase in bagasse calorific value.

At Unit II: (1) Measures to improve boiler efficiency and (2) Measures to reduce captive power consumption in cogeneration plant.

At Unit III: Measures to reduce consumption of steam and power per ton of cane crushed.

iii) The impact of the above measures taken during financial year 2013-14 are expected to reduce the consumption of energy substantially and consequently the cost of production. The additional income by way of power saving is furnished hereunder:

a) At Unit-I ₹ 25 lakhs (Approx)

b) At Unit-II ₹ 77 lakhs (Approx)

c) At Unit-III ₹ 56 lakhs (Approx)

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
1. ELECTRICITY a. Purchased	KWH	10,56,000 *(7,35,180)*	3,67,240 *(3,83,840)*	9,10,080 *(6,92,380)*
Total amount	₹ in lakhs	145.56 *(91.51)*	50.47 *(46.88)*	149.19 *(97.10)*
Rate per unit	₹	13.78 *(12.45)*	13.74 *(12.21)*	16.39 *(14.02)*
b. Own Generation i) Through Diesel Gensets Qty. Produced	KWH	23,150 *(37,940)*	12,560 *(12,740)*	21,770 *(33,530)*
Units per ltr of Diesel		2.87 *(2.99)*	2.75 *(2.63)*	2.54 *(2.92)*
Cost per unit	₹	19.32 *(15.08)*	20.69 *(17.24)*	22.09 *(17.37)*
ii) Through steam turbine (Co-generation) Qty. consumed	KWH	6,04,86,066 *(6,69,51,660)*	1,10,66,870 *(35,45,170)*	3,13,97,580 *(3,27,46,470)*
Units per MT of steam		154 *(149)*	80 *(78)*	137 *(160)*
Cost/unit	Steam produced from own bagasse *(Steam produced from own bagasse)*			
2. COAL				
Quantity Consumed	MT	- *(-)*	19,763 *(19,844)*	250 *(168)*
Total Value	₹ in lakhs	- *(-)*	953.66 *(970.00)*	12.26 *(6.95)*
Average rate per unit	₹	- *(-)*	4,825 (4,888)	4,904 (4,134)
3. FIRE WOOD				
Quantity Consumed	MT	- *(-)*	16 *(-)*	12,127 *(6,885)*
Total value	₹ in lakhs	- *(-)*	0.54 *(-)*	374.64 *(213.70)*
Average Rate	₹	- *(-)*	3,348 *(-)*	3,089 *(3,104)*
3. COCONUT HUSK/PALM				
Quantity Consumed	MT	- *(-)*	- *(-)*	1,252 *(-)*
Total value	₹ in lakhs	- *(-)*	- *(-)*	13.13 *(-)*
Average Rate	₹	- *(-)*	- *(-)*	1,049 *(-)*
4. OTHER/INTERNAL GENERATION	Nil			

b. Consumption per unit of production

Product	Per Quintal of White Crystal Sugar	Per Litre of Alcohol
Electricity (KWH)	27.73 *(26.05)*	0.42 *(0.61)*

B. TECHNOLOGY ABSORPTION

Form B

(Research & Development and technology absorbtion)

I) Research and development (R&D)

1) Specific areas in which R&D carried out by the Company:

a) Establishment and effective utilisation of R&D laboratories for sugarcane yield improvement.
b) Soil health management and sugarcane yield maximization project in collaboration with Tamil Nadu Agricultural University.
c) Development and formulation of new micronutrient mixture for sugarcane farmers.
d) Collection and screening of new varieties for developing location specific high yielding and high quality varieties.
e) Development of new varieties through Biotechnology and multiplication of disease free seed material through Plant Tissue Culture technology.
f) Pest and Disease surveys for monitoring and pre-emptive management of pest and diseases.
g) Development of new biological control agents for sugarcane pest management.
h) Establishment of Farmer cum Entrepreneur model biological control production units.
i) Effective technology awareness creation and transfer through novel farmer training tools.

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

a) Infrastructure development & Establishments :
- A new Biological control laboratory for bio-control agent production was established in Unit III, Semmedu.
- Established Soil Testing, Plant Tissue Culture, Plant pathology and bio control laboratories functioned effectively for fulfilling the R&D needs of farmers.

b) Improvement of Soil health and agronomic practices :
- Collaborative project carried out with Tamil Nadu Agricultural University on 'Soil mapping and maximizing the cane yield productivity'.
- Revised fertiliser recommendation schedule incorporating bio products application was developed for farmers as an outcome from the project.
- New micronutrient mixture developed for farmers based on soil testing and analysis for yield maximisation.

c) Development of new sugarcane varieties :
- 340 new sugarcane clones were obtained from M/s Sadhana Agri Tech Consulting (P) Ltd., Bangalore and evaluated in all three units for performance.
- Two clones, SI 309 and SI 339 were identified as promising for large scale commercial cultivation based on multi location testing and Big Mill Tests.
- One variety, CO 06022 was identified as promising from the All India Co-ordinated Research program of the Indian Council of Agricultural Research.
- 28 new sugarcane clones were obtained from Tamil Nadu Agricultural University under the aegis of Co-ordinated Agronomic Experiments program and are under evaluation.

d) Development of new varieties through Biotechnology and Multiplication of disease free varieties through tissue culture technology.
- A new tissue culture variant of a high quality variety, but susceptible to diseases (CoC 671) was developed through biotechnology and field evaluation is in progress.

- Pioneering technology of large scale viral disease free sugarcane plantlets production through Tissue Culture was developed and standardized.
- A Two tier nursery program was implemented from Plant Tissue Culture derived Breeder seed material in all units and ensured good quality planting material supply for farmers.

e) Sugarcane development in Cumbum valley area.
- Fourteen non flowering sugarcane clones were obtained from Sugarcane Breeding Institute, Coimbatore and seven clones from M/s Sadhana Agri Tech Consulting (P) Ltd to introduce non flowering and high yielding varieties suitable for wet land areas like Cumbum valley in Unit 1.
- One variety, SI 62 was identified as promising with non-flowering character and higher yield than the predominant variety, Co 86032 and further studies are in progress.

f) Pest and Disease surveys for monitoring and pre-emptive management of pest and diseases.
- A comprehensive survey of pest and disease occurrences was conducted with students from Thanthai Rover Agricultural College as part of the students industry institution interface program.
- Periodical survey and forecasts were carried out by our Entomologists and Pathologists to monitor outbreak of pest and diseases and adopt pre-emptive management practices.
- The effort resulted in limiting the incidence and spread of new viral diseases and in effectively mitigating yield losses to the farmer.

g) Development of new biological control agents for sugarcane pest management.
- Biological control laboratories were established in all units for the production of a biological control agent (Tetrastichus).
- Large scale production and distribution of Tetrastichus to farmers was carried out for effective control of internode borer pest with good impact in mitigating yield losses and improving sugarcane quality.
- A path breaking innovation in commercial production of Tetrastichus was made, which increased the commercial production eight fold over the conventional method and as a result 27.2 million Tetrastichus biological agent was supplied to our farmers.

h) Establishment of Farmer cum Entrepreneur model biological control production units.
- Seven biological control agent (Trichogramma) production entrepreneurs were developed among our own farmers with buy back and distribution arrangements facilitated by us.
- Facilitated inclusive village level spread and adoption of the eco-friendly and effective bio-control technology to a large scale area coverage of 14000 acres.

i) Effective technology awareness creation and transfer through novel farmer training tools.
- R&D Scientists trained the farmers in monthly three day, one day and village training programs in all units.
- A booklet on sugarcane cultivation technology as a ready reckoner was developed, printed and distributed to farmers through collaborative farmer support program with International Finance Corporation (IFC), a World Bank group and Solidaridad, a Netherland based NGO.
- A first of the kind initiative, "Drip diary" with technical content and planner for monitoring drip fertigation cultivation was developed, printed and distributed to farmers through the collaborative project.

j) Publications and participations in International conferences
- Scientist from R&D and Extension department published seven scientific papers during 2013-14 in National and International Seminars and Conferences.
- A well-received paper was published by R&D team in International Society of Sugarcane Technologists (ISSCT) Congress held at Sao Paulo, Brazil, 2013 on 'A new method of red rot screening in sugarcane clones'.

3) Future plan of action:

a) Identification and development of new varieties for location specific suitability with focus on varieties for drought prone areas and wetland areas like Cumbum valley for sugarcane area and yield sustenance.
b) Evaluation and development of specific nutrient mixtures in all units for improving sugarcane yield.
c) Develop agronomic package of practices specific for improving productivity in wetland areas.

d) Increasing Tissue culture seedling production for enabling good quality seed material availability rapidly to farmers.
e) Evaluation and promotion of new herbicides for effectively controlling weed menace in sugarcane cultivation.
f) Increase in production and area covered with biological control agents to effectively manage pests in sugarcane leading to further improvements in yield and sugarcane quality.
g) Continual pest and disease surveillance and forecasting to mitigate yield loss to farmers and sugarcane quality improvement.

4) Expenditure on R & D	₹ in lakhs	
(a) Capital	**3.11**	*(26.26)*
(b) Recurring	**137.39**	*(138.47)*
(c) Total	**140.50**	*(164.73)*
(d) Total R & D expenditure as a percentage of total turnover	**0.17%**	*(0.19%)*

II) Technology absorption, adaptation and innovation

1) Efforts in brief towards technology absorption, adaptation and innovation.
   a) Trendsetting innovations in biological agent production and development of entrepreneurs and service providers for large scale production and distribution in villages enabled coverage of 40% of area with eco-friendly biological agents.
   b) 350 numbers of Farmer cum entrepreneurs developed to effectively implement sustainable technologies like mechanisation and drip fertigation in sugarcane cultivation.
   c) The practice of trash burning restricted to a large extent and 11000 acres covered with trash shredding, which was carried out by 36 trash shredder operating entrepreneurs.
   d) Highest area of 17000 acres covered with application of in-house produced Bio-products.
   e) Twenty five one day women farmer training programs conducted and 525 women farmers trained on new sugarcane cultivation technologies to foster women empowerment in sugarcane farming.
   f) Highest number of 15000 farmers trained using novel training modules on modern and sustainable sugarcane cultivation practices.

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

   a) Significant increase in adoption of technologies through R&D and extension services lead to sustenance of sugarcane productivity in spite of severe drought in the current financial year.
   b) Significant area coverage with Eco friendly Bio-products and Bio control agents entailed soil health improvement and pest incidence reduction, which in effect entailed production of quality sugarcane and sustenance of sugarcane productivity.
   c) The biological and bio-products production units have become self-sustainable due to large scale production and keen adoption by farmers.
   d) Development of village level entrepreneurs and service providers entailed development of company ambassadors for technology adoption and ease of technology access.
   e) Training modules and coverage to majority of farmers and especially women empowerment in sugarcane farming has bestowed the intangible benefit of relationship building and trust of farmers in the company.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total foreign exchange used and earned

	₹ in lakhs	
Foreign exchange earned	**425.86**	*(14,535.74)*
Foreign exchange outgo	**11,213.08**	*(6,308.47)*

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 shareholders' 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 Non-Promoter Executive Director — Mr. R. Varadarajan
- 2 Non-Independent Non-Executive Directors — Mr. Raja M.J. Abdeen, Dr. P. Surulinarayanasami
- 4 Independent Non-Executive Directors — Mr. G.R.Karthikeyan, Mr. R.C.H.Reddy, Mr. G.S.V.Subba Rao, Dr. K.Mohan Naidu

Attendance of Directors at Board meetings and Annual General meeting during the year 2013-14:

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	13	1	--
Mr. R.Varadarajan	6	6	Yes	6	2	--
Mr. G.R.Karthikeyan	6	6	Yes	5	3	2,20,000
Dr. P.Surulinarayanasami	6	2	Yes	2	--	40,000
Mr. Raja M.J.Abdeen	6	6	Yes	16	--	2,20,000
Mr. R.C.H. Reddy	6	6	Yes	6	4	2,20,000
Mr. G.S.V.Subba Rao	6	6	Yes	--	--	2,00,000
Dr. K.Mohan Naidu	6	6	Yes	2	1	2,00,000
Mr.Aditya Krishna Pathy*	3	3	Yes	NA	NA	60,000
Mr.B.Soundararajan*	3	3	Yes	NA	NA	60,000

***Resigned during the year under review.**

During the year, the meetings were held on 25th May 2013, 12th August 2013, 31st October 2013, 4th December 2013, 12th February 2014 and 24th March 2014.

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 2013-14, the meetings were held on 25th May 2013, 12th August 2013, 31st October 2013 and 12th February 2014. Members' attendance at the meetings were as follows:

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

4. Nomination and Remuneration Committee

The Nomination and 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, one meeting of the Committee was held on 31st October 2013 and all the Members attended the meeting.

The remuneration policy of the Company is to remunerate the Wholetime 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 2013-2014 was as follows (in ₹):

Managerial remuneration	Ms. Rajshree Pathy	Mr. R.Varadarajan
Salary	1,23,64,820	48,00,000
Commission	--	--
Perquisites	9,360	9,24,745
Total	1,23,74,180	57,24,745

Mr. R. Varadarajan has been granted 1,01,088 Stock Options under the Company's Employees Stock Option Plan 2012 (ESOP 2012) at an exercise price of ₹ 55.40 per stock option. The stock options were not issued at discount. The Exercise period would be a maximum of 4 years from the date of vesting of options.

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	--	--

5. Stakeholders Relationship Committee (formerly Shareholders / Investors Grievance Committee)

The Stakeholders Relationship Committee (formerly Shareholders / Investors Grievance Committee) is headed by Mr. Raja M.J.Abdeen, Non-Executive Director. Mr.M.Ponraj, Company Secretary is the Compliance Officer. During the year 2013-14, 5 complaints were received and all of them were resolved to the satisfaction of the shareholders. As of 31st March 2014, there are no complaints/queries pending reply. An exclusive email ID for addressing shareholders grievances, viz., investor@rajshreesugars.com is already available.

