

BOARD OF DIRECTORS	<p>Mr. M.P.Purushothaman Chairman & Managing Director Ms. Nisha Purushothaman Mr. Sheeju Purushothaman Mr. M.P.Mehrotra (Independent Director) Mr. T.S.Raghavan (Independent Director) Mr. Shankar Menon (Independent Director) Mr. M.K.Mohan (Independent Director)</p>
COMPANY SECRETARY	Mr. S.S.K.Swarup
AUDITORS	<p>M/s.Venkatesh & Co., Chartered Accountants 'Sri Ranga', New No.151, Mambalam High Road, T.Nagar Chennai- 600 017.</p>
BANKERS	<p>Indian Bank Union Bank of India Indian Overseas Bank Bank of India Punjab National Bank Oriental Bank of Commerce Andhra Bank</p>
REGISTERED OFFICE	<p>Ayyapareddipalem Naidupet – 524 126 Nellore District, Andhra Pradesh.</p>
FACTORIES	<p>1. Ayyapareddipalem Village, Naidupet, Nellore District, A.P. 2. Idaikkal Village, Ambasamudram, Tirunelveli Dist., T.N.</p>
ADMINISTRATIVE OFFICE	<p>Empee Tower, No.59, Harris Road, Pudupet, Chennai – 600 002.</p>

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EMPEE SUGARS AND CHEMICALS LIMITED

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 23rd Annual General Meeting of Empee Sugars and Chemicals Limited will be held on Friday, the 26th September, 2014 at 11.30 a.m. at the Registered Office of the Company at Ayyapareddipalem Village, Naidupet Mandal, Nellore District, Pin code-524 126, Andhra Pradesh to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended 31st March, 2014 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a director in the place of Mr. Sheeju Purushothaman (DIN:00044934), who retires by rotation and is eligible for re-appointment.
3. 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 Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder, as amended from time to time, M/s. Venkatesh & Co, Chartered Accountants, (Firm Registration No. 004636S) be and is hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 28th AGM of the Company to be held in the year 2019 (subject to ratification of their appointment at every AGM), at such remuneration plus service tax as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS:

4. 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 Section 149 of the Companies Act 2013 and the rules made thereunder and the Articles of Associations of the company Mr.M.K.Mohan, (DIN 01260838) (Independent Director) who was appointed as an additional director of the company by the Board of Directors w.e.f. 26.5.2014, and who holds directorship until the date of this AGM in terms of section 161 of the Companies Act, 2013 and in respect of whom the company has received a Notice in writing from a member under Section 160 of the Companies Act, 2013 proposing Mr.M.K.Mohan as a candidate for the office of a Director of the company, be and is hereby appointed as an independent Director of the company for five years from the date of this AGM.

5. **Appointment of Mr. M.P.Mehrotra as an Independent Director**

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

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“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules made thereunder read with Schedule IV to the Act, as amended from time to time, Mr.M.P.Mehrotra, (DIN 00016768) a non-executive director of the Company, who has submitted a declaration that he meets the criteria to be an independent Directorship as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from 26th September, 2014 up to 25th September 2019.”

6. Appointment of Mr.Shankar Menon 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, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules made thereunder read with Schedule IV to the Act, as amended from time to time, Mr.Shankar Menon, (DIN 01890229) a non-executive director of the Company, who has submitted a declaration that he meets the criteria to be an independent Directorship as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from 26th September, 2014 up to 25th September 2019.”

7. Appointment of Mr.T.S.Raghavan 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, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules made thereunder read with Schedule IV to the Act, as amended from time to time, Mr.T.S.Raghavan, (DIN 00446651) a non-executive director of the Company, who has submitted a declaration that he meets the criteria to be an independent Directorship as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from 26th September, 2014 up to 25th September 2019.”

8. APPROVAL FOR TRANSACTION WITH RELATED PARTIES:

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

RESOLVED THAT pursuant to the provisions of Section 188 read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, and all other applicable provisions of the Companies Act, 2013, consent of the members of the company, be and is hereby accorded to enter into transactions for the financial year 2014-15 as per details given below.

EMPEE SUGARS AND CHEMICALS LIMITED

Particulars	Amount (max.) Rs. in lakhs
Remuneration to Managing Director – Mr.M.P.Purushothaman	42.00
Business & Auxiliary Services – M/s.Empee Holdings Ltd	200.00
Guest house Rent – M/s.South (India) Hotels Pvt Ltd	27.00
Office Rent – M/s.Aruna Constructions	30.00
Car Hire charges – M/s.Aruna Constructions	13.00
Car Hire charges – M/s.Empee Holdings Ltd	13.00

RESOLVED FURTHER THAT the board of directors of the company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, as may be necessary in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, agreements, applications and documents that may be required, on behalf of the company and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effect to this resolution.”

RESOLVED FURTHER THAT the board of directors of the company be and is hereby authorized to determine the actual sums to be involved in the proposed transaction from time to time within the overall limits stated above and the terms and conditions related thereto and all other matters arising out of or incidental to the proposed transaction.”

9. Proposal to BIFR:

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

RESOLVED that pursuant to the provisions of the Companies Act, 2013 and other applicable provisions if any, since the net worth of the company has eroded 100% net worth of the company, Board of Directors of the company be and are hereby authorized to file an application with necessary documents to Board for Industrial and Financial Reconstruction (BIFR) for rehabilitation of the company.

RESOLVED FURTHER that Mr.M.P.Purushothaman, Chairman & Managing Director or Ms.Nisha Purushothaman, Director of the company are hereby severally authorized to file the reference with Hon'ble BIFR and to submit any other information in any form and manner as may be required by the said Board and to appoint representatives/ counsel or authorize any of the employees of the company to the said Board or any other authority in this regard.

**By Order of the Board
For Empee Sugars and Chemicals Ltd**

**Place: Chennai
Date : 9.8.2014**

**S.S.K.Swarup
Company Secretary**

EMPEE SUGARS AND CHEMICALS LIMITED

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS BEHALF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY FORM DULY COMPLETED AND STAMPED MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. 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 PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.
3. Corporate Members intending to send their authorized representative to attend the Meeting are requested to send to the Company a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. The Register of members and share transfer books of the company will be closed from 22.9.2014 to 26.9. 2014 (Both days inclusive).
5. Members/proxies should bring the attendance slip duly filed along with copy of Annual report for attending the meeting.
6. Members are requested to intimate changes if any, in their address to the Registrar and share transfer Agents, M/s. Cameo Corporate Services Limited, "Subramanian Building", V Floor, 1, Club House Road, Chennai - 600 002.
7. The Company's equity shares are listed on the Bombay Stock Exchange Ltd and Madras Stock Exchange Ltd and the company has paid listing fees upto date. The Madras Stock Exchange Ltd, (MSE) vide its letter dated 12th June, 2014 informed the company about its Voluntary surrender of recognition and closure of the Exchange. Accordingly the company has made an application for delisting of shares from MSE.
8. The disclosures under clause 49 of the Listing Agreement in respect of the Directors appointed are given in the Report on Corporate Governance forming part of the Annual report.
9. In accordance with provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, postal ballot / e-voting facility have been provided to the members. The Board of Directors has appointed Mr. S Dhanapal Partner, M/s S Dhanapal & Associates, Practising Company Secretaries, Chennai, as the Scrutinizer, for conducting the postal ballot and e-voting process in a fair and transparent manner. The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") to provide e-voting facilities enabling the members to cast their vote in a secured manner. It may be noted that this e-voting facility is optional. The e-voting facility will be available at the link www.evotingindia.com during the following voting period:

The e-voting period would commence on Monday 22nd September, 2014 (9:00 am) and end on Tuesday, the 23rd September, 2014 (5:30 pm).

During the above period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder cannot change it subsequently.

The procedure and instructions for e-voting is furnished in this notice.

The Scrutinizer will submit his report to the Company after completion of the scrutiny and the results of the postal ballot / e-voting will be announced by the Company on its website – www.empeegroup.com within two days of passing of the Resolutions at the Annual General Meeting.

Annexure to the Notice

Explanatory Statement under Section 102 of the Companies Act, 2013

Item No.3

M/s.Venkatesh & Co., (Registration No.004636S) Chartered Accountants, Chennai were appointed as the statutory auditors of the Company for financial year 2013-14 through Postal ballot of the company held on 6th July 2014. Accordingly, the audit of the company for financial year 2013-14 was conducted by them.

As per the provisions of section 139 of the Act, 2013, no listed company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. Section 139 of the Act has also provided a period of three years from the date of commencement of the Act to comply with this requirement.

In view of the above, M/s.Venkatesh & Co., being eligible for re-appointment and based on the recommendation of the Audit Committee, the Board of Directors has, at its meeting held on 9th August 2014, proposed the appointment of M/s.Venkatesh & Co., as the statutory auditors of the Company for a period of five years to hold office from the conclusion of this AGM till the conclusion of the 28th AGM of the Company to be held in the year 2019 (subject to ratification of their appointment at every AGM).

The Board recommends the Resolution at Item No. 3 as set out in the Notice for the approval of the Members.

None of the Directors and Key Managerial Personnel (KMP) or relatives of directors and KMP is concerned or interested in the Resolution at Item No.3 of the accompanying Notice.

Item No.4

The Board of Directors at their meeting held on 26.5.2014 appointed Mr.M.K.Mohan (DIN 01260838) as an additional Director of the company pursuant to Section 161 of the Companies Act, 2013, read with the Articles of Association of the company.

Pursuant to Section 161 of the Companies Act, 2013, Mr.M.K.Mohan will hold office upto the date of the ensuing AGM. The company has received a Notice in writing from a member along with the requisite deposit under Section 160 of the Companies Act, 2013, proposing the candidature of Mr.M.K.Mohan for the office of Director. Accordingly the Board recommends the resolution as set out at item no.6 of the Notice for approval of the members.Mr.M.K.Mohan will be appointed as an Independent Director from 26.09.2014 to 25.09.2019.

Except Mr.M.K.Mohan, being an appointee, none of the Directors and key managerial personnel of the company and their relatives is concerned or interested or otherwise in the resolution.

Item No. 5 to 7

The Independent Directors as mentioned in the respective resolutions 5,6 & 7 of the Notice were appointed in compliance of the Listing Agreement, whose period of office were liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956.

Section 149 (10) of the Companies Act, 2013 provides that an independent director shall hold office for a term of up to five consecutive years from the date of appointment. Further, section 149 (13) of the Companies Act, 2013 states that the provisions relating to retirement of directors by rotation shall not apply to the appointment of independent directors.

In addition, the Ministry of Corporate Affairs (MCA), Government of India, by a notification, has clarified that if a company intends to appoint existing independent directors as independent directors under the Act, such appointment must be made expressly within one year from April 1, 2014. The Company proposes to comply with the provisions of the Companies Act, 2013 and the Notification issued by MCA.

In the opinion of the Board, all Directors mentioned in the respective resolution(s) fulfill the conditions specified in the Act for appointment as Independent Directors of the Company. Details in respect of each of the Directors, who are proposed to be appointed as Independent Directors, are furnished in the Report on Corporate Governance forming part of the Annual report.