6. Corporate Social Responsibility (CSR) Committee

The Board of Directors at its meeting held on 14th May 2014 have constituted the CSR Committee with the following Directors as members:

Dr.K.Mohan Naidu	Chairman (Non-executive & Independent Director)
Mr.Raja MJ Abdeen	Member (Non-executive & Non-Independent Director)
Mr.R.Varadarajan	Member (Executive Director)

Broad terms of reference of the CSR committee is furnished hereunder:

a) To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;

b) To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;

c) To monitor the CSR policy of the Company from time to time

7. General Body meetings

Location and time for the last three Annual General Meetings

Year	Location	Date	Time	No. of special resolutions passed
2010-11	Chamber Hall, Indian Chamber of Commerce & Industry, Coimbatore.	10.08.2011	11.00 AM	3
2011-12	--as above--	08.08.2012	11.00 AM	--
2012-13	--as above--	12.08.2013	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 Redressal System) website and no complaints were pending during the year under review.

9. 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, and such other details as required under the Listing Agreement, in the Company's Website www.rajshreesugars.com.

10. General shareholder information

i. AGM Date, time and venue	Monday, the 8th September 2014 at 10.00 A.M Chamber Hall, Indian Chamber of Commerce and Industry, Avanashi Road, Coimbatore 641 018.
ii. Financial calender 2014-15 First quarterly results Second quarterly results Third quarterly results Audited yearly results	 Before 15th August 2014 Before 15th November 2014 Before 15th February 2015 Before end of May 2015

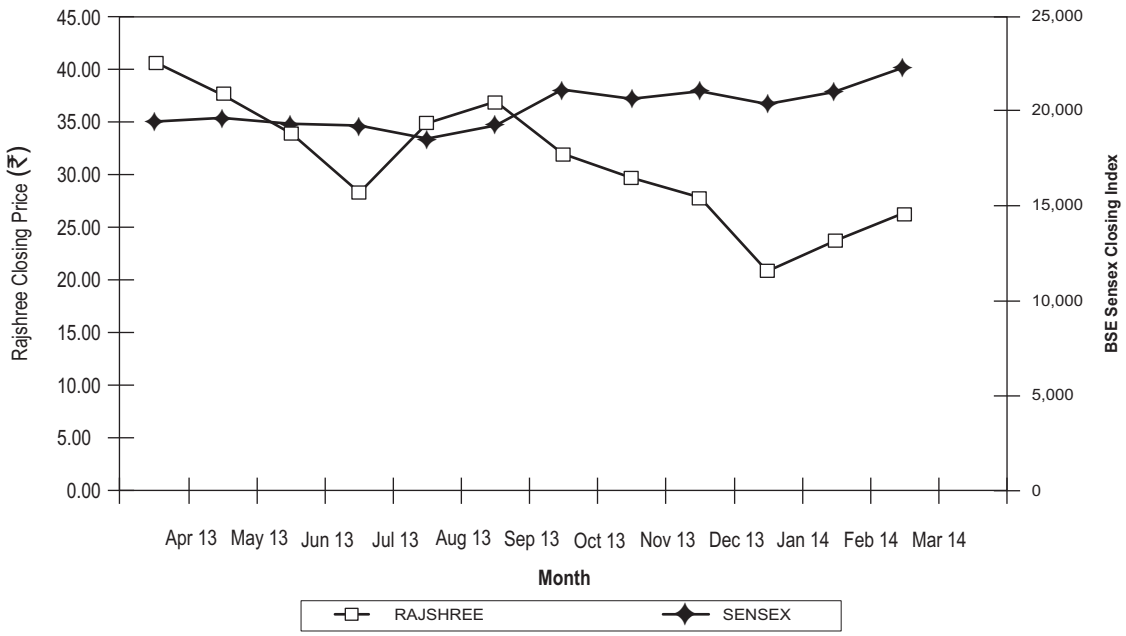
iii. Book Closure Date	1st September 2014 to 8th September 2014
iv. Listing on Stock Exchange	BSE Limited National Stock Exchange of India Limited
v. Stock Code BSE Limited National Stock Exchange of India Limited	 500354 RAJSREESUG

vi. Market Price Data High/Low during each month of the Financial Year 2013-14 (BSE Limited)

Month	High (₹)	Low (₹)
April	45.95	39.15
May	42.80	32.15
June	39.50	30.85
July	44.40	28.35
August	36.00	25.55
September	38.75	34.00
October	38.85	31.65
November	30.55	27.40
December	30.00	26.20
January	29.00	20.05
February	25.00	18.50
March	28.65	22.85

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 2014

No. of equity shares held	No. of Folios	No. of shares held	% of shareholding
1 to 5000	23,714	6,059,918	25.47
5001 to 10000	102	775,627	3.26
10001 to 20000	46	660,313	2.78
20001 to 30000	23	600,050	2.52
30001 to 40000	12	441,858	1.86
40001 to 50000	3	127,687	0.54
50001 to 100000	4	325,782	1.37
100001 and above	14	14,800,465	62.20
Total	**23,918**	**23,791,700**	**100.00**

xi. Shareholding pattern as on 31st March 2014

Category	No. of Folios	No. of shares held	% of shareholding
Promoters & Promoters Group	4	9,055,404	38.06
Directors and their relatives	11	3,395,666	14.27
Mutual funds and UTI	14	409,396	1.72
Banks, Financial institutions and insurance companies	6	1,630	0.01
Corporate bodies	421	2,129,132	8.95
Indian public	23,339	8,637,686	36.31
NRIs and OCBs	123	162,786	0.68
GDRs	-	-	-
Total	**23,918**	**23,791,700**	**100.00**

xii. Dematerialisation of shareholding and liquidity	87.636% 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	In terms of resolutions passed at the Extraordinary General Meeting held on 10th October 2012, 11,50,000 Equity warrants were issued to Ms.Rajshree Pathy, Chairperson and Managing Director at an exercise price of ₹ 55.20 per warrant. In terms of the relevant regulations, 25% of the total amount (₹ 158.70 lakhs) was deposited on 24th October 2012. Subsequent to the close of the financial year 2013-14 since Ms.Rajshree Pathy did not exercise the option, the initial amount of ₹ 158.70 lakhs is forfeited in April 2014.
xiv. Plant locations	Unit I - Sugar, Cogeneration & Distillery Varadarajnagar PO, PIN 625 562. Periakulam Taluk, Theni District Unit II - Sugar & Cogeneration Mundiampakkam PO PIN 605 601. Vikravandi Taluk Villupuram District Unit III - Sugar, Cogeneration & Distillery Semmedu Village,Gingee Taluk, PIN 604 153. Villupuram District
xv. Address for correspondence	"The Uffizi", 338/8, Avanashi Road Peelamedu, Coimbatore 641 004. Email ID: investor@rajshreesugars.com rscl@rajshreesugars.com

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
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

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 : 14th May 2014

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, 2014

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	11,89,585
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. 10,35,437 options granted during financial year 2012-13 are at ₹ 55.40 per warrant which is the market price on the date of grant .
3	Options Granted	10,35,437
4	Options Vested and Exercisable	2,43,749
5	Options Exercised	-
6	Options Forfeited / Surrendered	15,108
7	Options Lapsed	-
8	Total Number of Options in force	10,20,329
9	Variation in terms of ESOP	Nil
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 2013-14 to:

(i) Senior managerial personnel :

Name	No. of option granted
No option granted during the year	

(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
No option granted during the year	

(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.

Name	No. of option granted
No option granted during the year	

C. Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 — ₹ (11.21)

D. Weighted average exercise price of Options granted during the year whose

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

No options granted during the year

Weighted average fair value of options granted during the year whose

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

No options granted during the year

E. The stock-based compensation cost calculated as per the intrinsic value method for the period April 1, 2013 to March 31, 2014 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, 2013 to March 31, 2014 would be ₹ 8,189,499/-. The effect of adopting the fair value method on the net income and earnings per share is presented below:

Proforma Adjusted Net Income and Earning Per Share

Particulars	₹
Net Income as reported	(266,759,935)
Add: Intrinsic Value Compensation Cost	-
Less: Fair Value Compensation Cost	8,189,499
Adjusted Proforma Net Income	(274,949,434)
Earning Per Share: Basic	
As Reported	(11.21)
Adjusted Proforma	(11.56)
Earning Per Share: Diluted	
As Reported	(11.21)
Adjusted Proforma	(11.56)

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 31.3.2014, 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, 2014, 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 : 14th May 2014

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Scenario and Development

Global Scenario

The Food and Agriculture Organization (FAO) is estimating that World sugar production is likely to increase slightly in Sugar Year (S.Y) 2013-14. Higher production in Brazil & Thailand would set off the decline in production from India and European Union. Despite its modest growth, global sugar production is anticipated to surpass consumption for the fourth consecutive year, with the surplus expected to hover around 4.2 million tons, resulting in a further build-up of stocks. As per International Sugar Organization, in the next season world sugar production may contract substantially by as much as two to three million tons, thus ending the surplus phase in the world sugar cycle.

World sugar consumption is set to grow by about 2 percent in S.Y 2013-14, sustained by increases in several developing countries that will benefit from falling domestic prices.

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

Sugar prices in the global markets were trading on their lowest levels in over three and half years due to a supply glut situation on the back of higher production in the major producing countries such as Brazil and India. White sugar price went down to $ 407 per ton at the end of January, 2014. Similarly, raw sugar prices also dropped below 15 cents per pound, a level not seen since 2010.

However in the recent past, prices have started recovering after Brazilian industry group Unica forecast that sugar production in Brazil would decline. The estimates underlined market expectations that Brazil's worst drought in decades damaged the cane while it was developing. This could affect global supplies because Brazil produces and exports more sugar than any other country.

In the last week of April 2014, white sugar was trading around $470 per ton and raw sugar around 17.45 cents per pound.

Sugar Sector in India

In India, till 1st fortnight of April 2014, the country has produced 23.15 million tons of sugar about 1 million ton less than the sugar produced upto the same corresponding period last year. Indian Sugar Mills Association (ISMA) has estimated that 23.8 million tons of sugar will be produced in the current season, which will be 1.3 million tons less than 25.1 million tons produced in 2012-13 sugar season. Barring Karnataka, all other sugar producing States like Uttar Pradesh, Maharashtra, Tamil Nadu and Andhra Pradesh have registered fall in sugar production. The main reasons behind the lower sugar production in Uttar Pradesh is damage of sugarcane crops due to heavy rainfall in Eastern U.P region and diversion of sugarcane by farmers to alternate sweetener producers. Though recovery % is good in the State, yield is estimated to be lower than last year.

With an opening stock of about 8.8 million tons and estimated domestic demand of about 23 million tons, India is set for a fourth consecutive year of surplus.

Tamil Nadu has produced 1.03 million tons of sugar, which is about 30% less than last year. It is expected that about 3.5 lakh tons of sugar will get produced in the special season in August - September, 2014.

Sugarcane Acreage

According to the Ministry of Agriculture, cane planting for the 2013-14 season was 2.62 percent lower at 48.74 lakh hectares as against 50.06 lakh hectares in the previous year. Uttar Pradesh covered the largest area under cane at about 25.17 lakh hectares, followed by Maharashtra and Karnataka with about 5.7 lakh hectares and 3.48 lakh hectares respectively. Area under cane in Maharashtra was sharply down around 40 percent due to poor rains and worries over drought situation. However, favorable monsoons coupled with a sharp rise in the State Advised Price led to higher plantings in Uttar Pradesh, which partially offset the loss in area in Maharashtra. According to the 1st advance estimates released by the Ministry of Agriculture, cane production for 2013-14 is pegged at 341.77 million tons, higher marginally than the target 340 million tons.

Tamil Nadu continues to be affected by vicissitudes of nature. Prolonged drought and no prospect of water from other sources for irrigation have hit sugarcane planting very badly. Owing to these factors, the coming season could also see a drop in production.

As per the recent forecast by the India Meteorological Department (IMD), Monsoon rainfall is likely to be below average this year. A deficient monsoon can further dampen the sugarcane planting prospects.

Sugarcane Price

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 2013-14 sugar season had been fixed at ₹ 210/- per quintal. For the sugar season 2014-15, the Government, in line with the recommendation of the Commission for Agricultural Costs and Prices, has approved an increase of ₹ 10/- per quintal and thus fixed FRP at ₹ 220/- per quintal.

During the year, Tamil Nadu Government has hiked the State Advised Price (SAP) from ₹ 2250/- per ton to ₹ 2550/- per ton (linked to 9.5% recovery) plus a transport cost of ₹ 100/- per ton for the 2013-14 sugar season. SAP is yet to be announced for 2014-15 sugar season.

Sugar Decontrol

On one hand, like other agricultural commodities, sugar is subject to price fluctuations resulting from shifts in demand and supply, weather, domestic and foreign trade policies and other factors beyond control. On the other hand, every year the Central Government announces the minimum price for sugarcane, referred to as the Fair and Remunerative Price (FRP) at which sugar factories are legally required to pay farmers for their sugarcane. In addition to the above, State Governments announce sugarcane price for its respective states known as State Advised Price (SAP) which is substantially higher than the FRP. This forces mills to buy sugarcane at a fixed price in a season irrespective of the highly volatile sugar prices. The disconnect between sugarcane and sugar prices continues to weigh heavily on the sector. In order to ensure long term viability and sustainability of the industry, there is a need to have a linkage between the sugar and sugarcane price.

At the time of partial decontrol in April 2013, Central Government advised the State Governments to implement revenue sharing model for determination of cane price as recommended by the Rangarajan Committee. Maharashtra and Karnataka, have migrated to sharing the revenue from sales of sugar and its by-products such as electricity and alcohol/ethanol with growers based on Rangarajan Committee formula. While Karnataka State passed the Karnataka Sugarcane (Regulation of Purchase and Supply) Act, 2013 to implement this, Maharashtra state also passed the Maharashtra Regulation of Sugarcane Price (Supplied to Factories) Act, 2013 for linking cane prices with end product prices as per Rangarajan Committee recommendations. Other sugar producing states are yet to implement this recommendation of the Rangarajan Committee.

Sops from Central Government

During last quarter of 2013-14, the Central Government, with a view to improve liquidity position of sugar factories for enabling them to clear cane price arrears of previous seasons and timely settlement of cane price of current season has notified 'the Scheme for Extending Financial Assistance to Sugar Undertakings 2014 (SEFASU) worth ₹ 6,600 crore. Accordingly loans equivalent to the excise duty, cess and surcharge on sugar paid by the mills in the past three years and with an interest subvention upto 12% are being given to sugar mills to clear the cane payment arrears.

Similarly to combat the glut of sugar and arrest the slide in price, Central Government has announced an incentive of ₹ 3,300 per ton for export of raw sugar. The amount of incentive is liable to be reviewed every quarter and the scheme is applicable for an export of 4 million ton raw sugar during the season 2013-14 and 2014-15.

Ethanol

The Cabinet Committee on Economic Affairs last year mandated 5% ethanol blending in petrol and also allowed oil companies to negotiate the price with domestic and overseas suppliers of the bio fuel. The programme has been marred by legal and pricing hiccups throughout last year. Against the requirement of 105 crore litre of ethanol for mandatory 5% blending with petrol, we understand that oil companies have contracted just 62 crore litre, half of which is yet to be lifted from depots.

Outlook

Domestic prices have started showing signs of recovery in the new financial year and we expect that domestic sugar prices to remain stable over the next 12 months, fuelled by a decline in production in the current season. We expect that with the recently announced incentive, exports would increase, thus, leading to reduction of stock piles of sugar. Also, domestic demand may improve in the coming days during summer from the beverage industry. In the global markets too, we expect prices may find support in the coming days due to weather concerns in Brazil.

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 realization risk

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

Risk mitigation: To address the challenge of cyclicality 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

Last year, the Central Government partially decontrolled sugar sector by abolition of the levy sugar obligation and also dismantling the regulated free sugar release mechanism, thereby freeing mills to sell sugar without any limitation of periodic quotas as in the past. However, the sugar industry continues to be regulated by State Governments by other controls viz., reservation of cane area and fixing sugarcane price.

Risk mitigation: Indian Sugar Mills Association (ISMA) and South Indian Sugar Mills Association (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 work towards complete decontrol of the sugar industry.

Financial liquidity risk

Sugar industry is highly working capital intensive. Raising adequate and rightly-priced working capital or arranging funds for payment of the interest and principal with respect to loans availed might pose challenge. The other associated risk is soaring interest rates.

Risk mitigation: During the year under review, the Company had taken a decision to undertake a debt restructuring exercise under the Corporate Debt Restructuring (CDR) mechanism in consultation with its secured lenders. The CDR proposal as recommended by State Bank of India (SBI), the lead lender and supported by other lenders was approved by CDR Empowered Group. The key features of the CDR Proposal are given in detail under Notes to Financial Statements forming part of this Annual Report.

With the active support of our secured lenders, the approved CDR proposal was put into implementation as a result of which the risks associated with repayment obligations of principal debts and interest has been deferred. This measure gives your company to have more disposable liquidity, during the moratorium period, for improving its performance and reducing risk associated with credit repayment.

Consequent to implementation of CDR proposal, risks associated with interest rate fluctuation has been substantially mitigated with reduction of interest rate and fixing the interest rate regime on the term debts for a longer period. However, the CDR lenders would have a right of recompense for their sacrifices, at the time of Company's exit from CDR.

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	31.03.2014	*31.03.2013*
Sales / Turnover		
Sugar	**66,183**	*71,156*
Co-generation	**6,222**	*6,998*
Distillery	**10,568**	*5,967*
Profit / (Loss) before Tax		
Sugar	**(4,607)**	*2,458*
Co-generation	**5,114**	*6,122*
Distillery	**5,043**	*2,093*
Less: i. Interest	**(7,344)**	*(7,909)*
ii. Other un-allocable expenditure	**(2,066)**	*(1,589)*
Profit /(Loss) before tax	**(3,860)**	*1,175*

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 and Chemicals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, 2014;

b) in the case of Statement of Profit and Loss , the loss 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, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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 : 14th May 2014

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 Companies Act 1956, other than Promoters contribution of ₹ 1,225 lacs in terms of CDR scheme entered into by the Company with the lenders. No interest is payable on this loan.

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 ₹ 3,201.22 lacs and the year ended balance is ₹ 2,419.56 lacs. 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. 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 31.03.2014 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)
Central Excise	2010-2011 2012-2013 2012-2013	Excise duty Excise duty Excise duty	27.80 397.78 252.25	CESTAT CESTAT Commissioner (Appeals)

x) There are no accumulated losses at the end of the financial year 31.03.2014.The Company has incurred cash loss during the financial year covered by our audit. The Company has not incurred cash loss in the immediately preceding financial year.

xi) In our opinion and according to the information and explanations given to us, subject to the CDR Scheme entered into by the Company with the lenders during the year, 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 and 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 no funds raised on short term basis has been used for long term investments 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: 14th May 2014

BALANCE SHEET AS AT 31st MARCH 2014

(₹ in Lakhs)

PARTICULARS	Note	31.03.2014	31.03.2013
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	A	**2,379.17**	*2,379.17*
(b) Reserves and surplus	B	**7,921.85**	*10,589.45*
(c) Money received against share warrants - Refer Note No. Y(17)		**158.70**	*158.70*
		10,459.72	*13,127.32*
2 Non-current liabilities			
(a) Long-term borrowings	C	**49,968.06**	*29,311.30*
(b) Deferred tax liabilities (Net)	D	**3,457.97**	*4,650.86*
		53,426.03	*33,962.16*
3 Current liabilities			
(a) Short-term borrowings	E	**13,737.83**	*19,658.41*
(b) Trade payables	F	**15,018.95**	*9,749.52*
(c) Other current liabilities	G	**10,005.58**	*20,657.06*
(d) Short-term provisions	H	**251.35**	*314.16*
		39,013.71	*50,379.15*
TOTAL		**102,899.46**	*97,468.63*
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	I	**54,105.78**	*55,551.65*
(ii) Intangible assets		**325.11**	*272.73*
(iii) Capital work-in-progress		**226.42**	*1,316.23*
(b) Non-current investments	J	**5,539.21**	*4,831.84*
(c) Long-term loans and advances	K	**680.12**	*609.82*
		60,876.64	*62,582.27*
2 Current assets			
(a) Inventories	L	**24,855.07**	*23,627.94*
(b) Trade receivables	M	**3,199.38**	*6,019.36*
(c) Cash and cash equivalents	N	**8,851.14**	*774.71*
(d) Short-term loans and advances	O	**4,843.84**	*4,175.36*
(e) Other current assets	P	**273.39**	*288.98*
		42,022.82	*34,886.36*
TOTAL		**102,899.46**	*97,468.63*

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 : 14th May 2014

R. Varadarajan
Wholetime Director

A. Sathyamurthy
President & Chief Financial Officer

Rajshree Pathy
Chairperson and Managing Director

M Ponraj
Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2014

(₹ in Lakhs)

PARTICULARS	Note	31.03.2014	31.03.2013
Income:			
I. Revenue from operations	Q	**82,972.91**	*84,121.57*
II. Other income	R	**625.56**	*593.34*
III. Total Revenue (I + II)		**83,598.47**	*84,714.91*
IV. Expenses:			
Cost of materials consumed	S	**63,730.16**	*65,552.18*
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	T	**(1,183.33)**	*(8,397.01)*
Employee benefits expense	U	**3,359.56**	*3,234.82*
Finance costs	V	**7,343.70**	*7,909.08*
Depreciation and amortization expense		**3,530.47**	*3,415.50*
Other expenses	W	**10,678.40**	*11,824.86*
Total expenses		**87,458.96**	*83,539.43*
V. Profit before exceptional and extraordinary items and tax (III-IV)		**(3,860.49)**	*1,175.48*
VI. Exceptional items		**-**	*0.60*
VII. Profit/(Loss) before extraordinary items and tax (V-VI)		**(3,860.49)**	*1,174.88*
VIII. Extra ordinary Items		**-**	*-*
IX. Profit/(Loss) before tax (VII-VIII)		**(3,860.49)**	*1,174.88*
X Tax expense:			
(1) Current tax		**-**	*235.45*
Less: MAT credit entitlement		**-**	*235.45*
(2) Deferred tax liability / (reversed) provided		**(1,192.89)**	*146.36*
XI Profit / (Loss) for the period from continuing operations (IX-X)		**(2,667.60)**	*1,028.52*
XII Profit / (Loss) from Discontinuing operations (after tax)		**-**	*-*
XIII Profit / (Loss) for the period (XI + XII)		**(2,667.60)**	*1,028.52*
XIV Earnings per equity share:			
(1) Basic		**(11.21)**	*4.32*
(2) Diluted		**(11.21)**	*4.12*

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 : 14th May 2014

R. Varadarajan
Wholetime Director

A. Sathyamurthy
President & Chief Financial Officer

Rajshree Pathy
Chairperson and Managing Director

M Ponraj
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

PARTICULARS	31.03.2014		31.03.2013	
A. SHARE CAPITAL				
AUTHORISED				
30,000,000 Equity Shares of ₹ 10/- each		**3,000.00**		*3,000.00*
ISSUED SUBSCRIBED & PAID UP: 23,791,700 Equity Shares of ₹10/- each fully paid-up in cash		**2,379.17**		*2,379.17*
i) No of Equity Shares outstanding at the beginning of the year	**23,791,700**		*23,791,700*	
Add/Less Additions 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	**8,370,884**		*8,307,558*	
B. RESERVES & SURPLUS				
RESERVES				
i) General Reserve				
Opening Balance	**8,000.00**		*8,000.00*	
Additions / Deletions during the year	**-**		*-*	
Closing Balance		**8,000.00**		*8,000.00*
ii) Securities Premium Reserve				
Opening Balance	**572.00**		*572.00*	
Additions / Deletions during the year	**-**		*-*	
Closing Balance		**572.00**		*572.00*
SURPLUS				
iii) Balance in Profit & Loss statement:				
Opening Balance	**2,017.45**		*988.93*	
Add: Profit / (Loss) after tax	**(2,667.60)**		*1,028.52*	
Closing Balance		**(650.15)**		*2,017.45*
		7,921.85		*10,589.45*
C LONG - TERM BORROWINGS				
SECURED LOANS				
Term Loans				
a) From Banks		**45,254.25**		*27,766.36*
b) From Other parties :				
i) Sugar Development Fund	**3,488.81**		*1,477.00*	
ii) Sundaram Finance Limited - Hire Purchase	**-**		*25.08*	
		3,488.81		*1,502.08*
UNSECURED LOANS				
Deposits		**-**		*42.86*
Promotors contribution - under CDR		**1,225.00**		*-*
		49,968.06		*29,311.30*
In terms of CDR Scheme entered into by the company and repayable after satisfactory compliance of terms of Lenders under the scheme. Rate of interest - Nil				

NOTES TO THE FINANCIAL STATEMENTS

Rate of Interest and Maturity Profile of long term/short term borrowings:

(₹ in Lakhs)

Rate of Interest Financial Year	Loans under CDR Scheme		
	SEFASU Loan *2%	Restructured Loan 11%/12%/12.5%	**Total**
2014-15	-	-	**-**
Total	-	-	**-**
2015-16	-	2,933.58	**2,933.58**
2016-17	2,195.00	3,908.58	**6,103.58**
2017-18	2,195.00	3,908.58	**6,103.58**
2018-19	2,195.00	3,925.34	**6,120.34**
2019-20	-	5,382.77	**5,382.77**
2020-21	-	5,399.53	**5,399.53**
2021-22	-	6,262.53	**6,262.53**
2022-23	-	4,301.00	**4,301.00**
2023-24	-	1,704.50	**1,704.50**
Total	**6,585.00**	**37,726.41**	**44,311.41**

*Net of interest subvention of 12% from Goverment of India as per **S**cheme for **E**xtending **F**inancial **A**ssistance to **S**ugar **U**ndertakings 2014 (SEFASU).

Interest rate for restructured loans:

Financial Year	**Rate of Interest**
April 2014 - Mar 2016	11.00%
April 2016 - Mar 2017	12.00%
April 2017 onwards	12.50%

(₹ in Lakhs)

	Loans not under CDR Scheme						
Rate of Interest	4.00%	8.00%	8.25%	11.75%	13.06%	14.40%	**Total**
Financial Year							
2014-15	422.00	314.29	811.27	24.00	25.08	89.36	**1,686.00**
Total	422.00	314.29	811.27	24.00	25.08	89.36	**1,686.00**
2015-16	422.00	314.29	811.27	-	-	-	**1,547.56**
2016-17	422.00	314.29	811.27	-	-	-	**1,547.56**
2017-18	211.00	314.26	811.27	-	-	-	**1,336.53**
2018-19	-	-	-	-	-	-	**-**
2019-20	-	-	-	-	-	-	**-**
2020-21	-	-	-	-	-	-	**-**
2021-22	-	-	-	-	-	-	**-**
2022-23	-	-	-	-	-	-	**-**
2023-24	-	-	-	-	-	-	**-**
Total	**1,055.00**	**942.84**	**2,433.81**	**-**	**-**	**-**	**4,431.65**

Security details for long term borrowings:

1) The term loans aggregating to ₹ 44,311.41 lakhs under Corporate Debt Restructuring Scheme (CDR) are secured as detailed below:

   a) First pari-passu charge on the fixed assets of the company except the following:

      i. Co-generation assets of Unit-II at Mundiampakkam and entire fixed assets of Unit-III at Gingee whose first pari-passu charge is exclusively charged to SDF and SBI.

      ii. 5.19 Acres land with buildings at Vilankurichi Village belonging to Company exclusively charged to ICICI Bank.

      iii. Land at Pallipuram Village, Alleppey District, Kerala belonging to Company exclusively charged to ICICI Bank.

      iv. Registered office (Uffizi) at Coimbatore exclusively charged to ICICI Bank

      v. 2/3rd undivided rights on the interests in the plot of land admeasuring about 375 sq yards along with the first and second floors terrace floors along with the mezannine floor situated at Municipal No. 186, Block No. 10, Golf Links, New Delhi exclusively charged to Axis Bank.

   b) Second pari-passu charge on the entire fixed assets of Unit-III at Gingee subject to approval for sharing the security from Sugar Development Fund.

   c) First pari-passu charge over the cogeneration receivables of the Unit-II & III.

   d) Second pari-passu charge over the remaining current assets of the company.

   e) First Paripassu charge on the additional securities, as briefed below, provided by the company for CDR package.

      i. Vacant Land situated at TS No 613/2(Part), TS Ward 10, Krishnaraya Puram Village, Coimbatore North Taluk, Coimbatore District within Coimbatore City Municipal Corporation measuring 80 cents.

      ii. Land and building (Bio Control Unit at Unit 1 Theni) situated at Gullapuram Village, Periyakulam Taluk, Theni District, Gullapuram Panchayat after closure of the loan availed from State Bank of Travancore, Coimbatore.

      iii. Residential Flat No 2 at Door No. 9 Sathyanarayana Avenue, Raja Annamalaipuram, Chennai 600 028.

   f) The Cogeneration receivables of the Unit- II & III, presently charged exclusively to SBI, will be pooled into the Trust and Retention Account for all lenders under CDR Package.

   g) The Promoter(s) have pledged their entire shares with voting rights in demat form, in favour of the CDR Lenders.

   h) The mortgages, charges and pledges referred to above shall rank pari passu with the mortgages, charges and pledges created and/or to be created in favour of the Acceding Lenders.