The Board considers that their continued association with the Company would be of immense benefit to the Company. In view thereof, your Board has recommended them to be appointed as Independent Directors.

Concerned Directors are interested in their respective resolutions being related to their own appointments. Other than the aforesaid, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested or otherwise in the respective Resolution as set out. None of the said Directors are related inter se to each other.

Item No.8

The company proposes to enter into transactions with the related parties in the financial year 2014-15 mentioned in the resolution which requires the approval of the shareholders by means of special resolution. The details regarding the transaction as required under the Act are given below:

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Name of the related parties	1. M/s. Empee Holdings Ltd 2. M/s. South (India) Hotels Pvt Ltd 3. M/s. Aruna Constructions
Name of the Director or Key Managerial Personnel who is related, if any	Mr. M.P.Purushothaman Ms. Nisha Purushothaman Mr. Sheeju Purushothaman
Nature of Relationship	Director/ Partner
Nature, Material Terms, Monetary Value and Particulars of the Contract or arrangement	Remuneration : Rs.42 lakhs, Business & Auxiliary services : Rs.200 lakhs Guest house Rent : Rs.27 lakhs Office Rent : Rs.30 lakhs Car Hire charges : Rs.26 lakhs.
Duration of Contract Or arrangement	1. CMD appointment upto 24.12.2015. 2. Business auxiliary services yearly basis on actual as per agreement. 3. Guest house rent as per agreement. 4. Rent to Office as per agreement. 5. Car hire charges as per agreement.

The Directors/KMPs of the respective companies as mentioned above are concerned / interested in the resolution being directors/KMPs and/or shareholders to the extent of their shareholding in the company.

The Directors recommend the resolution as set out in the notice for the approval by the members as a Special Resolution.

Item No.9

It is brought to the attention of members that due to non-availability of sugar cane, the sugar mill at Ambasamudram could not be operated for the last two years. As the members of the company are aware, the company has borrowed Rs.468.61 crores to fund this integrated sugar complex. The company was finding it very difficult to service the loans and debts availed from the lenders, since the company could not produce Sugar to realise the turnover and generate cash flows. As a spin off effect, these drawbacks led to erosion of 100% networth of the company.

Hence the Board of Directors at their meeting held on 26th May, 2014 decided to make a reference of the company to the BIFR since the company has become a sick company under Section 3(1)(o) of the Sick Industrial Companies(Special Provisions)Act, 1985. Hence in order to pursue the matter, the Board proposes to seek the approval of the members by way of special resolution and hence a special resolution as set out in the notice is recommended for the members approval.

None of the Directors are interested or concerned in this resolution.

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ANNEXURE TO THE NOTICE:

I. GENERAL INFORMATION:

1. Nature of Industry:
The Company is engaged in the business of manufacture of Sugar, Industrial Alcohol and generation of power.
2. Date or expected date of commencement of Commercial production:
Not applicable as the Company is an existing Company.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not applicable as the Company is an existing Company.

4. Financial Performance based on given indicators.

(Rs. in Lacs)

Particulars	Period ended 30-09-2011 (18 months)	Period ended 30-09-2011 (18 months)	Period ended 30-09-2011 (18 months)
Sales	40090.36	39051.29	27985.83
PBID	7409.21	5437.29	1200.21
Net Profit/(Loss)	(3854.70)	(3550.97)	(5458.46)

5. Export performance: Nil
6. Foreign investments or collaborations, if any. : Nil

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II.OTHER INFORMATION:

SI. NO.	DESCRIPTION	PARTICULARS
1	Reason of loss or inadequate profits.	Non-availability of Sugar Cane.
2	Steps taken or proposed to be taken for improvement.	New and existing cane growers are encouraged to plant sugar cane. Loans are being arranged to the farmers through tie up with the Nationalized Banks. Further the sugar prices are governed by Government of India / State Government Policies. The Company is making constant efforts to revive the sugar production upon availability of the sugarcane.
3	Expected increase in productivity and profits in measurable terms	The company is facing the pressure of non-availability of sugar cane coupled with lack of finance. The net worth of the company has already eroded and hence the company is in the process of submitting a proposal to BIFR for rehabilitation.

**By Order of the Board
For Empee Sugars and Chemicals Ltd**

**Place: Chennai
Date : 9.8.2014**

**S.S.K.Swarup
Company Secretary**

EMPEE SUGARS AND CHEMICALS LIMITED

DIRECTORS' REPORT

To the Members,

Yours Directors take pleasure in presenting their 23rd annual Report together with the audited financial statements for the financial year ended 31st March, 2014.

Financial Results

(Rs. in Lacs)

Particulars	2013-14 (Year ended 31.3.2014) (12 months)	2011-13 (Period ended 30.9.2013) (18 months)
Operating Profit/(Loss) before Interest and Depreciation	(1334.94)	5226.21
Other income	134.73	118.25
Less: Interest	6375.51	7673.64
Less: Depreciation	2070.97	3108.11
Profit / (Loss) before Tax	(7246.27)	(5344.46)
Prior period items	493.04	-
Provision for Taxation (earlier year)	324.29	-
Deferred Tax Liability/(Asset)	(1619.06)	(1793.49)
Profit/(Loss) after Tax	(5458.46)	(3550.97)
Brought Forward Profit /(Loss)	(8888.18)	(5337.21)
Carry Forward Profit/(Loss)	(14346.64)	(8888.18)

Performance of the for the period under review:

Particulars	2013-14 (Year ended 31.3.2014) (12 months)	2011-13 (Period ended 30.9.2013) (18 months)
Cane Crushed (MTS)	275069	659970
Recovery of Sugar from Cane (%)	8.96	8.71%
Production of Sugar (Qtls) – Cane	246481	574684
Production of Sugar (Qtls) – Raw sugar	-	-
Total Production of Sugar (Qtls)	246481	574684
Production of Spirits (Ltrs)	6957815	10539246
Sale of Sugar (Qtls) – Cane	304017	505915
Sale of Sugar (Qtls) - Raw sugar	-	-
Total Sale of Sugar (Qtls)	304017	505915
Sale of Spirits (Ltrs)	6041942	9423534
Power sales (Kwh)	30,56,88,000	33,03,40,600

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The operating loss before interest and Depreciation for the year is Rs.1334.94 lacs as against operating profit of Rs. 5226.21 lacs in the previous 18 months Period. During the period under review the Sugar mill at Ambasamudram could not be operated due to non availability of sugar cane. However, the 50 MW power plant in Ambasamudram generated 33,59,60,600 KWH and 30,56,88,000 KWH exported to Tamilnadu State Grid using coal as fuel during the said period.

During the period under review Naidupet sugar plant crushed 275069 lakhs MTs of cane and produced 24648 MTs of sugar and achieved a recovery of 8.96% as against 8.71% in the previous 18 months period.

Dividend:

In view of the losses incurred by the company during the period under review, the Directors are unable to recommend any dividend.

Subsidiaries:

a) Empee Power Company (India) Ltd: 100% subsidiary.

During the period under review, the 20 MW (Licensed) co-gen power plant at Naidupet has incurred a loss of Rs.10.60 Lacs. The loss incurred by the company is mainly on account of low power tariff and increase in the interest rates to 14.30% on the loans availed by the company.

b) Appollo Wind Energy Pvt Ltd. : 100% subsidiary with share capital of Rs.1 lakh.

There was no operations in the Company.

The consolidated accounts of the Company include the accounts of above subsidiaries.

Future Outlook:

50 MW co-generation plant at Ambasamudram is working independently as IPP, although the sugar mill is not functioning due to non-availability of sugarcane. The company's 50 MW Power plant at Amabasamudram is earning TNEB tariff rate of Rs.5.50 per unit and from third parties Rs.6/- per unit. Management is considering various proposals to restructure the sugar mill /assets.

The company expects around 3 lacs tons of cane will be crushed in Naidupet unit during the sugar season 2014-15.

Directors:

Mr.M.P.Mehrotra, Mr.Shankar Menon and Mr.T.S.Raghavan, Directors are retiring by rotation at the ensuring annual general meeting and being eligible offer themselves for re-appointment.

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Further during the period Mr. Sheeju Purushothaman has been re-designated as Director of the company due to expiry of his term as Joint Managing Director on 31.3.2014. Mr. M.K. Mohan has been proposed for re-appointment in the ensuing annual general meeting who holds office upto this AGM.

Mr. M.K. Mohan, Mr. M.P. Mehrotra, Mr. Shankar Menon and Mr. T.S. Raghavan will be appointed as Independent Directors of the company under section 149 of the Companies Act, 2013.

Auditors:

M/s. Venkatsh & Co., Statutory Auditors of the Company will retire at the conclusion of the ensuing annual general meeting and being eligible offer themselves for re-appointment as Auditors of the company and has provided the necessary certificates in compliance of sec. 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

Key Managerial Personnel

In terms of Sec. 203 of the Companies Act, 2013, Mr. M.P. Purushothaman, Chairman & Managing Director and Mr. S.S.K. Swarup, Company Secretary are KMPs of the company.

Report to the Board for Industrial and Financial Reconstruction:

As the members are aware, the company had reported the erosion in the net worth of the company by more than 50% of the peak networth as required under sec 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 to the Board for Industrial and Financial Reconstruction for rehabilitation.

Qualifications in Auditors' Report:

Share Application Money:

The company has approval from the shareholders to obtain share application money up to Rs.150 Crores on preferential basis from Empee Distilleries Limited. Accordingly, the share application money of Rs.140.37 Crores received as at 31-03-2014 from EDL was utilized for the setting up of Integrated sugar complex at Ambasamudram.

The company has filed its application for composite Scheme of arrangement for amalgamation of Empee Distilleries Limited with the judicature of Andhra Pradesh, Hyderabad which has been approved by the shareholders pending for approval of High Court. Once the Scheme is approved, the share application money will be automatically transferred to the amalgamating company, Empee Sugars and Chemicals Ltd and the net worth of the company will improve post implementation of the Scheme.

The other qualifications made by the Auditors in their report are self explanatory.

Fixed Deposits:

Your Company has not accepted any fixed deposits from the public during the period.

Employees:

The Particulars of employees drawing remuneration within the provision of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 is annexed to this Report.

Directors' Responsibility Statement:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- a) in the preparation of the profit and loss account for the year ended 31.3.2014 and the balance sheet as at that date ("Financial Statements") all applicable accounting standards have been followed;
- b) appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at the end of the said period and of the profit/(Loss) of the company for that period.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. To ensure this; the company has established internal control systems, consistent with its size and nature of operations. In weighing the assurance provided by any such system of internal controls its inherent limitations should be recognized. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The audit committee meets at regular intervals to review the internal audit function.
- d) The financial statements have been prepared on a going concern basis.
- e) The financial statements have been audited by M/s.Venkatesh & Co., Statutory Auditors and their report is appended thereto.

Conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo:

Information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo in accordance with the provisions of Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 is annexed to this Report.

Corporate Governance:

The company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements as set out by SEBI and is in conformity with most of the requirements of the voluntary guidelines on Corporate Governance issued by the Ministry of Corporate Affairs. As per Clause 49 of the Listing Agreement entered into Stock Exchanges, Corporate Governance report is attached and forms part of this annual report.

CEO & CFO Certifications

Mr.M.P.Purushothaman, Chairman & Managing Director and Ms.Nisha Purushothaman, Chief Financial Officer of the company have given a certificate to the Board as contemplated under Clause 49 of the Listing Agreement.

Cost Auditors:

Mr.G.Sundaresan has been appointed as Cost Auditor for the company for the financial year 2013-14 during the period. The Company has filed its Cost Audit Report for the previous Financial period 2011-13 (18 months) on 6.9.2013.

Management Discussion and Analysis

In terms of the provisions of Clause 49 of the Listing Agreement, the Management Discussion and Analysis forms part of this annual report.

Acknowledgement:

Your Directors acknowledge and express their sincere appreciation to Banks, Central and State Government authorities, customers, farmers, suppliers, employees and shareholders for their confidence reposed by them in the management and all other stake holders for their whole hearted support and co-operation.

For and on behalf of the Board of Directors

**Chennai
9.8.2014**

**M.P.Purushothaman
Chairman & Managing Director**

ANNEXURE 1 TO DIRECTORS' REPORT

Statement under Sub Section 2 (A) of Section 217 of the Companies Act, 1956

S. No.	Name of the Employee	Designation	Remuneration payable for the year 2013-14 Rs.	Qualification & Experience	Date of Commencement of Employment	Age	Last Employment
1	Mr.M.P.Purushothaman	Chairman & Managing Director	Rs.42 Lakhs*	Higher Secondary. 50 Years in Sugars, Hotel, Transport and Power	01/03/1990	77 Years	-
2	Mr.Sheeju Purushothaman	Joint Managing Director	Rs.15 Lakhs*	B.A, Six years in Sugars, Hotel, power	30/10/2007	36 Years	-

* excluding PF contribution & Gratuity

EMPEE SUGARS AND CHEMICALS LIMITED

ANNEXURE 2 TO THE DIRECTORS REPORT

Information pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors report for the period ended 31st March, 2014.

A. CONSERVATION OF ENERGY

The Company has installed necessary energy conserving machinery as per the standard specification list prescribed by the Government of India for the factory of its size.

FORM A

	Year 2013-14 (Naidupet Unit) 12 Months	Year 2011-13 (Naidupet Unit) 18 Months
(A) POWER AND FUEL CONSUMPTION		
1. Electricity	15,53,840	2,07,455
a) Purchased units (Kwh)		
Total Amount (Rs.)		
Rate / Unit (Rs.)		
b) Cogen to Sugar (Kwh)	99,50,965	1,73,00,001
Total Amount (Rs.)		5,91,66,003.42
Rate/Unit (Rs.)		3.42
c) Own generation		
(i) Through Diesel Generator Units (Kwh)	40861	4424
Units/(liter) of Diesel Oil	6211	509
Cost / Unit (Rs.)		15.49
(ii) Through steam turbine (generated out of our own bagasse Consumption) units (Kwh)	62998234	-
2. Coal	39514	-
Cost / Ton (Rs.)	-	-
3. Furnace Oil	79739	-
4. Others/Internal generation	-	-
a) Fire wood (MTs)	80	-
Rate per Mt(Rs.)		-
b) Husk (MTs)	-	-
Rate per Mt (Rs.)	-	-
(B) CONSUMPTION PER QUINTAL OF SUGAR		
Sugar Produced (Qtl)	2,50,602	5,74,684
Electricity (Kwh/Qtl)	31.06	29.16
Coal (M.T/Qtl)	Nil	Nil
Furnace Oil (K.L/Qtl)	Nil	Nil
Fire wood (M.T/Qtl)	Nil	Nil

EMPEE SUGARS AND CHEMICALS LIMITED

	Year 2013-14 (Ambai Unit) 12 Months	Year 2011-13 (Ambai Unit) 18 Months
(A) POWER AND FUEL CONSUMPTION		
1. Electricity		
a) Purchased units (Kwh)	1,51,500	6,46,800
Total Amount (Rs.)	84,61,698	54,40,719
Rate / Unit (Rs.)	55.85	8.41
b) Cogen to Sugar (Kwh)	2,20,130	1,76,31,158
Total Amount (Rs.)		
Rate/Unit (Rs.)		
c) Own generation		
(i) Through Diesel Generator Units (Kwh)		
Units/(liter) of Diesel Oil	1077	7899
Cost / Unit (Rs.)	39.55	-
(ii) Through steam turbine (generated out of our own bagasse Consumption) units (Kwh)	N.A	N.A
2. Coal	2,85,972	3,05,929
Cost / Ton (Rs.)	4865	4500
3. Furnace Oil	-	-
4. Others/Internal generation		
a) Fire wood (MTs)	28.57	36.85
Rate per Mt(Rs.)	3100	3100
b) Husk (MTs)	NA	NA
Rate per Mt (Rs.)	NA	NA
(B) CONSUMPTION PER QUINTAL OF SUGAR		
Sugar Produced (Qtl)	NIL	NIL
Electricity (Kwh/Qtl)	NIL	NIL
Coal (M.T/Qtl)	NIL	NIL
Furnace Oil (K.L/Qtl)	NIL	NIL
Fire wood (M.T/Qtl)	NIL	NIL

EMPEE SUGARS AND CHEMICALS LIMITED

(C) TECHNOLOGY ABSORPTION AND RESEARCH AND DEVELOPMENT

Your Company has been carrying out research and development in the following specific areas:

- i) Selection of sugar cane seed materials and multiplication in three tier seed nursery programme.
- ii) Heat therapy to eradicate seed born diseases. Pest control measures to protect cane from diseases & soil testing Laboratory.
- iii) Ratoon crop management helping increase yield and recovery.
Biological control laboratory for sugarcane pest management.
- iv) Wider spacing planting in sugar cane is encouraged to increase cane Quality and Quantity.
- v) Sufficient pest control chemicals are supplied to farmers initial.

With the above efforts a higher yield of disease free cane will be available to the company, resulting in a higher return to the company and the cane growers.

The expenditure incurred in research and development cannot be segregated because of its nature of expenses. Such expenses are clubbed under the head of expenses Cane Development expenses.

D. FOREIGN EXCHANGE EARNINGS	Nil
FOREIGN EXCHANGE OUTGO	US\$ 1,15,61,890/- (INR 6941.76 Lacs)

On behalf of the Board

Place: Chennai.
Date: 09.08.2014

M.P. PURUSHOTHAMAN
Chairman & Managing Director

EMPEE SUGARS AND CHEMICALS LIMITED

Report on Corporate Governance in terms of Clause 49 of the Listing Agreement (ANNEXURE 3 TO THE DIRECTORS REPORT)

1. Company's philosophy on corporate governance

The company believes that good corporate governance is the foundation of corporate excellence. A sound governance process consists of a combination of business practices which result in enhancement of shareholder value and enable the company to fulfill its obligations to customers, employees, lenders and to the society in general. The company aims to increase and sustain its corporate value through growth and innovation. Your Company has been observing the key principles of the code and is committed to take adequate measures towards achieving compliance of the Corporate Governance code. The areas where the Company is observing the recommendation of SEBI code are given below:

2. Board of Directors

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. At present, the Board consists of seven members, with three promoter Directors (Executive) and four Non-Executive Independent Directors. The day-to-day management of the Company rests with the Managing Director. The Independent Directors on the Board are experienced and competent persons from the various fields such as Finance, Management, etc. They take active part at the Board and Committee Meetings which add value in the decision making process of the Board of Directors. In line with amended Clause 49 of the Listing Agreement on the composition of the Board of Directors, the Company has taken effective steps for its due compliance. None of the Director is a Director in more than 15 public companies and Member of more than 10 Committees or act as Chairman of more than 5 Committees across all the Companies in which they are Directors as required under Clause 49. The above composition of the Board complies with the recommendation of SEBI code of corporate governance.

During the period 2013-14, the Board met four times and the maximum gap between two meetings was three months.

Details of Board Meetings attended by Directors during 01/04/2013 to 31/03/2014:

Sl. No	Name	Designation	No. of meetings attended	No. of other Directorship held	No. of other Board Committees in which membership held
1	Mr.M.P.Purushothaman	Promoter – Chairman & Managing Director	4	17	4
2	Ms.Nisha Purushothaman	Promoter – Non Ex. Director	4	9	6
3	Mr.Sheeju Purushothaman	Promoter – Jt. Managing Director	3	11	1
4	Mr. M. K. Mohan	Non Executive Independent Director	4	1	1
5	Mr. M. P. Mehrotra	Non Executive Independent Director	4	14	1
6	Mr. T.S.Raghavan	Non Executive Independent Director	4	11	1
7	Mr.Shankar Menon	Non Executive Independent Director	4	1	-

During the period, Board Meetings were held on 11-05-2013, 09-08-2013, 11-11-2013 and 12-02-2014.

EMPEE SUGARS AND CHEMICALS LIMITED

3. Audit Committee

The Audit Committee of the Company comprises of Mr.T.S.Raghavan, Chairman of the Committee, Ms.Nisha Purushothaman and Mr.M.P.Mehrotra. Mr.M.P.Mehrotra is a senior practicing Chartered Accountant and Mr.T.S.Raghavan is a holder of Degree in Master of Arts from Madras University and also a certificate holder from Certified Associate from Indian Institute of Bankers (CAIIB). He started his professional career as an Officer in Indian Overseas Bank in the year 1964 and was an Executive Director of Vijaya Bank from January, 1996 to April, 1997: Chairman and Managing Director of Bank of Maharashtra during May 1997 to November 1998 and Chairman and Managing Director of Indian Bank from December, 1998 to 2000. Two out of three members comprising the committee i.e. Mr.M.P.Mehrotra and Mr.T.S.Raghavan are independent directors. All these directors possess knowledge of corporate finance, accounts and company law. The role and terms of reference of the audit committee cover the matters specified under Clause 49 of the listing agreement and Section 292A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors. The company secretary acts as the secretary to the Committee. The chief executive officer, the statutory and Internal Auditors of the company attend the meetings by invitation. During the period four audit committee meetings were held on 11-05-2013, 09-08-2013, 11-11-2013 and 12-02-2014.

Attendance during the period of 2013-14 :

Sl.No.	Name of member	No of meetings Present
1	Mr.T.S.Raghavan	4
2	Mr.M.P.Mehrotra	4
3	Ms.Nisha Purushothaman	4

4. Remuneration Committee

The Remuneration committee, comprising of Mr.M.P.Mehrotra, Mr.M.K.Mohan, and Mr.T.S.Raghavan has been constituted under the Chairmanship of Mr.T.S.Raghavan, to determine the remuneration payable to the whole time directors. No meeting of remuneration committee was held during the period under review.