2) The term loan (Axis TL II) of ₹ 1,257.13 lakhs is secured by 1st exclusive 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.

3) Term loans (SDF) aggregating to ₹ 4,722.08 lakhs are secured by 1st paripassu charge on the fixed/immovable assets of Unit-III (Sugar, Cogeneration & Distillery).

4) The loans aggregating to ₹ 44,311.41 lakhs guaranteed by Managing Director.

5) Term loans Guaranteed by others is Nil.

6) Period and amount of continuing default in respect of the aforesaid loans is Nil.

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

PARTICULARS	31.03.2014		31.03.2013	
D DEFERRED TAX LIABILITIES:				
Opening Balance	**4,650.86**		*4,504.51*	
Add/(Less) : Provided/(Reversed) during the year	**(1,192.89)**	**3,457.97**	*146.36*	*4,650.86*
E SHORT - TERM BORROWINGS				
i) SECURED LOANS				
Loans repaybale on demand from Banks:				
Cash Credit Account		**13,595.17**		*17,158.41*
UNSECURED LOANS				
From Bank				*2,500.00*
Fixed Deposits		**142.66**		*-*
		13,737.83		*19,658.41*
(Interms of Sec 74 of the Companies Act 2013 all deposits are to be repaid by 31.3.2015)				

Security Details for short term borrowings:

1) The Working Capital facilities aggregating to ₹ 14,307 lakhs under the CDR are secured as detailed below:

   a) First pari-passu charge over the current assets of the company.

   b) Second pari-passu charge on the fixed assets of the company except the following:

      i. Co-generation assets of Unit-II at Mundiampakkam and entire fixed assets of Unit-III at Gingee whose first pari-passu charge is exclusively charged to SDF and SBI.

      ii. 5.19 Acres land with buildings at Vilankurichi Village belonging to Company exclusively charged to ICICI Bank.

      iii. Land at Pallipuram Village, Alleppey District, Kerala belonging to Company exclusively charged to ICICI Bank.

      iv. Registered office (Uffizi) at Coimbatore exclusively charged to ICICI Bank.

      v. 2/3rd undivided rights on the interests in the plot of land admeasuring about 375 sq yards along with the first and second floors, terrace floors along with the mezannine floor situated at Municipal No. 186, Block No. 10, Golf Links, New Delhi exclusively charged to Axis Bank.

   c) Second pari-passu charge on the additional securities, as briefed below, provided by the company for CDR package.

      i. Vacant Land situated at TS No 613/2(Part), TS Ward 10, Krishnaraya Puram village, Coimbatore North Taluk, Coimbatore District within Coimbatore City Municipal Corporation measuring 80 cents.

      ii. Land and building (Bio Control Unit at Unit 1, Theni) situated at Gullapuram Village, Periyakulam Taluk, Theni District, Gullapuram Panchayat after closure of the loan availed from State Bank of Travancore, Coimbatore.

      iii. Residential Flat No 2 at Door No 9 Sathyanarayana Avenue, Raja Annamalaipuram, Chennai 600 028.

   d) First pari-passu charge over the cogeneration receivables of the Unit-II & III.

   e) Third pari-passu charge on the entire fixed assets of Unit-III at Gingee subject to approval for sharing the security from Sugar Development Fund.

NOTES TO THE FINANCIAL STATEMENTS

f) The Cogeneration receivables of the Unit- II & III, presently charged exclusively to SBI, will be pooled into the Trust and Retention Account for all lenders under CDR Package.

g) The Promoter(s) have pledged their entire shares in demat form with voting rights, in favour of the CDR Lenders.

h) The mortgages/charges and pledges referred to above shall rank pari passu with the mortgages/charges and pledges created and/or to be created in favour of the Acceding Lenders.

2) Term loan (Sundaram Finance) of ₹ 25.08 lakhs is secured by exclusive 1st charge on particular Machinery viz. John Deere wheel Cane located at Unit-II, Mundiampakkam.

3) The term loan (SBI TL III) of ₹ 89.36 lakhs is secured by 1st Paripassu charge over the fixed/immovable assets of Sugar, Cogeneration & Distillery unit at Semmedu Village (Unit-III) and 2nd paripassu charge on Receivables and Inventories of Unit-III (Distillery).

4) Term loan (SBT) of ₹ 24.00 lakhs is 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.

5) Working Capital facilities aggregating to ₹ 14,307 lakhs guaranteed by Managing Director.

6) Short term loans Guaranteed by others is Nil.

7) Period and amount of default in respect of the aforesaid loans is Nil.

(₹ in Lakhs)

PARTICULARS	31.03.2014		*31.03.2013*	
F TRADE PAYABLES				
Due to Micro,Small & Medium Enterprises		**-**		*-*
Due to Others		**15,018.95**		*9,749.52*
G OTHER CURRENT LIABILITIES				
i) Current maturities of long term debt		**1,686.00**		*9,486.58*
ii) Interest accured but not due on borrowings		**462.62**		*175.63*
iii) Unpaid Dividend*		**47.69**		*75.08*
** The figures reflect the position as at March 31,2014. 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	**2,835.26**		*6,890.24*	
Statutory dues payables	**1,329.15**		*1,249.69*	
Creditors for capital expenditure	**328.14**		*1,832.18*	
Other Payables - Farmer and Harvester funding	**3,316.71**	**7,809.27**	*947.68*	*10,919.78*
		10,005.58		*20,657.06*
H SHORT- TERM PROVISIONS				
i) Provisions for employee benefits:				
Leave Salary entitlement	**33.87**		*35.32*	
Gratuity contribution	**214.53**		*275.60*	
		248.40		*310.92*
ii) Others				
Provisions for Income tax	**-**		*-*	
Provisions for Wealth Tax	**2.95**		*3.23*	
Corporate Tax on Dividend	**-**	**2.95**	*-*	*3.23*
		251.35		*314.16*

NOTES TO THE FINANCIAL STATEMENTS

NOTE I

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 31.03.2013	Additions For the Period	Deletions For the Period	As on 31.03.2014	*Upto to 31.03.2013*	For the year	Written Back	Upto 31.03.2014	As on 31.03.2014	*As on 31.03.2013*
Tangible Assets										
Land	*904.36*	-	-	904.36	-	-	-	-	904.36	*904.36*
Buildings	*14,060.15*	351.89	-	14,412.04	*2,345.41*	372.86	-	2,718.27	11,693.77	*11,714.74*
Plant & Equipment	*57,810.55*	1,604.75	1.01	59,414.29	*15,997.22*	2,975.47	1.01	18,971.68	40,442.61	*41,813.33*
Furniture & Fixtures	*146.54*	37.41	-	183.95	*66.22*	7.46	-	73.68	110.27	*80.32*
Vehicles	*894.57*	7.28	0.62	901.23	*350.65*	73.15	0.62	423.18	478.05	*543.91*
Office Equipments	*149.19*	13.23	0.10	162.32	*61.93*	6.76	0.08	68.61	93.71	*87.26*
Electrical Equipments	*502.22*	2.98	-	505.20	*232.54*	21.36	-	253.90	251.30	*269.68*
Tools & Equipments	*89.09*	2.18	-	91.27	*50.99*	2.94	-	53.93	37.34	*38.10*
Lab Equipments	*134.19*	0.73	-	134.92	*34.23*	6.32	-	40.55	94.37	*99.95*
Total	***74,690.86***	**2,020.45**	**1.73**	**76,709.58**	***19,139.19***	**3,466.32**	**1.71**	**22,603.80**	**54,105.78**	***55,551.65***
Intangible Assets										
SAP Software	*366.79*	116.55	-	483.34	*94.06*	64.17	-	158.22	325.11	*272.73*
Grand Total	***75,057.65***	**2,137.00**	**1.73**	**77,192.92**	***19,233.25***	**3,530.49**	1.72	**22,762.02**	**54,430.90**	***55,824.38***
Capital work in Progress									226.42	*1,316.23*
2012-2013	***59,214.90***	**16,707.42**	**864.68**	**75,057.64**	***15,945.58***	**3,415.50**	**127.82**	**19,233.26**	**55,824.38**	***43,269.32***

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

PARTICULARS	31.03.2014		31.03.2013	
J NON-CURRENT INVESTMENTS				
Unquoted Non - trade				
i) Investment in Equity Instruments of body corporates: Subsidaries:				
a) M/s. Trident Sugars Limited - 14,494,924 Equity shares of ₹ 10/- each at cost (Previous year 7,411,250 shares)	**5,539.11**		*4,830.74*	
b) M/s. Rajshree Power Private Limited 49,980 Equity shares of ₹ 10/- each at cost ₹ 2/- per share paid up.	**-**	**5,539.11**	*1.00*	*4,831.74*
ii) Other non-current investments Investment in Post office		**0.10**		*0.10*
		5,539.21		*4,831.84*
K LONG TERM LOANS & ADVANCES (Unsecured, considered good)				
i) Capital Advance		**72.60**		*108.30*
ii) Security Deposits		**142.52**		*101.52*
iii) Loans & Advances due by Director Land purchase advance		**465.00**		*400.00*
		680.12		*609.82*
L INVENTORIES				
Work-in-progress at cost	**630.03**		*716.87*	
Finished Goods at Cost	**22,022.91**		*20,690.25*	
Stock In Trade at Cost	**579.21**		*567.59*	
Stores & Spares at cost	**1,622.92**	**24,855.07**	*1,653.22*	*23,627.94*
M TRADE RECEIVABLES (Unsecured, considered good)				
Outstanding for a period exceeding six months.	**99.43**		*3,052.01*	
Others	**3,099.96**	**3,199.38**	*2,967.35*	*6,019.36*
N CASH AND CASH EQUIVALENTS				
Cash on hand	**14.55**		*48.82*	
Balance with Banks				
In Current Account	**1,725.18**		*382.49*	
In Current Account - Scheme for Extending Financial Assistance of Sugar Undertakings scheme	**6,585.00**		-	
Bank deposits having more than 12 months maturity	**-**		*86.66*	
Guarantee Margin Account	**478.73**		*181.65*	
Dividend account	**47.69**	**8,851.14**	*75.08*	*774.71*

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

PARTICULARS	31.03.2014		31.03.2013	
O SHORT TERM LOANS AND ADVANCES				
(Unsecured, considered good)				
i) Loans & Advances to Subsidary company				
M/s. Trident Sugars Limited	2,419.56	2,419.56	1,210.32	1,210.32
ii) Others				
Staff and other advance	79.22		89.78	
Advance to suppliers	421.77		263.61	
Advance Sales Tax	-		50.00	
Advance Income - Tax	564.34		475.39	
Excise Duty Deposits	875.45		1,215.84	
Prepaid Expenses	483.49		870.42	
		2,424.28		2,965.04
		4,843.84		4,175.36
P OTHER CURRENT ASSETS				
Income receivable	200.12		215.71	
Interest receivable on Excise Duty Loan	73.27		73.27	
		273.39		288.98
Q Revenue from Operations				
i) Sale of products	85,436.48		85,801.91	
ii) Other operating revenue				
Sale of scrap	139.21		151.19	
Export incentives	4.93		261.46	
	85,580.63		86,214.56	
LESS: Excise duty	2,607.72		2,092.99	
Total		82,972.91		84,121.57
R OTHER INCOME				
i) Interest Income - Others	365.47		301.62	
ii) Other non- operating Income				
Rental Income	1.40		1.32	
Other Miscellaneous Income	222.12		83.56	
Net gain on foreign currency transactions / translations	37.39		196.56	
Profit on sale of assets	0.19		10.28	
Loss on Investments	(1.00)		-	
		625.56		593.34
S COST OF MATERIALS CONSUMED				
Raw material		63,730.16		65,552.18
T CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS & STOCK IN TRADE				
Opening Inventory				
Finished goods	20,690.25		11,944.62	
Work in progress	716.87		669.88	
Stock in trade	540.89		540.89	
		21,948.01		13,155.39

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

PARTICULARS	31.03.2014		31.03.2013	
Less : Closing inventory				
Finished goods	22,022.91		20,690.25	
Work in progress	630.03		716.87	
Stock in trade	540.89		540.89	
		23,193.83		21,948.01
		(1,245.82)		(8,792.62)
Less: Excise duty on Increase / (Decrease) in stock of Finished Goods		62.49		395.61
		(1,183.33)		(8,397.01)
U EMPLOYEE BENEFIT EXPENSES				
Salaries, Wages & Bonus	2,889.24		2,583.57	
Contribution to Provident Fund & Other funds	155.18		310.29	
Welfare Expenses	315.13		340.96	
		3,359.56		3,234.82
V FINANCE COST				
a) Interest expense	6,822.68		7,186.12	
b) Other borrowing costs	521.02		722.96	
		7,343.70		7,909.08
W OTHER EXPENSES				
Consumption of Stores	1,182.17		1,262.10	
Consumption of Packing Materials	1,429.60		1,570.13	
		2,611.77		2,832.23
Power & Fuel		1,776.14		1,498.24
Building rent		92.63		97.46
Repairs & Maintenance				
Building	174.84		103.33	
Machinery	2,203.44		2,233.19	
		2,378.27		2,336.52
Insurance Premium		166.22		162.42
Licence Fees & Tax		537.69		312.58
Selling Expenses		108.68		1,232.93
Cartage & Freight		676.02		1,125.37
Payment to Auditor's				
- Statutory Audit fees	6.00		6.00	
- Taxation matters	4.75		1.50	
- Certification	2.06		1.69	
		12.81		9.19
Cost Audit fees		1.79		1.29
Miscellaneous Expenses		2,316.38		2,216.64
		10,678.40		11,824.86

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 & 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.