Details of the remuneration of executive directors and non-executive directors for the year ended 31st March, 2014 are as follows:

Executive Directors / Whole Time Directors

Name	Designation	Remuneration for the year ended 31.3.2014* excluding PF contribution & Gratuity
Mr. M. P. Purushothaman	Chairman & Managing Director	Rs.42 Lacs
Mr. Sheeju Purushothaman	Joint Managing Director	Rs.15 Lacs

Non-Executive Directors

Name of the Director	Sitting Fee ₹
1. Ms. Nisha Purushothaman	60,000
2. Mr. T.S.Raghavan	1,20,000
3. Mr. M.K.Mohan	60,000
4. Mr. Shankar Menon	60,000
5. Mr. M.P.Mehrotra	1,20,000

5. Share Transfer cum Shareholders' / Investors' Grievance Committee

The share transfer cum shareholders'/Investors' Grievance Committee consists of the following:

Name of the Director	Designation
1. Mr. M. K. Mohan	Chairman of the Committee
2. Ms. Nisha Purushothaman	Member
3. Mr. T. S. Raghavan	Member

The Committee, inter alia, approves share transfers, transmissions and also requests for issue of duplicate certificates, split/consolidation of shares etc and oversees all matters connected with securities transfers and other processes and meetings are held frequently. The Committee also looks into redressal of shareholders' complaints related to share transfers, non receipt of balance sheets, non-receipt of dividend etc. The committee oversees the performance of the registrars and transfer agents and recommends overall improvement of the quality of investor services. During the period 2011-13 (18 months), 13 complaints were received and were redressed to the satisfaction of the complaining investors. No investor complaint was pending as on 31.3.2013.

The Board has appointed Mr.S.S.K.Swarup, Company Secretary as the Compliance Officer, pursuant to Clause 47(a) of the Listing Agreement with Stock Exchanges.

6. Profile of Directors

As referred to in the AGM Notice dated 9th August 2014 and pursuant to clause 49 of the Listing Agreement, the profile of the Directors retiring by rotation and seeking re appointment and new appointments are given below.

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Name of the Director	Mr.M.P.Mehrotra	Mr.T.S.Raghavan
Date of Birth	26.09.1940	30.04.1940
Date of Appointment	23.12.2005	30.10.2007
Qualifications	C.A.	M.A.
Experience	A Senior Practising Chartered Accountant.	formerly employed with the Indian Overseas Bank and was also an Ex-Executive Director of Vijaya Bank, Ex-Chairman and Managing Director of Bank of Maharashtra and Ex-Chairman and Managing Director of Indian Bank.
Chairman/Director of other companies	Maxim Infracon Pvt Ltd VLS Finance Ltd South Asian Enterprises Ltd VLS Commodities Pvt Ltd Dhampur Sugar Mills Ltd Empee Distilleries Ltd Jinbhuvish Power Generations P Ltd Delton Cables Ltd Moonrock Hospitality Pvt Ltd Lino Pensione Pvt Limited Baroda Pioneer Asset Management Co. Ltd Superior Industrial Enterprises Ltd GOL Offshore Ltd Vinu Promoters Pvt Ltd India Securities Ltd Om Sree Bhavanasai Infratech P Ltd	Empee Distilleries Limited Leather Crafts India Pvt Ltd Giri Digital Solutions Pvt Ltd Giri Trading Agencies Pvt Ltd Viswapriya (India) Ltd Tanfac Industries Ltd One Life Capital Advisors Ltd Indus Finance Corporation Ltd Hindustan Safe Deposit Lockers Ltd Indowind Energy Ltd Goodyield Farming Limited
Chairman/Member of the Committees	VLS Finance Ltd Dhampur Sugar Mills Ltd Empee Distilleries Ltd Baroda Pioneer Asset Management Co. Ltd GOL Offshore Ltd	Empee Distilleries Limited
No. of shares held in the company	Nil	Nil

EMPEE SUGARS AND CHEMICALS LIMITED

Name of the Director	Mr.Shankar Menon	Mr.M.K.Mohan
Date of Birth	22.04.1941	13.05.1954
Date of Appointment	29.06.2009	26.05.2014
Qualifications	M.B.A.	Matriculation
Experience	35 years of experience in national and international Hotels	30 years in the field of finance, transportation services, construction and import and export and the manufacture of bricks
Chairman/Director of other companies	Empee Hotels Limited Reliance Chemotex Industries Ltd	Empee Distilleries Limited Five Star Business Credits Ltd Kurunji Chit Funds Pvt Ltd Emkay Holiday Inn Pvt Ltd
Chairman/Member of the Committees	Nil	Nil
No. of shares held in the company	Nil	Nil

7. General Body Meetings

The last four general body meetings were held as under:

Year	Location	Date	Time
2011-13 (AGM)	-do-	19-06-2013	11.30 a.m.
2010-11 (AGM)	-do-	28-12-2011	11.00 a.m.
2009-10 (AGM)	-do-	28-06-2010	11.30 a.m.

Details of directors who have attended the last three Annual General Meetings held by the Company:

Sl. No.	Name	Designation	Held on 19-06-2013	Held on 28-12-2011	Held on 28-06-2010
1	Mr. Purushothaman	Chairman & Managing Director	-	Attended	Attended
2	Mr. Sheeju Purushothaman	Director	-	Attended	Attended
3	Ms. Nisha Purushothaman	Director	Attended	Attended	Attended
4	Mr. M.K. Mohan	Director	-	-	-
5	Mr. M.P. Mehrotra	Director	-	-	-
6	Mr. T.S. Raghavan	Director	-	Attended	Attended
7	Mr. Shankar Menon	Director	Attended	Attended	Attended

7. Postal Ballot / Extra Ordinary General Meeting :

No resolution was put through Postal Ballot during the year under review.

8. Composite Scheme of Amalgamation :

The Composite Scheme of Amalgamation regarding merger of Empee Distilleries Ltd with Empee Sugars and Chemicals Ltd has got approval from the Madras High Court of Judicature, Tamilnadu. The hearings are in progress at the Andhra Pradesh High Court of Judicature, and hence the scheme of amalgamation is pending for implementation.

9. Code of Conduct

In consonance with the requirements of the amended Clause 49 of the listing agreement, Board of Directors has laid down a code of conduct for the Board members and senior management of the Company. The said code of conduct has also been posted on the Website of the company, www.empeegroup.co.in. The directors and senior management are committed to strict adherence of the code and to conduct the business in an ethical and transparent manner.

10. Risk Management

The company has laid down procedures to inform board members about the risk assessment and minimization procedures. The Board periodically discusses the significant business risks identified by the management and the mitigation process being taken up.

11. Prevention of Insider Trading

The company has framed a code of conduct for prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 1992. This code is applicable to all directors/officers/designated employees. The code ensures the prevention of dealing in company's shares by persons having access to unpublished price sensitive information.

12. Disclosures

- (i) There were no materially significant related party transactions, which may have potential conflict with the interests of the company at large.
- (ii) During the last three years, there have been no penalties or strictures imposed on the Company by Stock Exchange, SEBI or any statutory authority on any matter related to capital markets.
- (iii) The company does not have a whistle blow policy. However no personnel have been denied access to the audit committee.
- (iv) Investor complaints of non-receipt of dividends, non-receipt of annual report etc., forwarded by SEBI are periodically resolved and updated into SCORES (SEBI Complaints Redress System) website and no complaints is pending during the period under review.

13. Subsidiary Companies

The minutes of the Board meetings of the unlisted subsidiary companies namely Empee Power Company (India) Ltd and Appollo Wind Energy Pvt Ltd are placed before the Board of Directors of the Company for their review, as required under the norms of the Listing Agreement.

EMPEE SUGARS AND CHEMICALS LIMITED

14. Compliance with corporate Governance Norms

The Company has complied with the mandatory requirements of the code of corporate governance as stipulated in clause 49 and 54 of the listing agreement with the stock exchanges. The certificate from statutory auditors is annexed to the Directors' Report.

15. Means of Communication

The quarterly financial results are normally published in English and Telugu. The Company has posted the code of conduct, financial reports, Annual reports, agreement with media, Corporate Governance, shareholding pattern and contact details in the Company's Website www.empeegroup.co.in. The quarterly results are sent to Stock Exchanges on which the shares of the Company are listed in the prescribed format and time. The dedicated e-mail ID of cs@empeegroup.co.in was created by the company for immediate redressal of investor complaints/grievances.

16. General Shareholders Information

Holding Company

M/s. Empee Distilleries Limited is the holding Company of your company and it holds 2,66,22,102 equity shares of the Company constituting 63.43% of the total paid up share capital of the Company. The information as per Section 212(4) have been duly furnished to the Board of Directors of the holding Company.

Other Group Companies

Disclosure as per Regulation 3(1) (e) of SEBI (Substantial Acquisition of shares and Takeovers) Regulations 1997:

The list of Companies falling within the Group Company as defined in the Competition Act, 2002 is as follows:

1. Empee Distilleries Ltd; 2.Empee International Hotels and Resorts Ltd; 3.South (India) Hotels Pvt. Ltd; 4. Empee Hotels Limited; 5.Appollo Alchobev Limited; 6.Empee Holdings Limited; 7.Aruna Exports Pvt Ltd.; 8.Aruna Constructions (India) Ltd.; 9.Empee Marine Products Limited; 10.Empee Leasing & Finance Ltd; 11. Empee Agro Farm Products Pvt Ltd; 12. Universal Spirits Limited; 13.Empee Construction Company Ltd; 14. Empee Power and Infrastructure Pvt Ltd; 15. EDL Properties Limited; 16.Empee Power Company (India) Limited; 17. Apollo Wind Energy Pvt. Limited; 18. Appollo Beers Pvt. Limited; 19.Empee Communication Limited; 20. Appollo Distilleries & Breweries Pvt. Limited; 21.Empee Hospitality Private limited; 22. EDL Marketing Pvt Ltd.

Annual General Meeting

As indicated in the notice to the shareholders, the Annual General Meeting will be held on Friday, the 26th September, 2014 at 11.30 a.m. at the Registered Office and Factory at Ayyapareddipalem Village, Naidupet Mandal, Nellore District, Andhra Pradesh.

Book Closure

The Register of Members and share transfer books of the Company will remain closed from 22nd September 2014 to 26th September 2014 (both days inclusive) for the purpose of Annual General Meeting.

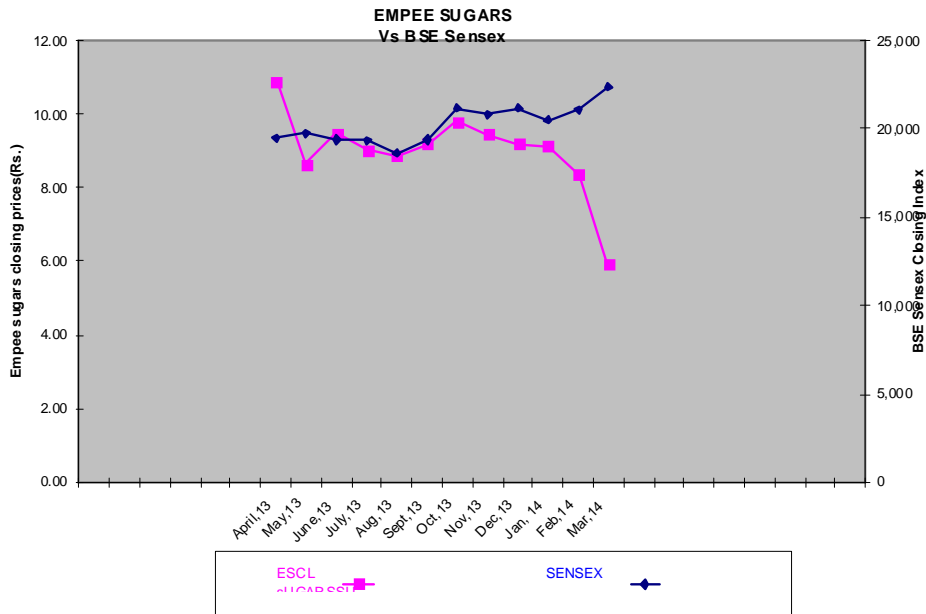
EMPEE SUGARS AND CHEMICALS LIMITED

Stock Market Data

Bombay Stock Exchange Ltd (BSE) & National Stock Exchange of India Ltd (NSE – Listed through Madras Stock Exchange Ltd); (Face value of ₹10/-each)

Months	BSE		NSE	
	High Price (₹.)	Low Price (₹.)	High Price (₹.)	Low Price (₹.)
Apr-13	7.99	5.75	7.60	6.00
May-13	7.50	5.80	7.15	6.00
Jun-13	6.39	5.50	6.35	5.25
Jul-13	6.28	4.22	6.00	5.10
Aug-13	4.45	3.50	-	-
Sep-13	4.40	3.65	-	-
Oct-13	4.50	3.35	-	-
Nov-13	5.20	3.85	-	-
Dec-13	5.69	4.40	-	-
Jan-14	6.69	4.76	6.20	4.90
Feb-14	5.93	4.66	6.00	4.85
Mar-14	6.30	4.82	5.95	4.80

Performance in comparison to broad based indices :



Registrar and Transfer Agents

The Registrar & Transfer Agents (RTA) of the Company (both Physical and Demat) for the equity shares are M/s. Cameo Corporate Services Limited. The address of the RTA is M/s. Cameo Corporate Services Limited, "Subramanian Building", V Floor, 1, ...

Share Transfer System

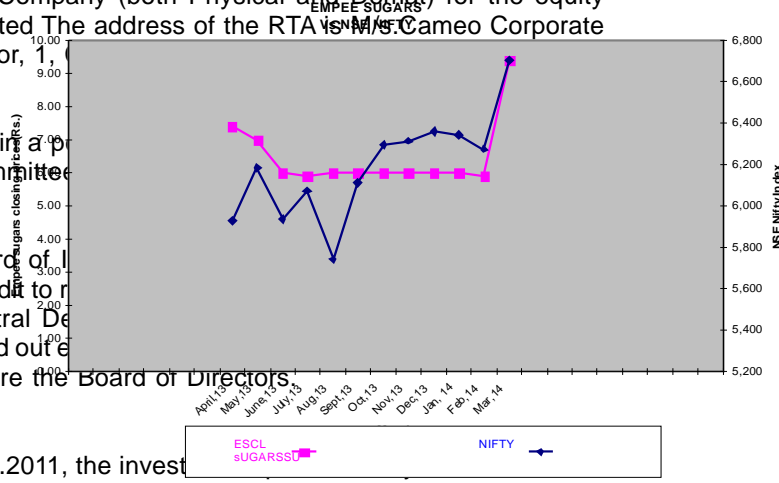
Share transfers are registered and returned within a period of 15 days. All documents are clear in all respects, by the Committee

Reconciliation of Share Capital Audit

As stipulated by Securities and Exchange Board of India (SEBI), the Company carries out the Reconciliation of Share Capital Audit to reconcile the Share Capital to the Securities Depository Limited (NSDL) and Central Depository Limited (CDSL) total Issued and Listed Capital. The Audit is carried out by the Company and reported to the Stock Exchanges and is also placed before the Board of Directors.

SCORES

As advised by SEBI, vide its circular dated 03.06.2011, the investor has to submit the Investor Action Taken Report (ATR) with supporting documents in SEBI Complaints Redress System (SCORES), a centralized web based complaint system.



EMPEE SUGARS AND CHEMICALS LIMITED

Dematerialisation of Shares

The Company has arrangements with both National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) for demat facility. Nearly 94.06% of the total equity share capital is held in dematerialized form as on 31st March 2014.

Quarterly Compliance Report

The Company has submitted for each of the four quarters during 2013-14, the Compliance Report to the Stock Exchanges in the prescribed format within the stipulated time.

Investors' correspondence

M/s. Cameo Corporate Services Limited," Subramanian Building", V Floor,1, Club House Road, Chennai-600 002; The Company Secretary, Empee Sugars and Chemicals Limited, Empee Tower, No.59, Harris Road, Pudupet, Chennai 600 002.

Plant Locations

Location-1	Location-2
Ayyapareddipalem Naidupet-524126 Nellore District Andhra Pradesh.	Idaikkal Village Ambasamudram Taluk Tirunelveli District Tamilnadu.

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). Thereafter the company will transfer the amount to the IEPF the statement containing the details of the shareholders.

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
09-11-2010	2010-11	08-11-2017	08-12-2017

Thereafter any claim by the shareholder can be claimed from IEPF in accordance with the prescribed procedure.

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.

Green initiatives in Corporate Governance

Ministry of Corporate Affairs have taken a Green Initiative in Corporate Governance by allowing paperless compliance by the Companies after considering the relevant sections of the Information Technology Act, 2000, for legal validity of compliances under Companies Act, through electronic mode. The MCA Circular No.17/2011 dt. 21.04.2011 clarified that a Company would have complied with Section 53 of the Companies Act, if the service of document has been made through electronic mode, provided the Company has obtained the e-mail of Members for sending the Notice and documents through e-mail by giving advance opportunity to every shareholder to register his/her e-mail address and changes therein from time to time with the Company. In pursuance of the said circular, the Company had sent notices to all shareholders during the year 2011-13 while sending the Meeting of shareholders Notice for the meeting held on 19th June, 2013 and the Company has again sent AGM notice ahead of despatch of Annual Report for the year 2013-14, requesting the shareholders to furnish the e-mail address / change in their e-mail address of the members to effectively implement the said Green Initiative of MCA.

Chief Executive Officer and Chief Financial Officer Certificate

The Chief Executive Officer and Chief Financial Officer have submitted to the Board of Directors the certification as per clause 49(V) of the Listing Agreement.

Non-mandatory requirements

- a) Non Executive Chairman:
The Company has an Executive Chairman and hence the requirements as to a non- executive Chairman under the Clause 49 are not required to be adopted by the Company.
- b) Shareholders Rights:
The company is publishing its quarterly /half yearly/and Audited financial results in leading newspapers with wide distribution across the Country and regularly updates the same on its public domain website.

On behalf of the Board

**Place: Chennai.
Date : 9.8.2014**

**M.P. PURUSHOTHAMAN
Chairman & Managing Director**

Management Discussion and Analysis Report
(Annexure 3 to the Directors' Report)

Industry Scenario & Development

Sugar is one of the world's major agro-based industries and more than 80% of sugar is produced from sugar cane. The balance 20% production comes from sugar beet. Brazil and India are the largest sugar producers from sugarcane and EU and US are the major sugar producers from beet. Sugar is one of the most important commodities produced and consumed around the world. Sugar is produced in over 123 countries worldwide but over 70% of the world sugar production is consumed domestically and the remaining is traded.

The global sugar production continued to surpass consumption for the fourth consecutive year in the season 2013-14. Global sugar production indicates marginally higher sugar production of 180.2 MMT as compared to 179.5 MMT in 2013. The global consumption is expected to remain at 175.4 MMT in SS14. Global sugar consumption continue to grow at an average annual rate of 1.8% over the past 28 years despite the continuing economic difficulties in many developed countries compounded by the period of high sugar prices and increased volatility. Sugar consumption has been declining in developed countries partly due to the availability of substitutes and concerns about obesity and health. On the contrary, it has been increasing in developing countries which now account for around 70% of the world sugar consumption driven primarily by higher population growth and changes in diet. In 2013, the world per capita consumption of sugar was around 24kgs driven primarily by higher population and income growth in developing countries. The world sugar market continues to experience considerable price volatility which is largely the result of changes in production especially by large players such as Brazil and India but is also due to the nature of the industry.

India is the second largest producer of sugar in the world next to Brazil and also the largest consumer of sugar. Production of sugar, inter-alia, depends on recovery rate of mills and the recovery rate mainly depends on sucrose content in the sugar cane, conditions of plant and machinery, cane supply arrangement and agro-climatic conditions. Indian sugar production is characterized by a cyclic production pattern with typical sugar cycles lasting 2-3 years, as production adjusts to fall in price which in turn leads to lower supplies, price increase and higher production. The growing Indian economy and a growing population would support growth in sugar consumption. Bulk consumers such as soft drink manufacturers, bakeries, confectionery, hotels and restaurants account for 60% of milled sugar demand. Key developments in the sector impact global demand supply dynamics and prices.

Sugar Price and Sugar Cane Price

During the year under review, the domestic free sugar realizations which had shown an upward trend in the beginning, declined by December 2013. This decline has been driven by a multiplicity of factors. Post supply pressure from new production until March 2013, the announcement of the decontrol in April 2013 continued to put pressure on sugar prices as this resulted in the large scale release of sugar by some sugar mills with large cane dues. In addition, competition from sugar produced by processing raw sugar also continued to prevent any rally in sugar prices. During the festive season October 2013- November 2013 when traditionally prices tend to spike because of demand surge,

EMPEE SUGARS AND CHEMICALS LIMITED

sufficient stocks against the demand continue to hold the prices on lower side. In March 2014, sugar prices across the country have been on the rise, increasing by around Rs.700 per quintal over the previous month. The two government measures of providing soft loans as well as export subsidy have helped bring up prices and it is expected that the current market prices may continue till the onset of the monsoon.