NOTES TO THE FINANCIAL STATEMENTS

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 prorated 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 recognized 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 recognized 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

(₹ in Lakhs)

PARTICULARS	31.03.2014	*31.03.2013*
Y OTHER ADDITIONAL INFORMATION		
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	**--**	--
c) Consumable spares	**--**	--
3) Earnings in Foreign Exchange		
a) Export of goods calculated on FOB basis	**--**	*12,170.52*
b) Sale of carbon credits	**425.86**	*197.38*
4) Expenditure in Foreign Currency		
a) Professional, Agency & Consultation services	**65.55**	*193.46*
b) Interest Payment	**87.30**	*632.33*
c) Foreign Travel & Boarding	**8.82**	*30.17*
d) Registration & Membership Fees	**8.47**	*4.61*
e) Others	**10.05**	*15.52*
5) Cost of Materials consumed		
Sugarcane	**63,730.16**	*65,552.18*

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

PARTICULARS	31.03.2014	31.03.2013
6) Consumption		
a) Raw Materials		
i) Imported	--	--
ii) Indigenous	63,730.16	65,552.18
	(100%)	(100%)
b) Stores & Spares		
i) Imported	--	--
ii) Indigenous	1,182	1,262
	(100%)	(100%)
7) The exchange difference arising on restatement/settlement of Foreign Currency loan (ECB), capitalized/ (reversed) during the year	5.12	(685.41)
8) Exceptional items comprises of CST Payment for earlier year	--	0.60
9) Capital and other commitments:		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for.	611.44	900.32
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
10) 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	29.51	35.91
b) Later than 1 year and not later than 5 years	--	10.50
c) Later than 5 years	--	--
d) Lease payments recognized in the Statement of Profit & Loss (excluding rent payments for sugarcane divisional offices taken on temporary basis)	38.60	43.91
11) Borrowing costs capitalized	103.42	124.56
12) Borrowing costs included in Capital Work in progress	2.61	53.54

13) 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	93.41	89.42
Employer's Contribution to Superannuation Fund	60.76	57.70

NOTES TO THE FINANCIAL STATEMENTS

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)

PARTICULARS	31.03.2014	31.03.2013
a. Reconciliation of opening and closing balances of Defined Benefit obligation		
Defined Benefit obligation at beginning of the year	**652.38**	*618.59*
Current service cost	**37.06**	*49.20*
Interest cost	**52.19**	*54.12*
Benefits paid	**(53.22)**	*(179.67)*
Actuarial (gain)/loss	**(136.44)**	*110.14*
Defined Benefit obligation at year end	**551.97**	*652.38*
b. Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at beginning of the year	**354.14**	*376.17*
Expected return on plan assets	**30.81**	*32.35*
Employer contribution	**65.00**	*110.00*
Benefits paid	**(53.23)**	*(179.67)*
Actuarial gain / (loss)	**(6.19)**	*15.29*
Fair value of plan assets at year end	**390.53**	*354.14*
c. Reconciliation of fair value of assets and obligations		
Fair value of plan assets as at 31st March 2014	**390.53**	*354.14*
Present value of obligation as at 31st March 2014	**551.97**	*652.38*
Amount recognized in Balance Sheet	**(161.44)**	*(298.24)*
d. Expenses recognized during the year		
Current Service Cost	**37.07**	*49.20*
Interest Cost	**52.19**	*54.13*
Expected return on plan assets	**(30.81)**	*(32.35)*
Actuarial (gain) / loss	**(130.25)**	*94.84*
Net Cost	**(71.80)**	*165.82*
e. Investment details		
L.I.C. Group Gratuity policy	**152.99**	*138.85*
HDFC Group Gratuity policy	**237.54**	*215.29*
f. Actuarial assumptions		
Mortality Table (L.I.C)	**1994-96**	*1994-96*
Discount rate % (per annum)	**9.33**	*8.75*
Expected rate of return on plan assets % (per annum)	**8.70**	*8.70*
Rate of escalation in salary % (per annum)	**4.00**	*4.00*

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.

14) 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) 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.

iii) The central excise demand of ₹ 397.78 lakhs with interest and a penalty of ₹ 10 lakhs confirmed by Commissioner of Central Excise, Pondicherry in the matter of eligibility of exemption on captive consumption of molasses in Unit III has not been provided for in the accounts. The Company has preferred an appeal before Central Excise and Service Tax Appellate Tribunal (CESTAT), Chennai. Demand of ₹ 280 Lakhs with interest and penalty of ₹ 5 lakhs on the similar issue in Unit I is also being contested by the Company and the same has not been provided for in the account.

iv) Recompense amount payable as per Corporate Debt Restructuring (CDR) scheme for the year ended 31st March 2014 - ₹ 431 Lakhs.

b) Guarantees

The Company has provided a corporate guarantee of ₹ 4,263.12 lakhs (₹ 4,667.25 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 2011-12. 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.

15) 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 save and except the following point No.16.

16) 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.

17) In terms of resolutions passed at the Extraordinary General Meeting held on 10th October 2012, 11,50,000 Equity warrants were issued to Ms.Rajshree Pathy, Chairperson and Managing Director at an exercise price of ₹ 55.20 per warrant. In terms of the regulations, 25% of the total amount (₹ 158.70 lakhs) was deposited on 24th October 2012. Subsequent to the close of the financial year 2013-14 since Ms.Rajshree Pathy did not exercise the option, the initial amount of ₹ 158.70 lakhs is forfeited in April 2014.

18) Corporate Debt Restructuring (CDR)

The Corporate Debt Restructuring proposal (CDR proposal) was referred by the company to Corporate Debt Restructuring Cell, ("CDR Cell") and the said proposal was recommended by the consortium of lenders led by State Bank of India (SBI), Coimbatore. The CDR proposal was approved by CDR Empowered Group ("CDR EG") on 14th March 2014 and communicated vide final Letter of Approval dated 24th March 2014. The cut-off date for the CDR proposal was 1st October 2013. The Master Restructuring Agreement (MRA) between the company and the CDR lenders has been executed, by virtue of which the restructured facilities are governed by the provisions specified in the MRA on the cut-off date (COD) of October 1, 2013.

The key features of the CDR scheme are as below:

1. Term Loans: ₹ 296.61 crores: Repayment of Restructured term loan (RTL) after moratorium of 18 months from cut-off date in 34 structured quarterly installments commencing from June 30, 2015 till September 30, 2023.

2. Working capital term loan (WCTL): ₹ 63.93 crores: Repayment of WCTL after moratorium of 18 months from cut-off date in 28 structured quarterly installments commencing from June 30, 2015 till March 31, 2022.

3. Interest payable on term loans (1) above from cut-off date to 31st March 2015 converted into Funded interest term loan (FITL): ₹ 48.90 crores: Repayment of FITL after moratorium of 18 months from cut-off date in 26 structured quarterly installments commencing from June 30, 2015 till September 30, 2021.

4. New Term Loan under Scheme for Extending Financial Assistance to Sugar Undertakings, 2014 (SEFASU) for clearing of cane price arrears of the previous sugar season and for timely settlement of cane prices for the current sugar season: ₹ 65.85 Crores: - Repayment after moratorium of 2 years from the date of first disbursement, in 12 quarterly installments.

5. Restructuring of existing working capital limits to ₹ 143.07 Crores.

6. Rate of Interest : Linked to base rate of Monitoring Institution (SBI):

Financial year	RTL	WCTL	FITL	WC
From COD to March 2016	11.00%	11.00%	11.00%	11.00%
From April 2016 to March 2017	12.00%	12.00%	12.00%	12.00%
From April 2017 to March 2024	12.50%	12.50%	12.50%	12.00%

Re-set of interest on TL / WCTL / FITL once in 3 years and on WC every year.

7. Waiver of existing events of defaults, penal interest and charges etc. in accordance with MRA.

8. Right to recompense to CDR Lenders for the relief and sacrifice extended, subject to provisions of CDR Guidelines and MRA.

9. Lenders will have right to reverse the waivers / sacrifices granted under the package.

10. Promoters Contribution: ₹ 12.25 crores (25% of lenders sacrifice and 2.59% of the restructured debts) to be brought within stipulated timeframe ie. on or before executing the MRA. This has already been infused before 31st March 2014 as under:

    Ms.Rajshree Pathy - ₹ 8.25 Crores

    RSCL Properties Pvt Ltd - ₹ 4.00 Crores

    In case of financial facilities availed from the non-CDR lenders, the terms and conditions shall continue to be governed by the provisions of the existing financial documents.

    Expenditure on restructuring of financial facilities has been charged off.

    The company and the CDR Lenders executed MRA during the year. The MRA as well as the provisions of the Master Circular on Corporate Debt Restructuring issued by the Reserve Bank of India, give a right to the CDR Lenders to get a recompense of their waivers and sacrifices made as part of the CDR Proposal. The recompense payable by the borrowers is contingent on various factors including improved performance of the borrowers and many other conditions, the outcome of which currently is materially uncertain and hence the proportionate amount payable as recompense has been treated as a contingent liability. The aggregate present value of the outstanding sacrifice made/ to be made by CDR Lenders as per the MRA is approximately ₹ 48.97 crores for the Company.

19) Deferred tax workings: (₹ in Lakhs)

Particulars	Opening balance	Addition / (Reversal)	Closing balance
Deferred tax liabilities			
Depreciation	10,008.73	(98.97)	9,909.76
Total - A	**10,008.73**	**(98.97)**	**9,909.76**
Deferred tax assets			
Unabsorbed Depreciation and losses	4,130.32	581.96	4,712.28
Disallowance u/s 43 B	176.10	114.04	290.14
Payment under Voluntary Separation Scheme	22.09	(0.07)	22.02
Total - B	**4,328.51**	**695.93**	**5,024.44**
Net Deferred tax liability (A-B)	**5,680.22**	**(794.90)**	**4,885.32**
MAT Credit (C)	1,029.37	398.00	1,427.37
Net Deferred tax liability (A-B-C)	**4,650.85**	**(1,192.90)**	**3,457.95**

20) **Transactions with related parties** (₹ in Lakhs)

Particulars	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Other Related Parties	**Total**
Remuneration paid					
Ms.Rajshree Pathy	-	123.74	-	-	123.74
	(-)	*(122.60*)*	*(-)*	*(-)*	*(122.60*)*
Mr.R.Varadarajan	-	57.24	-	-	57.24
	(-)	*(57.24)*	*(-)*	*(-)*	*(57.24)*
Purchase of Goods					
Ms Aishwarya Pathy	-	-	4.95	-	4.95
	(-)	*(-)*	*(8.24)*	*(-)*	*(8.24)*
Mr Aditya Krishna Pathy	-	-	20.35	-	20.35
	(-)	*(-)*	*(7.24)*	*(-)*	*(7.24)*
RSCL Properties (P) Ltd	-	-	-	14.50	14.50
	(-)	*(-)*	*(-)*	*(1.03)*	*(1.03)*
Greenplus Manures (P) Ltd	-	-	-	15.37	15.37
	(-)	*(-)*	*(-)*	*(21.69)*	*(21.69)*
Rajshree Spinning Mills Ltd	-	-	-	11.89	11.89
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Sale of goods					
Trident Sugars Ltd	32.50	-	-	-	32.50
	(17.16)	*(-)*	*(-)*	*(-)*	*(17.16)*
Purchase of Assets/ Accessories					
Trident Sugars Ltd	7.99	-	-	-	7.99
	(13.61)	*(-)*	*(-)*	*(-)*	*(13.61)*
CAI Industries (P) Ltd	-	-	-	2.65	2.65
	(-)	*(-)*	*(-)*	*(18.73)*	*(18.73)*
Rajshree Automotive (P) Ltd	-	-	-	0.54	0.54
	(-)	*(-)*	*(-)*	*(0.43)*	*(0.43)*
Sale of Assets /Accessories					
Trident Sugars Ltd	8.60	-	-	-	8.60
	(28.12)	*(-)*	*(-)*	*(-)*	*(28.12)*
Receiving of Services					
CAI Industries (P) Ltd	-	-	-	1.25	1.25
	(-)	*(-)*	*(-)*	*(2.07)*	*(2.07)*
Aloha Tours & Travels (India) (P) Ltd	-	-	-	1.38	1.38
	(-)	*(-)*	*(-)*	*(1.47)*	*(1.47)*

20) **Transactions with related parties (Contd.)**

(₹ in Lakhs)

Particulars	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Other Related Parties	**Total**
Rajshree Automotive (P) Ltd	-	-	-	0.24	0.24
	(-)	*(-)*	*(-)*	*(0.55)*	*(0.55)*
Major Corporate Services (India) Ltd	-	-	-	201.46	201.46
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Finance - Loans Given					
Trident Sugars Ltd	3,497.07	-	-	-	3,497.07
	(2,272.96)	*(-)*	*(-)*	*(-)*	*(2,272.96)*
Finance - Advance for purchase of property					
Ms Rajshree Pathy	-	65.00	-	-	65.00
	(-)	*(350.00)*	*(-)*	*(-)*	*(350.00)*
Finance - Strike price received for subscription of equity warrants					
Ms Rajshree Pathy	-	-	-	-	-
	(-)	*(158.70)*	*(-)*	*(-)*	*(158.70)*
Finance - Equity Contribution Made					
Trident Sugars Ltd	708.37	-	-	-	708.37
	(67.38)	*(-)*	*(-)*	*(-)*	*(67.38)*
Interest received					
Trident Sugars Ltd	261.17	-	-	-	261.17
	(248.42)	*(-)*	*(-)*	*(-)*	*(248.42)*
Guarantee given					
Trident Sugars Ltd	4,263.12	-	-	-	4,263.12
	(4,667.25)	*(-)*	*(-)*	*(-)*	*(4,667.25)*
Lease rent paid					
Rajshree Spinning Mills Ltd	-	-	-	2.19	2.19
	(-)	*(-)*	*(-)*	*(6.57)*	*(6.57)*
OUTSTANDINGS					
Payable	-	535.00	6.74	12.02	553.76
	(4.00)	*(600.00)*	*(1.79)*	*(0.46)*	*(606.25)*
Receivable	2,419.56	-	-	11.13	2,430.69
	(1,210.32)	*(-)*	*(-)*	*(6.24)*	*(1,216.56)*