Government Measures

The Central Government based on the recommendation of the committee headed by the then Dr.C.Rangarajan, Chairman, Economic Advisory Council to Hon'ble Prime Minister decided to partially decontrol sugar sector in April 2013, whereby the government removed the levy obligation from the sugar season 2012-13 and dispensed with the regulated release mechanism immediately. With the intention of ensuing stability in the sugar sector, the Rangarajan Committee recommended abolishing SAP and sharing 70% of the revenue from the sale of sugar and its major by-products with sugarcane growers. However, recommendation of the Rangarajan committee is yet to be implemented by the State Governments. The sugar mills are always expected to pay the farmers the cane price based on the State Governments decided MSP known as SAP (State Advised Prices), wherever applicable and Central Government decided Fair and Remunerative Price (FRP) is for States where the State Government does not declare its own prices. Given that a large proportion of rural farmers in the key cane growing states are dependent on the sugarcane sector, the SAP is largely politicized and the State Governments should stop the political announcement of SAP. Increasing SAPs is also creating crop imbalances. Moreover, if the area under sugar cane cultivation keeps increasing every year, it will shrink the cultivation area of other important crops. A lopsided foodgrain production would create huge imbalances in the foodgrain basket of the country resulting in nutrient imbalances in the soil, ground water imbalances, etc. and eventually will render the soil unsuitable for sugarcane. A high SAP is also unfair to the sugar mills as they have to bear a higher financial obligation towards the cost of cane being the cost of production. The fixing of cane prices for SY14 witnessed a considerable tussle amongst the State Government, cane farmers and the millers which substantially delayed crushing in most of the States. The cane prices have to be necessarily linked to total yield and recovery percentage of sugar rather than just the weight or quantity of the sugar cane and the Rangarajan Committee's recommendation has to be implemented in true spirit.

Risks and Concerns:

Your company continues to review and manage the risks emanating from such a dynamic environment. The management of the company reviews and monitors risks 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 being the main raw material, factors like adverse climatic conditions, scarcity of harvest labour, lower sugarcane realizations or cane payment arrears to growers, availability of attractive competitive/alternate crops will have a direct impact on cane availability and affect our business.

Risk mitigation: (Excepting Ambasamudram Sugar Mill Unit)

The company has mitigated this risk by adopting the following measures:

- Continuous yield monitoring and improvement activities to obtain a better quality cane leading to a better recovery which includes subsidies on good quality seeds, fertilizers and manure, among others.
- Promoting drip irrigation.
- 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:

Being cyclical in nature, sugar price remains volatile and realizations get adversely affected during a downturn. Coupled with this, higher cane price affects profitability.

Risk mitigation:

The company has plans to restructure the Ambasamudram sugar mill so as to strategically implement and fulfill the objectives of sugar business.

Regulatory risk:

The sugar industry is closely regulated by both central and state governments by way of reservation of cane area, fixing sugarcane price, etc.

Risk response:

The company in close association with ISMA and SISMA is in the process of developing a common platform to set appropriate policies and have minimum governmental influence in the sugar sector and facilitate decontrol of the sugar.

Financial liquidity risk:

Procurement of funds to meet working capital requirements and the payment of the interest and principal, with respect to loans availed is a challenge to the company.

Risk response:

The Company constantly strives to work on different financing options at economical and better cost of finance, besides banking finances.

Segment wise performance

The segments are Sugar, IAP and Power. The sugar segment achieved a sales turnover of ₹.8372.07 Lacs while the IAP ₹.1973.02 Lacs and Power ₹.17775.47 Lacs.

The sugar division incurred a loss of ₹.554.78 Lacs before interest and taxes, IAP division earned a profit of ₹.375.54 Lacs before interest and taxes and Power division incurred a loss of ₹.691.52 Lacs before interest and taxes. During the year under review, the Sugar unit at Ambasamudram did not function due to non-availability of sugar cane which has impacted the company adversely.

Internal control systems and their adequacy:

The company has a well-established internal control system in the form of well-documented policies, authorization guidelines commensurate with the level of responsibility and standard operating procedures, to ensure proper functioning of operations. Moreover, the company appointed an independent internal auditors to periodically review and make continuous assessments of the adequacy and effectiveness of the internal control and systems.

The Board, Audit Committee and the Management review the findings and recommendations of the Internal Auditors and take corrective action, wherever necessary.

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. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, feedstock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts businesses and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.

EMPEE SUGARS AND CHEMICALS LIMITED

CERTIFICATE ON CORPORATE GOVERNANCE

We have reviewed the compliance of conditions of corporate governance by Empee Sugars and Chemicals Ltd, for the year ended on 31st March 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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 implementation thereof adopted by the Company for ensuring compliance with the conditions of the compliance of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statement of the company.

In our opinion and to the best of our information and according to the explanations given to us and 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.

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.

Place: Chennai
Date: 9.8.2014

For Venkatesh & Co.
Chartered Accountants
(Firm Registration No:004636S)

CA Dasaraty V
M. No. 026336
Partner

DECLARATION ON CODE OF CONDUCT

The Members of
Empee Sugars and Chemicals Ltd
Ayyapareddipalem
Naidupet – 524 126
Nellore District,
Andhra Pradesh.

I confirm that the all directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March 2014, as envisaged in Clause 49 of the Listing agreement with Stock Exchanges.

Place: Chennai.
Date : 9.8.2014

M.P. Purushothaman
Chairman & Managing Director

INDEPENDENT AUDIT REPORT

To

The Members of Empee Sugars and Chemicals Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of **M/s Empee Sugars and Chemicals Ltd**, which comprises the Balance Sheet as at **March 31, 2014**, and the Statement of Profit and Loss and Cash Flow Statement for the year 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 principles generally accepted in India including the Accounting Standards notified under the Companies Act, 1956 read with general circular 8/2014 dated 04th April, 2014 issued by the ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the 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 qualified audit opinion.

Basis for Qualified Opinion

- a) ***The company has received amount of Rs. 140.37 crores from 7th July 2008 to 30th September 2012 (refer note no 4) towards share application money from holding company Empee Distilleries Ltd. A reference to note No 4 is made (Notes forming part of financial statements) relating to utilization of share application money pending allotment.***

EMPEE SUGARS AND CHEMICALS LIMITED

- b) *The accumulated losses of the company have exceeded the net worth of the company. The company has made a reference to BIFR under the sick industrial companies Act. However, the accounts have been prepared on a going concern basis.***
- c) *Balances of Sundry debtors, Trade payables, Advance to suppliers, Cane advances, Harvest Advance and other deposit is subject to confirmation and reconciliation.(refer note no 8, 16, 18 & 38)***

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Companies Act, 1956 (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 the Statement of Profit and Loss, of 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 [and proper returns adequate for the purposes of our audit have been received from branches not visited by us];
 - 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. Except for the effects / possible effects of the matter described in the Basis for Qualified Opinion, 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 read with general circular 8/2014 dated 04th April, 2014 issued by the Ministry of Corporate Affairs;
 - 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.

Place :- Chennai
Date :- 09/08/2014

**For Venkatesh & Co.,
Chartered Accountants
F.R.No.004636S
CA Dasaraty V
M.No.026336
Partner**

EMPEE SUGARS AND CHEMICALS LIMITED

Annexure to Independent Auditors' Report

(Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Empee Sugars and Chemicals Ltd., on the financial statement for the year ended March 31, 2014)

i) In respect of Fixed Assets:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information
- b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.
- c) In our opinion, the company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the company is not affected

ii) In respect of its Inventories:

- a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, 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) The company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to book records.

iii) In respect of loans and advances, secured or unsecured, granted or taken by the company to/ from companies, firms, or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 :

- a) The company has given interest free loan to one of its Subsidiary Companies. In respect of the said loan, the maximum amount outstanding at any time during the year was Rs.3,998.78 (3,304.80).
- b) In our opinion and according to the information explanations given to us , the rate of interest and other terms and conditions of the loan given are not prima facie prejudicial to the interest of the company.
- c) The terms of arrangement do not stipulate any repayment schedule and is repayable on demand. Accordingly, paragraph 4(iii) (c) of the Order is not applicable to the Company in respect of repayment of principal amount.
- d) In respect of the said loans, the same are repayable on demand and therefore the question of overdue amount does not arise.
- e) The Company has not taken any loans from the companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, the requirements of Clauses (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable.

EMPEE SUGARS AND CHEMICALS LIMITED

iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control systems commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system of the company.

v) In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:

a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered in the Register maintained under Section 301 of the Companies Act, 1956 have been so entered.

b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5 Lakhs in respect of each party during the year have been made at prices which appear reasonable as per the information available with the company

vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (vi) of Paragraph 4 of the Order are not applicable to the Company.

vii) In our opinion the company has an internal audit system commensurate with its size and the nature of its business.

viii) We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

ix) In respect of statutory dues

a) According to the records of the company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Service tax, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities.

b) According to the information and explanations given to us, undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, customs duty, excise duty, cess and other statutory dues which were outstanding, at the yearend for a period of more than six months from the date they became payable is as follows.

EMPEE SUGARS AND CHEMICALS LIMITED

Name of the State Act	Nature of Dues	Amount involved Rs. in Lacs	Period to which the case relates	Status
A.P. Sugar Cane regulation of Sugar Cane Act	Andhra Pradesh Purchase tax payable	522.66	1994 - 2001	Paid Rs. 1.2 Crores towards said dues
Finance Act, 1994	Service Tax Reverse Charge – Man Power Services	10.54	2013-2014	
Finance Act, 1994	Service Tax Reverse Charge – Legal Services	2.77	2013-2014	
Finance Act, 1994	Service Tax Reverse Charge – Sitting Fees	0.57	2013-2014	

c) According to the information and explanations given to us and the records of the company examined by us, except the following there are no dues of Income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.

Name of the State Act	Nature of Dues	Amount involved Rs. in Lacs	Period to which the case relates	Dispute is pending before
A.P. Sugar Cane regulation of Sugar Cane Act	Andhra Pradesh Purchase tax payable	729.59	1994 - 2001	Asst Cane Commissioner

x) The accumulated losses of the company have exceeded the net worth of the company as at the end of the financial year. The company has incurred cash losses in the current year and also in the immediately preceding financial year.

xi) Based on our audit procedures and according to the information and explanations given to us, the bankers of the company have approved CDR (Corporate Debt Restructure) scheme in respect of Ambasamudram project for terms loans amounting to Rs.388.47 Crores. As per the scheme, the repayments of interest & principals have been restructured and the first repayment commences from September, 2014. In respect of the repayment of the Naidupet project Loan and SDF Loan principal amount of Rs.454.81 lakhs and interest of Rs.346.80 lakhs are pending to be paid.

xii) In our opinion and according to the information and explanations given to us and based on the information available, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.

EMPEE SUGARS AND CHEMICALS LIMITED

xiii) In our opinion, the company is not chit fund or nidhi / mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.

xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.

xv) According to the information and explanations given to us, the company has given guarantee for loan taken by its subsidiary from the financial institution. In our opinion, the terms and conditions on which the guarantees given are not prima facie prejudicial to the interest of the company.

xvi) On the basis of review of utilization of funds on an overall basis, in our opinion, the term loans taken by the company were applied for the purposes for which the loans were obtained.

xvii) On the basis of review of utilization of funds on an overall basis, in our opinion, the funds raised on short term basis have not been used for long term investment

xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act. The company has received share application money of Rs. 14,036.50 Lakhs in the earlier years which is pending allotment.

xix) The company has not issued any debentures during the year.

xx) The company has not raised any money by public issues during the year.

xxi) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

Place :- Chennai
Date :- 09/08/2014

**For Venkatesh & Co.,
Chartered Accountants
F.R.No.004636S
CA Dasaraty V
M.No.026336
Partner**

EMPEE SUGARS AND CHEMICALS LIMITED

Balance Sheet as at March 31, 2014			₹. In Lacs
Particulars	Note No.	As at Mar 31, 2014	As at Mar 31, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	2	4,197.29	4,197.29
(b) Reserves and surplus	3	(15,396.64)	(10,088.18)
		(11,199.35)	(5,890.89)
(2) Share application money pending allotment	4	14,036.50	14,036.50
(3) Non-current liabilities			
(a) Long-term borrowings	5	41,074.30	42,450.60
(b) Long-term provisions	6	125.35	123.12
		41,199.65	42,573.72
(4) Current liabilities			
(a) Short-term borrowings	7	12,806.80	13,223.52
(b) Trade payables	8	11,389.87	11,736.92
(c) Other Current Liabilities	9	3,367.76	1,301.40
(d) Short-term provisions	10	103.44	109.90
		27,667.87	26,371.74
TOTAL		71,704.67	77,091.07
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets	11		
(i) Tangible assets		35,422.99	36,154.60
(ii) Capital work-in-progress		-	1,134.30
		35,422.99	37,288.90
(b) Non-current investments	12	960.72	2,328.54
(c) Deferred tax assets (net)	13	4,978.16	3,359.10
(d) Long-term loans and advances	14	3,908.25	3,968.87
		45,270.12	46,945.41
(2) Current Assets			
(a) Inventories	15	12,109.61	11,824.88
(b) Trade receivables	16	9,730.04	13,346.68
(c) Cash and cash equivalents	17	809.03	1,459.41
(d) Short-term loans and advances	18	3,785.87	3,514.69
		26,434.55	30,145.66
TOTAL		71,704.67	77,091.07

See accompanying notes to the financial statements

In terms of our report of even date

for **Venkatesh & Co.,**

Chartered Accountants

F.R. No. 004636S

CA. Dasarthy V

Partner (M. No. 026336)

Place : Chennai

Date : 09.08.2014

For and on behalf of the Board

M.P. Purushothaman

Managing Director

Nisha Purushothaman

Director

S.S.K. Swarup

Company Secretary

EMPEE SUGARS AND CHEMICALS LIMITED

Statement of Profit and Loss for the year ended March 31, 2014			₹. In Lakhs
Particulars	Note No.	Year ended Mar 31, 2014 (12 months)	Period ended Mar 31, 2013 (18 months)
I. Revenue from operations	19	27,985.83	39,051.29
II. Other income	20	134.73	118.25
III. Total Revenue (I + II)		<u>28,120.56</u>	<u>39,169.54</u>
IV. Expenses:			
Cost of materials consumed	21	22,594.05	28,854.92
Purchases of stock-in-trade		-	-
Changes in inventories of finished goods, work-in-progress	22	841.05	1,863.08
Employee benefits expense	23	925.12	1,284.68
Finance costs	24	6,375.51	7,673.64
Depreciation and amortization expense	12	2,070.97	3,108.11
Other expenses	25	2,560.13	1,729.57
Total Expenses		<u>35,366.83</u>	<u>44,514.00</u>
Profit Before Tax		<u>(7,246.27)</u>	<u>(5,344.46)</u>
V. Profit before exceptional and extraordinary items and tax (III-IV)		<u>(7,246.27)</u>	<u>(5,344.46)</u>
VI. Prior Period Items		493.04	-
VII. Profit before extraordinary items and tax (V-VI)		<u>(6,753.23)</u>	<u>(5,344.46)</u>
VIII. Extraordinary items		-	-
IX. Profit before tax (VII - VIII)		<u>(6,753.23)</u>	<u>(5,344.46)</u>
X Tax Expenses:			
(1) Current Tax - Earlier Year		324.29	-
(2) Deferred Tax		<u>(1,619.06)</u>	<u>(1,793.49)</u>
XI Profit after Tax		<u>(5,458.46)</u>	<u>(3,550.97)</u>
XII Earnings per equity share:			
(1) Basic		(13.00)	(8.46)
(2) Diluted		(13.00)	(8.46)

See accompanying notes to the financial statements

In terms of our report of even date

for **Venkatesh & Co.,**
Chartered Accountants
F.R. No. 004636S
CA. Dasaraty V
Partner (M. No. 026336)
Place : Chennai
Date : 09.08.2014

For and on behalf of the Board
M.P. Purushothaman **Nisha Purushothaman**
Managing Director Director

S.S.K. Swarup
Company Secretary

EMPEE SUGARS AND CHEMICALS LIMITED

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014 **₹. In Lakhs**

Particulars	Mar 31, 2014 (12 months)	Mar 31, 2013 (18 months)
<u>A. Cash Flow from Operating Activities</u>		
Net Profit before taxation	(6,753.23)	(5,344.46)
<u>Adjustments for:</u>		
Depreciation on fixed assets	2,070.97	3,108.11
Loss on sale of fixed assets	-	0.56
Interest expense	6,375.51	7,673.64
Discount on issue of shares written off	150.00	150.00
Investments written off	1,367.82	-
<u>Deduct:</u>		
Interest income	76.19	32.35
Operating Profit before Working Capital changes	3,134.88	5,555.50
<u>Adjustments for :</u>		
(Increase) / Decrease in inventories	(284.73)	(88.79)
(Increase) / Decrease in trade receivables	3,616.64	(6,642.55)
(Increase) / Decrease in loans and advances	(625.24)	(1,681.71)
Increase/(Decrease) in Trade Payables, Other Current liabilities & Provisions	1,715.08	7,522.13
CASH GENERATED FROM OPERATIONS	7,556.63	4,664.58
Income tax Paid	-	-
	7,556.63	4,664.58
Cash used in perating activities (before prior period items)		
Prior period items	-	-
Net Cash inflow from/ (outflow) from Operating activities	7,556.63	4,664.58
<u>B. Cash Flow from Investing Activities</u>		
Purchase of fixed assets including Capital WIP	(205.06)	(577.35)
Sale Proceeds from investments	-	-
Purchase of Non current Investment	-	(1.00)
Sale Proceeds from fixed assets	-	4.10
Interest received	76.19	32.35
Dividend received	-	-
Net Cash inflow from/ (outflow) from Investing activities	(128.87)	(541.90)

EMPEE SUGARS AND CHEMICALS LIMITED

Particulars	₹. In Lakhs	
	Year ended Mar 31, 2014 (12 months)	Period ended Mar 31, 2013 (18 months)
C. Cash Flow from Financing Activities		
Proceeds from issue of shares including premium	-	-
Increase/(Decrease) in Short term borrowings	(416.72)	(4,248.62)
Increase/(Decrease) in Long Term Borrowings	(1,376.30)	8,352.48
Share application money received	-	242.00
Interest paid	(6,375.51)	(7,673.64)
Dividend paid	-	-
Dividend distribution tax paid	-	-
Net Cash inflow from/ (outflow) from Financing activities	(8,168.53)	(3,327.78)
Net increase / (decrease) in cash and cash equivalents	(740.77)	794.90
Opening Cash and Cash Equivalents		
Cash in hand	41.80	3.00
Bank balances	819.88	63.78
	861.68	66.78
Closing Cash and Cash Equivalents		
Cash in hand	1.74	41.80
Bank balances	119.17	819.88
	120.91	861.68
<i>See accompanying notes to the financial statements</i>		

In terms of our report of even date

For and on behalf of the Board

for **Venkatesh & Co.,**
Chartered Accountants
F.R. No. 004636S
CA. Dasaraty V
Partner (M. No. 026336)

M.P. Purushothaman
Managing Director

Nisha Purushothaman
Director

S.S.K. Swarup
Company Secretary

Place : Chennai
Date : 09.08.2014

1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS

1. Accounting Convention

The financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on going concern basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP require the management to make estimate and assumptions considered in the reported amounts of assets and liabilities as of the date of the financial statements and the reported income and expenses during the reporting period. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Further the results may vary from these estimates. Differences between the actual results and the estimates are recognized in the year in which the results are known / materialized.

3. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

4. Revenue Recognition

All income and expenditure are accounted for on accrual basis as stated herein except in respect of such items as are specifically mentioned hereunder and in the notes.

Sales Income is accounted inclusive of excise duty and sales tax wherever applicable but net of trade discounts.

Insurance claims are accounted as and when the claims are settled

Interest due from growers for seed supplied is accounted as and when cane is received from growers.

Excise duty payable on finished goods held in stock at the end of the accounting year (except Molasses stored in pit for which duty is paid as and when molasses are let into the pit) will be accounted for at the time of clearance of these goods. The accounting treatment will have no impact on profit/losses.

Other Income – a) Interest Income is accounted at applicable coupon rates on respective investments, on time basis. b) Dividend income is accounted as and when received.

5. Fixed Assets, Depreciation / Amortization and Impairment

- (i) Fixed assets are stated at cost less accumulated depreciation /amortization. Direct costs are capitalized until fixed assets are ready for use. These costs include freight, installation costs, duties and taxes and other directly attributable costs incurred to bring the assets to their working condition for intended use. Borrowing costs directly attributable to acquisition of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.
- (ii) Capital Work in Progress comprises outstanding advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use at the Balance Sheet date. Cost of Work in Progress is stated at cost.
- (iii) Depreciation on fixed assets is provided pro-rata using the straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956.
- (iv) The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment based on internal or external factors. Impairment is recognized if the carrying value exceeds the higher of net selling price of the assets and its value in use.

6. Investments

Invests which are long term in nature, are stated at cost. Provision is made for diminution in value if it is of nature other than temporary.

Current investments are valued at lower of cost and fair value.

7. Inventories

Inventories are stated as under:

- a. Raw materials and stores & spare parts are valued at lower of cost and estimated net realizable value using FIFO Method.
- b. Work in process and finished goods are valued at lower of cost and estimated net realizable value using FIFO Method.

8. Employee Benefits

(i) Defined Contribution Plan

Provident Fund

Contributions to the Regional Provident Fund Commissioner to secure retrial benefits in respect of Employees' Provident Fund and Employees' Family Fund, based on the Statutory provisions as per the Employee Provident Fund Scheme are charged to revenue.

(ii) Defined benefit Plan

Gratuity

The Company makes annual contribution to a Gratuity Fund administered by trustees and managed by Reliance Life Insurance Company Ltd. The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year using the Projected Unit Credit method. Actuarial gains / losses are immediately recognized in the statement of Profit and Loss.

Long Term Compensated Absences

The liability for long term compensated absences carried forward on the Balance Sheet date is provided for based on an actuarial valuation using the Projected Unit Credit method, as at the Balance Sheet date.

Short Term Employee Benefits

Short term employee benefits includes short term compensated absences which is recognized based on the eligible leave at credit on the Balance Sheet date, and the estimated cost is based on the terms of the employment contract.