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

Note:

Names of Related parties and description of relationship

1. Holding Companies
   None

2. Subsidiaries
   Trident Sugars 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
   j) Major Corporate Services (India) Ltd

(₹ in Lakhs)

	31.03.2014	*31.03.2013*
21) Earnings per share		
a) Weighted average number of equity shares of ₹ 10/- each outstanding at the year end	**23,791,700**	*23,791,700*
b) Number of potential equity shares of ₹10/-each (Equity warrants pending conversion)	**-**	*1,150,000*
c) Profit/(Loss) before exceptional/extraordinary items & tax	**(2,667.60)**	*1,174.88*
i) Basic earnings per share of ₹10/- each	**(11.21)**	*4.94*
ii) Diluted earnings per share of ₹10/- each (After conversion of pending equity warrants)	**(11.21)**	*4.71*
d) Profit/(Loss) after exceptional/extraordinary items & tax	**(2,667.60)**	*1,028.52*
i) Basic earnings per share of ₹10/- each	**(11.21)**	*4.32*
ii) Diluted earnings per share of ₹10/- each (After conversion of pending equity warrants)	**(11.21)**	*4.12*

22) 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 : 14th May 2014

R. Varadarajan
Wholetime Director

Rajshree Pathy
Chairperson and Managing Director

A. Sathyamurthy
President & Chief Financial Officer

M. Ponraj
Company Secretary

(₹ in Lakhs)

Cash Flow Statement for the Year ended	31.03.2014	*31.03.2013*
A. Cash Flow from Operating activities:		
Net Profit before taxation & extraordinary items	**(3,860.49)**	1,175.48
Adjustment for:		
Depreciation	**3,530.47**	3,415.50
Loss / (Profit) on sale of Fixed Assets	**(0.18)**	(7.91)
Loss on investments	**1.00**	-
Interest paid	**7,343.70**	7,909.08
Interest received	**(365.47)**	(301.63)
Operating profit before working capital changes	**6,649.03**	12,190.53
Adjustments for:		
Trade and other receivables	**2,007.86**	1,236.03
Inventories	**(1,227.14)**	(9,119.48)
Trade payables	**(5,444.85)**	8,924.98
Cash generated from Operations	**1,984.90**	13,232.06
Direct taxes (paid) / Refund	**88.94**	(242.86)
Cashflow before extraordinary items	**2,073.85**	12,989.19
Extraordinary items	**-**	(0.61)
Net cash from operating activities	**2,073.85**	12,988.59
B. Cash flow from investing Activities		
Purchase of Fixed Assets	**(1,047.19)**	(4,767.49)
Investment in Subsidiary company / Post office Deposit	**(708.37)**	(67.38)
Sale of Fixed Assets - Including compensation received on acquisition	**0.19**	40.57
Interest received	**365.47**	301.63
Net Cash used in Investing Activities	**(1,389.90)**	(4,492.67)
C. Cash Flow from Financing Activities		
Proceeds from issue of Share Capital	**-**	158.70
Proceeds from / (Repayment of) long term borrowings	**12,856.19**	(6,179.21)
Proceeds from / (Repayment of) short term borrowings	**1,880.00**	5,265.09
Interest paid	**(7,343.70)**	(7,909.08)
Dividend paid including tax on dividend	**-**	-
Net Cash used in Financing Activities	**7,392.48**	(8,664.50)
Net Increase / (Decrease) in Cash and Cash Equivalents	**8,076.43**	(168.59)
Cash and cash equivalent as at the beginning of the Year	**774.71**	943.30
Cash and cash equivalent as at the close of the Year	**8,851.14**	774.71

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 : 14th May 2014

R. Varadarajan
Wholetime Director

A. Sathyamurthy
President & Chief Financial Officer

Rajshree Pathy
Chairperson and Managing Director

M. Ponraj
Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Rajshree Sugars and Chemicals Limited

We have audited the accompanying consolidated financial statements of Rajshree Sugars and Chemicals Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2014, 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, but not for the purpose of expressing an opinion on the effectiveness of the entities internal control. 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, 2014;

(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.

Other Notes:

We have audited the financial statements of the subsidiary, M/s Trident Sugars Limited, whose financial statements reflect total assets of ₹ 2,004.58 lakhs as at 31st March 2014 and total revenue of ₹ 9,389.21 lakhs and the net cash flows of ₹ 129.14 lakhs for the year then ended.

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

K.Murali Mohan
Auditors, Proprietor
Membership No.14328

Place:Coimbatore
Date: 14th May 2014

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2014

(₹ in Lakhs)

PARTICULARS	Note	31.03.2014	31.03.2013
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	A	**2,379.17**	2,379.17
(b) Reserves and surplus	B	**5,882.50**	9,318.39
(c) Money received against share warrants - Refer Note No X(6)		**158.70**	158.70
		8,420.37	11,856.26
2 Non-current liabilities			
(a) Long-term borrowings	C	**51,972.64**	31,206.60
(b) Deferred tax liabilities (Net)	D	**2,798.65**	4,335.10
		54,771.29	35,541.71
3 Current liabilities			
(a) Short-term borrowings	E	**16,744.95**	22,525.66
(b) Trade payables	F	**19,211.14**	13,421.02
(c) Other current liabilities	G	**11,915.15**	21,836.11
(d) Short-term provisions	H	**262.77**	326.20
		48,134.02	58,108.98
TOTAL		**111,325.68**	105,506.95
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	I	**58,508.51**	60,080.32
(ii) Intangible assets		**3,572.51**	3,520.12
(iii) Capital work-in-progress		**281.77**	1,506.40
(b) Non-current investments	J	**0.10**	0.10
(c) Long-term loans and advances	K	**699.29**	626.42
(d) Other non-current assets		**-**	0.53
		63,062.19	65,733.89
2 Current assets			
(a) Inventories	L	**32,775.74**	29,155.90
(b) Trade receivables	M	**3,214.97**	6,026.71
(c) Cash and cash equivalents	N	**9,162.29**	957.21
(d) Short-term loans and advances	O	**2,820.81**	3,328.75
(e) Other current assets	P	**289.69**	304.49
		48,263.49	39,773.06
TOTAL		**111,325.68**	105,506.95

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 : 14th May 2014

R. Varadarajan
Wholetime Director

A. Sathyamurthy
President & Chief Financial Officer

Rajshree Pathy
Chairperson and Managing Director

M. Ponraj
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2014

(₹ in Lakhs)

PARTICULARS	Note	31.03.2014	31.03.2013
INCOME			
I. Revenue from operations	Q	**92,341.23**	*95,068.57*
II. Other income	R	**385.28**	*356.12*
III. Total Revenue (I + II)		**92,726.51**	*95,424.69*
IV. Expenses:			
Cost of materials consumed	S	**73,609.24**	*76,613.68*
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	T	**(3,419.13)**	*(10,689.20)*
Employee benefits expense	U	**3,956.50**	*3,741.37*
Finance costs	V	**7,869.69**	*8,462.71*
Depreciation and amortization expense		**3,846.32**	*3,702.63*
Other expenses	W	**11,836.24**	*13,114.51*
Total expenses		**97,698.86**	*94,945.70*
V. Profit before exceptional and extraordinary items and tax (III-IV)		**(4,972.35)**	*478.98*
VI. Exceptional items		**-**	*(6.16)*
VII. Profit/(Loss) before extraordinary items and tax (V - VI)		**(4,972.35)**	*485.14*
VIII. Extraordinary Items		**-**	-
IX. Profit/(Loss) before tax (VII- VIII)		**(4,972.35)**	*485.14*
X Tax expense:			
(1) Current tax		**-**	*235.45*
Less : MAT credit entitlement		**-**	*235.45*
(2) Deferred tax liability/(reversed) provided		**(1,536.46)**	*(66.77)*
XI Profit / (Loss) for the period from continuing operations (IX-X)		**(3,435.89)**	*551.91*
XII Profit / (Loss) from Discontinuing operations (after tax)		**-**	-
XIII Profit / (Loss) for the period (XI + XII)		**(3,435.89)**	*551.91*
XIV Earnings per equity share:			
(1) Basic		**(14.44)**	*2.32*
(2) Diluted		**(14.44)**	*2.21*

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 : 14th May 2014

R. Varadarajan
Wholetime Director

A. Sathyamurthy
President & Chief Financial Officer

Rajshree Pathy
Chairperson and Managing Director

M. Ponraj
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

PARTICULARS	31.03.2014		31.03.2013	
A. SHARE CAPITAL				
AUTHORISED				
30,000,000 Equity Shares of ₹ 10/- each		**3,000.00**		*3,000.00*
ISSUED SUBSCRIBED & PAID UP: 23,791,700 Equity Shares of ₹10/- each fully paid-up in cash		**2,379.17**		*2,379.17*
i) No of Equity Shares outstanding at the beginning of the year	**23,791,700**		*23,791,700*	
Add/Less Additions 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	**8,370,884**		*8,307,558*	
B. RESERVES & SURPLUS				
RESERVES				
i) General Reserve				
Opening Balance	**8,000.00**		*8,000.00*	
Additions / Deletions during the year	**-**		*-*	
Closing Balance		**8,000.00**		*8,000.00*
ii) Securities Premium Reserve				
Opening Balance	**572.00**		*572.00*	
Additions / Deletions during the year	**-**		*-*	
Closing Balance		**572.00**		*572.00*
SURPLUS				
iii) Balance in Profit & Loss statement:				
Opening Balance	**746.39**		*194.48*	
Add: Profit / (Loss) after tax	**(3,435.89)**		*551.91*	
Closing Balance		**(2,689.50)**		*746.39*
		5,882.50		*9,318.39*
C LONG - TERM BORROWINGS				
SECURED LOANS				
Term Loans				
a) From Banks		**46.779.25**		*29,022.36*
b) From Other parties :				
i) Sugar Development Fund	**3,968.39**		*2,116.30*	
ii) Sundaram Finance Limited - Hire Purchase	**-**		*25.08*	
		3,968.39		*2,141.38*
UNSECURED LOANS				
Deposits		**-**		*42.86*
Promotors contribution - under CDR		**1,225.00**		*-*
		51,972.64		*31,206.60*
Interms of CDR Scheme entered into by the company and repayable after satisfactory compliance of terms of Lenders under the scheme. Rate of interest - nil				

NOTES TO THE 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.
Rate of Interest and Maturity Profile of Long Term/Short Term Borrowings

Rate of Interest	2014-15	2015-16	2016-17	2017-18	2018-19	**Total**
4%	320	160	160	160	-	**480**
16.9%	587	669	-	-	-	**669**
3.9%	-	64	288	288	216	**856**
Total	**907**	**893**	**448**	**448**	**216**	**2,005**

Security Details for long term borrowings:

i) Term loan ₹ 1,256.00 lakhs secured by 1st paripassu charge on the current assets of the company and 1st paripassu charge on the Company's immovable and fixed assets at Madhunagar, Medak District. The term loan is guaranteed by the holding Company.

ii) 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 Medak District, Andhra Pradesh.

iii) Term loan ₹ 856.00 lakhs secured by 1st pari passu charge on the current assets of sugar factory at Madhunagar, Medak District and 3rd paripassu charge on immovable properties and fixed assets at Madhunagar, Medak District and personally guaranteed by the Managing Director.

iv) Aggregate amount of loan guaranteed by others is Nil.

v) Period and amount of continuing default in respect of the aforesaid loans is Nil.

(₹ in Lakhs)

PARTICULARS	31.03.2014		*31.03.2013*	
D DEFERRED TAX LIABILITIES:				
Opening Balance	**4,335.10**		*4,401.88*	
Add / (Less) : Provided/ (Reversed) during the year	**(1,536.46)**	**2,798.65**	*(66.77)*	*4,335.10*
E SHORT - TERM BORROWINGS				
i) SECURED LOANS				
Loans repaybale on demand from Banks:				
Cash Credit Account		**16,602.29**		*20,025.66*
UNSECURED LOANS				
From Bank		**-**		*2,500.00*
Fixed Deposits		**142.66**		*-*
		16,744.95		*22,525.66*
(Interms of Sec 74 of the Companies Act 2013 all deposits are to be repaid by 31.3.2015)				

NOTES TO THE FINANCIAL STATEMENTS

Security Details for Short term borrowings:

i) Working Capital limit ₹ 3,007.12 lakhs secured by 1st pari passu charge on the current assets of sugar factory at Madhunagar, Medak District and 3rd paripassu charge on immovable properties and fixed assets at Madhunagar, Medak District.

ii) The working capital facilities are guaranteed by the holding Company.

iii) Aggregate amount of loans guaranteed by others is Nil.

iv) Period and amount of default in respect of the aforesaid loans is Nil.

(₹ in Lakhs)

PARTICULARS	31.03.2014		*31.03.2013*	
F TRADE PAYABLES				
Due to Micro,Small & Medium Enterprises		**-**		*-*
Due to Others		**19,211.14**		*13,421.02*
G OTHER CURRENT LIABILITIES				
i) Current maturities of long term debt		**2,592.72**		*10,190.58*
ii) Interest accured but not due on borrowings		**595.22**		*262.25*
iii) Unpaid Dividend*		**47.69**		*75.08*
** The figures reflect the position as at March 31,2014. 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	**3,264.97**		*6,924.35*	
Statutory dues payables	**1,742.65**		*1,544.17*	
Creditors for capital expenditure	**355.19**		*1,891.99*	
Other Payables - Farmer and Harvester funding	**3,316.71**	**8,679.52**	*947.68*	*11,308.19*
		11,915.15		*21,836.11*
H SHORT- TERM PROVISIONS				
i) Provisions for employee benefits:				
Leave Salary entitlement	**45.29**		*47.36*	
Gratuity contribution	**214.53**	**259.83**	*275.60*	*322.96*
ii) Others				
Provisions for Income tax	**-**		*-*	
Provisions for Wealth Tax	**2.95**		*3.23*	
Corporate Tax on Dividend	**-**	**2.95**	*-*	*3.23*
		262.77		*326.20*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE I

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 31.03.2013	Additions For the Period	Deletions For the Period	As on 31.03.2014	*Upto to 31.03.2013*	For the year	Written Back	Upto 31.03.2014	As on 31.03.2014	*As on 31.03.2013*
Tangible Assets										
Land	*974.68*	-	-	974.68	-	-	-	-	974.68	*974.68*
Buildings	*15,012.95*	351.89	-	15,364.84	*2,523.23*	402.02	-	2,925.25	12,439.59	*12,489.72*
Plant & Equipment	*63,070.98*	1,791.90	1.01	64,861.87	*17,607.17*	3,257.42	1.01	20,863.58	43,998.29	*45,463.81*
Furniture & Fixtures	*165.37*	37.41	-	202.78	*77.22*	8.65	-	85.87	116.91	*88.15*
Vehicles	*938.98*	9.14	1.88	946.24	*373.01*	76.49	1.86	447.64	498.60	*565.97*
Office Equipments	*153.05*	14.15	0.10	167.10	*62.78*	6.95	0.08	69.65	97.45	*90.27*
Electrical Equipments	*502.22*	2.98	-	505.20	*232.54*	21.36	-	253.90	251.30	*269.68*
Tools & Equipments	*89.09*	2.18	-	91.27	*50.99*	2.94	-	53.93	37.34	*38.10*
Lab Equipments	*134.19*	0.73	-	134.92	*34.23*	6.32	-	40.55	94.37	*99.95*
Total	***81,041.51***	**2,210.38**	**2.99**	**83,248.90**	***20,961.18***	**3,782.15**	**2.95**	**24,740.37**	**58,508.53**	***60,080.33***
Intangible Assets										
SAP Software	*366.79*	116.55	-	483.34	*94.06*	64.17	-	158.22	325.11	*272.73*
Goodwill	*3,247.39*	-	-	3,247.39	-	-	-	-	3,247.39	*3,247.39*
Grand Total	***84,655.69***	**2,326.93**	**2.99**	**86,979.63**	***21,055.24***	**3,846.31**	**2.95**	**24,898.60**	**62,081.03**	***63,600.45***
Capital work in Progress									281.77	*1,506.40*
2012-2013	*64,680.51*	17,592.46	864.68	81,408.29	*17,480.42*	3,702.63	127.82	21,055.24	60,353.05	*47,200.09*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

PARTICULARS	31.03.2014		31.03.2013	
J NON-CURRENT INVESTMENTS				
Other non-current investments				
Investment in Post office		0.10		0.10
		0.10		0.10
K LONG TERM LOANS & ADVANCES				
(Unsecured, considered good)				
i) Capital Advance		78.12		108.53
ii) Security Deposits		156.18		117.89
iii) Loans & Advances due by Director				
Land purchase advance		465.00		400.00
		699.29		626.42
L INVENTORIES				
Work-in-progress at cost	793.44		779.96	
Finished Goods at Cost	29,506.37		25,925.13	
Stock In Trade at Cost	579.21		567.59	
Stores & Spares at cost	1,896.72		1,883.22	
		32,775.74		29,155.90
M TRADE RECEIVABLES				
(Unsecured, considered good)				
Outstanding for a period exceeding six months.	106.63		3,058.75	
Others	3,108.34		2,967.96	
		3,214.97		6,026.71
N CASH AND CASH EQUIVALENTS				
Cash on hand	17.33		52.86	
Balance with Banks				
In Current Account	1,994.31		522.34	
In Current Account - Scheme for Extending Financial Assistance of Sugar Undertakings scheme	6,585.00		-	
Bank deposits having more than 12 months maturity	-		86.66	
Guarantee Margin Account	517.96		220.26	
Dividend account	47.69		75.08	
		9,162.29		957.21
O SHORT TERM LOANS AND ADVANCES				
(Unsecured, considered good)				
Others				
Staff and other advance	275.56		276.38	
Advance to suppliers	479.98		304.29	
Advance Sales Tax	-		50.00	
Advance Income - Tax	651.98		562.73	
Excise Duty Deposits	910.36		1,248.19	
Prepaid Expenses	502.93		887.16	
		2,820.81		3,328.75
		2,820.81		3,328.75

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

PARTICULARS	31.03.2014		31.03.2013	
P OTHER CURRENT ASSETS				
Income receivable	**199.48**		218.16	
Interest receivable on Excise Duty Loan	**90.21**		86.33	
		289.69		304.49
Q Revenue from Operations				
i) Sale of products	**95,223.96**		97,203.30	
ii) Other operating revenue				
Sale of scrap	**156.03**		224.18	
Export incentives	**4.93**		261.46	
	95,384.92		97,688.94	
LESS: Excise duty	**3,043.69**		2,620.36	
		92,341.23		95,068.57
R OTHER INCOME				
i) Interest Income - Others	**108.80**		60.98	
ii) Other non operating Income				
Rental Income	**1.40**		1.32	
Other Misc Income	**238.18**		86.98	
Net gain on foreign currency transactions / translations	**37.39**		196.56	
Profit on sale of assets	**0.51**		10.28	
Loss on investments	**(1.00)**		-	
		385.28		356.12
S COST OF MATERIALS CONSUMED				
Raw material		**73,609.24**		76,613.68
T CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS & STOCK IN TRADE				
Opening Inventory				
Finished goods	**25,925.13**		*14,878.51*	
Work in progress	**779.96**		*710.52*	
Stock in trade	**540.89**		*540.89*	
		27,245.98		*16,129.91*
Less : Closing inventory				
Finished goods	**29,506.37**		*25,925.13*	
Work in progress	**793.44**		*779.96*	
Stock in trade	**540.89**		*540.89*	
		30,840.70		*27,245.98*
		(3,594.72)		*(11,116.06)*
Less: Excise duty on Increase / (Decrease) in stock of Finished Goods		**175.60**		*426.87*
		(3,419.13)		*(10,689.20)*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

PARTICULARS	31.03.2014		31.03.2013	
U EMPLOYEE BENEFIT EXPENSES				
Salaries, Wages & Bonus	**3,426.69**		*3,014.53*	
Contribution to Provident Fund & Other funds	**194.51**		*376.87*	
Welfare Expenses	**335.30**		*349.97*	
		3,956.50		*3,741.37*
V FINANCE COST				
a) Interest expense	**7,319.36**		*7,720.51*	
b) Other borrowing costs	**550.33**		*742.20*	
		7,869.69		*8,462.71*
W OTHER EXPENSES				
Consumption of Stores	**1,372.17**		*1,458.83*	
Consumption of Packing Materials	**1,611.15**		*1,804.00*	
		2,983.32		*3,262.83*
Power & Fuel		**1,829.26**		*1,537.04*
Building rent		**145.50**		*120.18*
Repairs & Maintenance				
Building	**195.92**		*120.39*	
Machinery	**2,573.43**		*2,603.83*	
		2,769.35		*2,724.22*
Insurance Premium		**190.37**		*189.42*
Licence Fees & Tax		**541.89**		*318.62*
Selling Expenses		**108.68**		*1,232.93*
Cartage & Freight		**692.25**		*1,172.83*
Payment to Auditor's				
- Statutory Audit fees	**8.00**		*8.00*	
- Taxation matters	**5.25**		*2.00*	
- Certification	**2.16**		*1.86*	
		15.41		*11.86*
Cost Audit fees		**2.04**		*1.54*
Miscellaneous Expenses		**2,558.16**		*2,543.03*
		11,836.24		*13,114.51*

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 **31.3.2014**	*31.3.2013*
Trident Sugars Limited	India	100.00%	100.00%	*100.00%*
Rajshree Power Private Ltd*	India	99.96%	Nil*	*99.96%*

* Note: Rajshree Power Private Ltd, one of the Subsidiary Companies has been struck off and dissolved vide approval dated 19th March 2014 of the Registrar of Companies, Tamil Nadu, Coimbatore pursuant to sub section (5) of Section 560 of the Companies Act 1956.

2) Other significant accounting polices

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)	**31.3.2014**	*31.3.2013*
Estimated amount of contracts remaining to be executed on capital account and not provided for	**636.26**	*917.33*

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) 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.

iii) The central excise demand of ₹ 397.78 lakhs with interest and a penalty of ₹ 10 lakhs confirmed by Commissioner of Central Excise, Pondicherry in the matter of eligibility of exemption on captive consumption of molasses in Unit III has not been provided for in the accounts. The Company has preferred an appeal before Central Excise and Service Tax Appellate Tribunal (CESTAT), Chennai. Demand of ₹ 280 Lakhs with interest and penalty of ₹ 5 lakhs on the similar issue in Unit I is also being contested by the Company and the same has not been provided for in the account.

iv) Recompense amount payable as per Corporate Debt Restructuring (CDR) scheme for the year ended 31st March 2014 - ₹ 431 Lakhs

b) Income Tax assessments have been completed upto Assessment year 2011-12. 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)	**31.3.2014**	*31.3.2013*
i) VAT 2006-07 (Appeal is pending before the Sales Tax Appellate Tribunal)	**4.06**	*4.06*

ii) Income tax assessment upto assessment year 2011-12 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) In terms of resolutions passed at the Extraordinary General Meeting held on 10th October 2012, 11,50,000 Equity warrants were issued to Ms.Rajshree Pathy, Chairperson and Managing Director at an exercise price of ₹ 55.20 per warrant. In terms of the regulations, 25% of the total amount (₹ 158.70 lakhs) was deposited on 24th October 2012. Subsequent to the close of the financial year 2013-14 since Ms.Rajshree Pathy did not exercise the option, the initial amount of ₹ 158.70 lakhs is forfeited in April 2014.

7) Corporate Debt Restructuring (CDR)

The Corporate Debt Restructuring .proposal (CDR proposal) was referred by the company to Corporate Debt Restructuring Cell, ("CDR Cell") and the said proposal was recommended by the consortium of lenders led by State Bank of India (SBI), Coimbatore. The CDR proposal was approved by CDR Empowered Group ("CDR EG") on 14th March 2014 and communicated vide final Letter of Approval dated 24th March 2014. The cut-off date for the CDR proposal was 1st October 2013. The Master Restructuring Agreement (MRA) between the company and the CDR lenders has been executed, by virtue of which the restructured facilities are governed by the provisions specified in the MRA on the cut-off date of October 1, 2013.

The key features of the CDR scheme are same as given under standalone financial statements of the Company.

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

	31.3.2014	31.3.2013
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	-	-

9) 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 Company is 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 company and the related detailed information to any member of the Company and members of subsidiary company, seeking such information at any point of time. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary company.

The annual financial statements of the subsidiary company shall also be kept for inspection by any shareholder at the registered office of the holding company and of the subsidiary company concerned. The holding company shall furnish a hard copy of details of financial statements of subsidiary 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	
	31.3.2014	*31.3.2013*	**31.3.2014** (Dissolved)	*31.3.2013*
Share Capital	**1,449.49**	*741.12*	**-**	*1.00*
Reserves & Surplus	**(1,197.12)**	*(428.83)*	**-**	-
Total Assets	**13,796.80**	*11,147.74*	**-**	*1.02*
Total Liabilities	**13,796.80**	*11,147.74*	**-**	*1.02*
Investments	**-**	-	**-**	-
Turnover	**9,368.32**	*10,947.00*	**-**	-
Profit/(Loss) before tax	**(1,111.86)**	*(689.73)*	**-**	-
Provision for taxation	**(343.56)**	*(213.13)*	**-**	-
Profit/(Loss) after tax	**(768.29)**	*(476.61)*	**-**	-
Proposed dividend	**-**	-	**-**	-

10) Transactions with related parties

(₹ in Lakhs)

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Other Related Parties	**Total**
Remuneration paid				
Ms. Rajshree Pathy	123.74	-	-	123.74
	(122.60)*	*(-)*	*(-)*	*(122.60*)*
Mr. R.Varadarajan	57.24	-	-	57.24
	(57.24)	*(-)*	*(-)*	*(57.24)*
Purchase of Goods				
Ms. Aishwarya Pathy	-	4.95	-	4.95
	(-)	*(8.24)*	*(-)*	*(8.24)*
Mr. Aditya Krishna Pathy	-	20.35	-	20.35
	(-)	*(7.24)*	*(-)*	*(7.24)*
RSCL Properties (P) Ltd.	-	-	14.50	14.50
	(-)	*(-)*	*(1.03)*	*(1.03)*
Greenplus Manures (P) Ltd.	-	-	15.37	15.37
	(-)	*(-)*	*(21.69)*	*(21.69)*
Rajshree Spinning Mills Ltd.	-	-	11.89	11.89
	(-)	*(-)*	*(-)*	*(-)*
Purchase of Assets / Accessories				
CAI Industries (P) Ltd.	-	-	2.65	2.65
	(-)	*(-)*	*(18.73)*	*(18.73)*
Rajshree Automotive (P) Ltd.	-	-	0.54	0.54
	(-)	*(-)*	*(0.43)*	*(0.43)*
Receiving of Services				
CAI Industries (P) Ltd.	-	-	1.25	1.25
	(-)	*(-)*	*(2.07)*	*(2.07)*
Aloha Tours & Travels (India) (P) Ltd.	-	-	1.38	1.38
	(-)	*(-)*	*(1.47)*	*(1.47)*
Rajshree Automotive (P) Ltd.	-	-	0.24	0.24
	(-)	*(-)*	*(0.55)*	*(0.55)*
Major Corporate Services (India) Ltd.	-	-	201.46	201.46
	(-)	*(-)*	*(-)*	*(-)*
Finance - Advance for purchase of property				
Ms. Rajshree Pathy	65.00	-	-	65.00
	(350.00)	*(-)*	*(-)*	*(350.00)*

Transactions with related parties

(₹ in Lakhs)

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Other Related Parties	**Total**
Finance - Strike price received for subscription of equity warrants				
Ms. Rajshree Pathy	-	-	-	-
	(158.70)	*(-)*	*(-)*	*(158.70)*
Lease rent paid				
Rajshree Spinning Mills Ltd.	-	-	2.19	2.19
	(-)	*(-)*	*(6.57)*	*(6.57)*
OUTSTANDINGS				
Payable	535.00	6.74	12.02	553.76
	(600.00)	*(1.79)*	*(0.46)*	*(606.25)*
Receivable	-	-	11.13	11.13
	(-)	*(-)*	*(6.24)*	*(6.24)*

** Net of recovery of excess provision of ₹ 1.13 lakhs in previous 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) Information about segment: Primary segment - Business segments

(₹ in Lakhs)

	31.3.2014				31.3.2013			
	Sugar	Cogeneration	Distillery	**Total**	*Sugar*	*Cogeneration*	*Distillery*	*Total*
REVENUE								
External Sales	78,326.41	6,222.06	10,836.45	**95,384.92**	*84,586.28*	*6,998.19*	*6,104.46*	***97,688.93***
Inter-segment Sales	4,175.61	4,001.61	7.23	**8,184.45**	*3,389.24*	*4,375.85*	*133.64*	***7,898.73***
Total Revenue	82,502.02	10,223.67	10,843.68	**1,03,569.37**	*87,975.52*	*11,374.04*	*6,238.10*	***1,05,587.66***
RESULT								
Segment result	(5,193.00)	5,114.00	5,043.00	**4,964.00**	*2,311.99*	*6,122.12*	*2,093.04*	***10,527.15***
Unallocated corporate expenses				**(2,067.00)**				***(1,585.46)***
Operating Profit				**2,897.00**				***8,941.69***
Interest Expense				**7,870.00**				***8,462.71***
Interest Income				**-**				***-***
Income Taxes/Deferred Tax				**(1,536.46)**				***(66.77)***
Profit from ordinary activities				**(3,435.89)**				***545.75***
Extraordinary/Exceptional Items				**-**				***6.16***
Net Profit /(Loss)				**(3,435.89)**				***551.91***
OTHER INFORMATION								
Segment assets	77,526.63	20,326.60	13,472.35	**1,11,325.58**	*71,232.27*	*22,366.88*	*13,425.20*	***1,07,024.35***
Unallocated Corporate assets				**0.10**				***0.10***
Total Assets				**1,11,325.68**				***1,07,024.45***
Segment Liabilities	85,911.70	6,196.77	8,153.94	**1,00,262.41**	*71,203.35*	*8,836.00*	*9,273.00*	***89,312.35***
Unallocated Corporate Liabilities				**2.95**				***1,520.73***
Total Liabilities				**1,00,265.36**				***90,833.08***
Capital Expenditure				**1,102.30**	*4,190.81*	*66.67*	*955.23*	***5,212.71***
Depreciation	1,857.48	1,253.07	7,35.77	**3,846.32**	*1,755.54*	*1,268.74*	*678.35*	***3,702.63***
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)

	31.3.2014	*31.3.2013*
Domestic Sales	**94,798.10**	*80,106.47*
Export Sales including carbon credit	**425.86**	*17,096.83*
Total	**95,223.96**	*97,203.30*

(₹ in Lakhs)

12) Earnings per share	**31.03.2014**	*31.03.2013*
a) Weighted average number of equity shares of ₹10/- each outstanding at the year end	**23,791,700**	*23,791,700*
b) Number of potential equity shares of ₹10/-each (Equity warrants pending conversion)	**--**	*1,150,000*
c) Profit/(Loss) before exceptional/extraordinary items & tax	**(4,972.35)**	*478.98*
i) Basic earnings per share of ₹10/- each	**(20.89)**	*2.01*
ii) Diluted earnings per share of ₹10/- each (After conversion of pending equity warrants)	**(20.89)**	*1.92*
d) Profit/(Loss) after exceptional/extraordinary items & tax	**(3,435.89)**	*551.91*
i) Basic earnings per share of ₹10/- each	**(14.44)**	*2.32*
ii) Diluted earnings per share of ₹10/- each (After conversion of pending equity warrants/since lapsed)	**(14.44)**	*2.21*

13) 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 : 14th May 2014

R. Varadarajan
Wholetime Director

A. Sathyamurthy
President & Chief Financial Officer

Rajshree Pathy
Chairperson and Managing Director

M. Ponraj
Company Secretary

(₹ in Lakhs)

Consolidated Cash Flow Statement for the Year ended	31.03.2014	31.03.2013
A. Cash Flow from Operating activities:		
Net Profit before taxation & extraordinary items	**(4,972.35)**	*478.98*
Adjustment for:		
Depreciation	**3,846.32**	*3,702.63*
Loss / (Profit) on sale of Fixed Assets	**(0.50)**	*(7.91)*
Interest paid	**7,869.69**	*8,462.71*
Interest received	**(108.80)**	*(60.98)*
Operating profit before working capital changes	**6,634.36**	*12,575.43*
Adjustments for:		
Trade and other receivables	**3,172.90**	*1,824.43*
Inventories	**(3,619.84)**	*(11,466.87)*
Trade payables	**(4,194.26)**	*10,848.00*
Cash generated from Operations	**1,993.16**	*13,780.99*
Direct taxes (paid) / Refund	**89.25**	*(207.60)*
Cashflow before extraordinary items	**2,082.41**	*13,573.39*
Extraordinary items	**-**	*6.16*
Net cash from operating activities	**2,082.41**	*13,579.54*
B. Cash flow from investing Activities		
Purchase of Fixed Assets	**(1,102.31)**	*(5,167.31)*
Sale of Fixed Assets - Including compensation received on acqisition	**0.54**	*15.36*
Interest received	**108.80**	*60.98*
Net Cash used in Investing Activities	**(992.97)**	*(5,090.96)*
C. Cash Flow from Financing Activities		
Proceeds from issue of Share Capital	**-**	*158.70*
Proceeds from / (Repayment of) long term borrowings	**13,168.19**	*(6,483.56)*
Proceeds from / (Repayment of) short term borrowings	**1,817.15**	*6,073.55*
Interest paid	**(7,869.69)**	*(8,462.71)*
Dividend paid including tax on dividend	**-**	*-*
Net Cash used in Financing Activities	**7,115.64**	*(8,714.02)*
Net Increase / (Decrease) in Cash and Cash Equivalents	**8,205.08**	*(225.44)*
Cash and cash equivalent as at the beginning of the Year	**957.21**	*1,182.65*
Cash and cash equivalent as at the close of the Year	**9,162.29**	*957.21*

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 : 14th May 2014

R. Varadarajan
Wholetime Director

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President & Chief Financial Officer

Rajshree Pathy
Chairperson and Managing Director

M. Ponraj
Company Secretary

RAJSHREE
SUGARS & CHEMICALS LTD

Regd Office: 'The Uffizi', 338/8, Avanashi Road, Peelamedu, Coimbatore 641 004.
Tel (0422) 4226222 Fax (0422) 2577929 CIN: L01542TZ1985PLC001706
E-Mail: rscl@rajshreesugars.com; Website: www.rajshreesugars.com

POSTAL BALLOT FORM (in lieu of E-Voting)

Name and Registered Address of the Sole / First named Member	
Names of the Joint Member(s), if any	
Registered Folio No. / DP ID No. / Client ID No.	
No. of Shares held	

I/We hereby exercise my/our vote(s) in respect of the following resolutions to be passed through Postal Ballot / e-Voting as set out in the Notice dated 2nd August 2014 of the Company by conveying my/our assent (for) of dissent (against) the said Resolutions by placing the tick mark (✓) of the appropriate box below:

Item No.	Description	No. of shares	Assent (FOR)	Dissent (AGAINST)
1.	Adoption of Financial Statements			
2.	Reappointment of Dr.P.Surulinarayanasami as Director			
3.	Appointment of Auditors			
4.	Appointment of Mr.G.R. Karthikeyan as an Independent Diretor			
5.	Appointment of Dr.K.Mohan Naidu as an Independent Diretor			
6.	Appointment of Mr.R.C.H.Reddy as an Independent Diretor			
7.	Appointment of Mr.G.S.V.Subba Rao as an Independent Diretor			
8.	Reappointment of Ms.Rajshree Pathy as Managing Director			
9.	Reappointment of Mr.R.Varadarajan as Wholetime Director			
10.	Remuneration of Cost Auditor			
11.	Borrowing Powers under section 180(1)(c) of the Companies Act, 2013			
12.	Mortgage of Assets under section 180(1)(a) of the Companies Act, 2013			
13.	Alteration of Articles of Association - Same person as Chairperson and Managing Director			

Place:

Date:

Signature of the Member

Notes: (i) If you opt to cast your vote by e-voting, there is no need to fill up and sign this form.
(ii) Last date for receipt of Postal Ballot form on or before 5 PM on 2nd September, 2014

Please read the instructions printed overleaf carefully before exercising your vote.

INSTRUCTIONS

1. General Instructions:

   a. There will be one Postal Ballot Form / e-voting for every Client ID No. / Folio No. irrespective of the number of joint holders.

   b. Members have option to vote either through Postal Ballot form or through e-voting. If a member has opted for Physical Postal Ballot, then he/she should not vote by e-voting and vice versa. However, in case Shareholders cast their vote through both physical postal ballot and e-voting, then vote case through e-voting shall prevail and vote cast through Physical Postal Ballot shall be considered invalid.

   c. Voting in the Postal Ballot / e-voting cannot be exercised by a proxy. However, corporate and institutional members shall be entitled to vote through their authorized representatives with proof of their authorization, as stated below.

   d. Any query in relation to the Resolutions proposed to be passed by Postal Ballot may be addressed to Mr.M.Ponraj, Company Secretary at the Registered Office of the company.

   e. The Scrutinizer's decision on the validity of a Postal Ballot / E-voting shall be final and binding.

2. Instructions for voting physically by Postal Ballot Form:

   a. A member desirous of exercising his/her Vote by Postal Ballot may complete this Postal Ballot Form and send it to the Scrutinizer, Mr.B.Krishnamuoorthi,FCA Chartered Accountant, C/oM/s SKDC Consultants Limited, 1391/A-1 Sathy Road, Ganapathy, Coimbatore-641 006.

   b. This Form must be completed and signed by the Member, as per specimen signature registered with the Company or Depository Participant, as the case may be. In case of joint holding, this Form must be completed and signed (as per the specimen signature registered with the Company) by the first named Member and in his/her absence, by the next named Member.

   c. In respect of shares held by corporate and institutional members (companies, trusts, societies, etc.) the completed Postal Ballot Form should be accompanied by a certified copy of the relevant Board Resolution / appropriate authorization, with the specimen signature (s) of the authorized signatory(ies) duly attested.

   d. Voting rights shall be reckoned in proportion to the paid-up equity shares registered in the name of the Member as on 1st August, 2014.

   e. The consent must be accorded by recording the assent in the column 'FOR' or dissent in the column 'AGAINST' by placing a tick mark (?) in the appropriate column in the Postal Ballot form. The assent or dissent received in any other form shall not be considered valid.

   f. Members are requested to fill the Postal Ballot Form in indelible ink and avoid filling it by using erasable writing medium(s) like pencil.

   g. Duly completed Postal Ballot form should reach the Scrutinizer not later than the close of working hours (17.00 hrs) on 2nd September 2014. All Postal Ballot forms received after this date will be strictly treated as if no reply has been received from the Member(s).

   h. A Member may request the Company for a duplicate Postal Ballot form, if so required, and the same duly completed should reach the Scrutinizer not later than the date specified under instruction No.2(g) above.

   i. Members are requested not to send any other paper along with the Postal Ballot form. They are also requested not to write anything in the Postal Ballot form except giving their assent or dissent and putting their signature. If any such other paper is sent, the same will be destroyed by the Scrutinizer.

   j. Incomplete, unsigned or incorrectly ticket Postal Ballot forms will be rejected.

   k. The results would be displayed on the Company's website www.rajshreesugars.com, besides communicating to the Stock Exchanges where the Company's shares are listed.

RAJSHREE
SUGARS & CHEMICALS LTD

ATTENDANCE SLIP

PLEASE BRING THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF the Chamber Hall, Indian Chamber of Commerce & Industry, Avanashi Road, Coimbatore - 641 018

SEQUENCE No. :

Name & Address of the Shareholder

FOLIO / DEMAT ID :

I hereby record my presence at the ANNUAL GENERAL MEETING at the Chamber Hall, Indian Chamber of Commerce & Industry, Avanashi Road, Coimbatore - 641 018 on Monday the 8th September, 2014 at 10.00 A.M.

Signature of the Member or Proxy

No. of Shares held

Form No. MGT-11

PROXY FORM

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

CIN	L01542TZ1985PLC001706
Name of the Company	Rajshree Sugars & Chemicals Limited
Registered Office	"*The Uffizi*", 338/8, Avanashi Road, Peelamedu, Coimbatore - 641 004

Name of the shareholder	
Registered address	
E-mail ID	
Folio No. / Demat ID	

I / we, being the shareholder(s) of ..... shares of the above named company, hereby appoint :

1	Name	
	Address	
	E-mail ID	
	Signature	

or failing him

2	Name	
	Address	
	E-mail ID	
	Signature	

or failing him

3	Name	
	Address	
	E-mail ID	
	Signature	

(p.t.o)

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th Annual General Meeting of the company, to be held on Monday the 8th September, 2014 at 10.00 am at the Chamber Hall, Indian Chamber of Commerce & Industry, Avanashi Road, Coimbatore - 641 018 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No. (□)

1		8	
2		9	
3		10	
4		11	
5		12	
6		13	
7			

Signed this …… day of …….. 2014.

Signature of shareholder :

Signature of Proxy holder(s) :

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

Affix
Revenue
Stamp

RAJSHREE
SUGARS & CHEMICALS LTD

Rajshree Sugars & Chemicals Limited, *The Uffizi* , 338/8, Avanashi Road, Peelamedu, Coimbatore - 641 004. TN, India
T: +91 - 422 4226222, 2580981-82 F: +91 - 422 2577929 E: rscl@rajshreesugars.com W: www.rajshreesugars.com

CIN: L01542TZ1985PLC001706