9. Foreign Currency Transactions

Foreign Currency Transactions are accounted at the exchange rates ruling on the date of the transaction. Foreign currency monetary items as at the balance sheet date are restated at the closing exchange rates. Exchange differences arising on actual payments / realizations and year-end restatements are dealt with in profit and loss account.

The Company enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risks associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract or similar instrument is amortized as expense or income over the life of the contract. Exchange differences on such contract are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation of a forward exchange contract or similar instrument is recognized as income or expenses for the year.

10. Taxation

Income Tax : Current tax is the amount of tax payable on the taxable income for the year and is determined in accordance with the provisions of the Income Tax Act, 1961

Deferred Tax : Deferred tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date.

Deferred tax assets in respect of unabsorbed depreciation and carry forward losses are recognized in there is virtual certainty that there will be sufficient future taxable income available in realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets.

11. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized only when the Company has present or legal or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation.

Contingent liability is disclosed for:

- (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

12. Segment Reporting

The Company prepares its segment information in conformity with the accounting policies adopted for presenting the financial statements of the Company as whole.

EMPEE SUGARS AND CHEMICALS LIMITED

Accompanying notes to the financial statements for the year ended March 31, 2014

Notes to the Financial Statements

₹. In Lakhs

2 - SHARE CAPITAL

a. Details of authorised, issued and subscribed share capital

Particulars	As at March 31, 2014	As at March 31, 2013
Authorised Capital		
7,00,00,000 (Previous Year 7,00,00,000) Equity Shares of Rs10/- each	7,000.00	7,000.00
1,00,00,000 (Previous Year 1,00,00,000) Preference Shares of Rs. 10/- each	1,000.00	1,000.00
	8,000.00	8,000.00
Issued, Subscribed and fully paid up		
4,19,72,900 (Previous Year 4,19,72,900) Equity Shares of Rs10/- each	4,197.29	4,197.29
	4,197.29	4,197.29

Note : The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/-

b. Information on shareholders

Name of Shareholder	Relationship	As at March 31, 2014		As at March 31, 2013	
		No of Equity shares held	Percentage	No of Equity shares held	Percentage
Empee Distilleries Ltd.,	Holding Company	26622102	63.42	26622102	63.42

c. Reconciliation of number of shares

Particulars	As at March 31, 2014		As at March 31, 2013	
	Number	Rs. in Lacs	Number	Rs. in Lacs
Shares outstanding at the beginning of the year	41972900	4,197.29	41972900	4,197.29
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	41972900	4,197.29	41972900	4,197.29

EMPEE SUGARS AND CHEMICALS LIMITED

3 - RESERVES AND SURPLUS

₹. In Lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
a. Discount on issue of Shares		
Balance at the beginning of the year	(1,200.00)	(1,350.00)
(-) Written off in Current Year	150.00	150.00
Balance at the end of the year	(1,050.00)	(1,200.00)
b. Surplus/(deficit) in the statement of profit and loss		
Balance at the beginning of the year	(8,888.18)	(5,337.21)
(+) Net Profit/(Net Loss) For the current year	(5,458.46)	(3,550.97)
(-) Interim Dividends including DDT	-	-
(-) Prior Period Expenses	-	-
Balance at the end of the year	(14,346.64)	(8,888.18)
GRAND TOTAL	(15,396.64)	(10,088.18)

4 - SHARE APPLICATION MONEY PENDING ALLOTMENT

Particulars	As at March 31, 2014	As at March 31, 2013
0% Convertible Preference Share Application Money	14,036.50	14,036.50
	14,036.50	14,036.50

Empee Sugars and Chemicals Ltd has received 0% convertible preference share application money of Rs.10/- each at a premium of Rs.140/- each from the parent company, M/s.Empee Distilleries Ltd from 7th July 2008 to 30th September 2012 towards promoter share for the project implementation of Integrated Sugar Complex which could not be allotted to the applicant company in view of non receipt of SEBI and Stock Exchanges approval. In view of this the company has gone for Composite Scheme of Arrangement of Empee Distilleries Ltd and Empee Sugars and Chemicals Ltd and Appollo Wind Energy Pvt Ltd and their respective shareholders. The company has filed the respective Petitions and the Madras High Court has sanctioned the scheme subject to the similar approval from the High Court of Andhra Pradesh which is under progress.

EMPEE SUGARS AND CHEMICALS LIMITED

5- LONG-TERM BORROWINGS		₹. In Lakhs	
Particulars	As at March 31, 2014	As at March 31, 2013	
Secured Borrowings			
From Banks Term Loan			
Ambasamudram (-Refer Note 5.1 (i))			
Andhra Bank	6,121.67	5,920.08	
Bank of India	6,745.60	6,719.25	
Indian Overseas Bank	3,253.92	3,180.78	
Punjab National Bank	5,371.26	5,285.09	
Indian Bank	2,534.96	2,531.28	
Oriental Bank of Commerce	5,026.91	4,949.25	
Union Bank of India	2,438.79	2,384.75	
Naidupet (-Refer Note 5.1 (ii))			
Indian Bank	165.69	384.02	
Union Bank of India	55.90	247.86	
Bank of Maharashtra	84.64	123.79	
Federal Bank	36.32	96.06	
Funded Interest on Term Loan - Ambasamudram (-Refer 5.1 (i))			
Andhra Bank	1,089.97	956.67	
Bank of India	1,308.26	1,189.56	
Indian Overseas Bank	557.78	517.97	
Punjab National Bank	981.29	823.14	
Indian Bank	419.67	351.00	
Oriental Bank of Commerce	1,018.37	904.77	
Union Bank of India	558.78	416.88	
From Others			
Sugar Development Fund Loan (Refer Note 5.1 (iii))	3,304.52	4,715.02	
Unsecured Borrowings			
from NBFCs	242.36	753.38	
	41,074.30	42,450.60	

5.1 Security & Other Terms

- (i) Pari passu first charges on fixed assets of the Ambasamudram unit of the company with other members of the consortium. Second paripassu charge on the current assets of the Ambasamudram unit and Naidupet unit of the company with other members of the consortium. Second paripassu charge on the fixed assets for naidupet unit of the company with other members of the consortium and also personal guarantee of the three directors and pledge of 51% of the promoters shareholding in the company. The repayment of all the term loan are as per the package mentioned in CDR Scheme. The first installment due of CDR will be September 2014.
- (ii) Pari passu first charge on the fixed assets of the Naidupet unit of the company with other members of the consortium financed for this project. Second paripassu charge on the current assets of the naidupet unit of the company with other members and personal guarantee of three directors. The term loans are repayable in quarterly installments.
- (iii) Paripassu first charge by way of a hypothecation of all moveable assets (except book debts) including moveable machinery, machinery spares, tools and accessories both present and future pertaining to bagasse based cogeneration power plant at idaikkal village, Ambasamudram Taluk, Tirunelveli Dist, Tamilnadu. The term loan is repayable in qaterly installments.

EMPEE SUGARS AND CHEMICALS LIMITED

6 - LONG-TERM PROVISIONS

₹. In Lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for Employee Benefits:		
Gratuity	83.44	94.69
Compensated Absences	41.91	28.43
	<u>125.35</u>	<u>123.12</u>

7 - SHORT-TERM BORROWINGS

Particulars	As at March 31, 2014	As at March 31, 2013
Secured Loan from Banks		
Repayable on demand		
Cash Credit	12,806.80	13223.52
(Cash credit from banks availed at Naidupet and Ambasamudram Plant are secured by floating Charge on assets under hypothecation and other current assets at respective locations)	<u>12,806.80</u>	<u>13,223.52</u>

8 - TRADE PAYABLES

Particulars	As at March 31, 2014	As at March 31, 2013
Trade Payables	11,389.87	11,736.92
	<u>11,389.87</u>	<u>11,736.92</u>

The vendors of the Company are yet to submit their status under Micro, Small and Medium Enterprises; hence the relevant information is not available with the company. Accordingly no disclosures relating to Micro, Small and Medium Enterprises have been made in the Accounts. The above amount were subject to confirmation.

9 - OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2014	As at March 31, 2013
Current Maturities of Long Term Borrowings	2,388.23	229.75
Statutory dues	16.48	44.73
Liabilities for Expenses	535.49	557.81
Purchase Tax Payable	399.17	441.17
Other Liabilities	19.87	19.42
Unpaid dividends	8.52	8.52
Total	<u>3,367.76</u>	<u>1,301.40</u>

10 - SHORT-TERM PROVISIONS

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits	103.44	109.90
Total	<u>103.44</u>	<u>109.90</u>

EMPEE SUGARS & CHEMICALS LIMITED

Notes to the Financial Statements

Tangible Assets:

₹. In Lakhs

PARTICULARS	Gross Block				Accumulated Depreciation				Net Block	
	As at April 1, 2013	Additions during the Year	Deletions during the Year	As at March 31, 2014	As at April 1, 2013	Depre-ciation charge for the year	Depre-ciation on Deletions	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Tangible Assets										
Land & Site	595.12	-	-	595.12	-	-	-	-	595.12	595.12
Buildings	5,739.92	457.92	-	6,197.84	1,015.59	192.99	-	1,208.57	4,989.26	4,724.33
Plant & Machinery	37,924.63	880.35	-	38,804.98	7,640.51	1,803.36	-	9,443.87	29,361.11	30,284.12
Furniture & Fittings	32.41	-	-	32.41	20.34	1.13	-	21.47	10.94	12.07
Vehicles	820.42	-	-	820.42	297.39	72.27	-	369.66	450.77	523.04
Computer	29.48	-	-	29.48	29.48	-	-	29.48	0.00	0.00
Office Equipments	25.30	1.08	-	26.38	9.38	1.23	-	10.60	15.78	15.92
Total	45,167.28	1,339.36	-	46,506.64	9,012.68	2,070.97	-	11,083.65	35,422.99	36,154.60
Previous Year	45,155.98	17.34	6.04	45,167.28	5,905.96	3,108.11	1.39	9,012.68	36,154.60	39,250.03

EMPEE SUGARS AND CHEMICALS LIMITED

12 - NON-CURRENT INVESTMENTS

(Valued at cost unless stated otherwise)

₹. In Lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Investment in Wholly owned Subsidiaries - Unquoted		
10,000 (Previous Year 10,000) Equity Shares of Rs. 10/- each fully paid up in Appollo Wind Energy Private Limited	1.00	1.00
2,32,75,400 (Previous Year 2,32,75,400) Equity Shares of Rs. 10/- each fully paid up in Empee Power Company India Limited	2,327.54	2,327.54
	2,328.54	23,28.54
Less: Provision for Diminution	1,367.82	-
	960.72	2328.54

13 - DEFERRED TAX

Break-up of Deferred Tax Assets and Deferred Tax Liabilities arising on account of timing differences

Particulars	As at March 31, 2014	As at March 31, 2013
Deferred Tax Assets		
Provision for doubtful trade Receivables	4.91	4.91
Brought forward loss as per Income Tax	10,688.43	9,337.46
Deferred Expenses	1,957.85	1,714.02
Total	12,651.19	11,056.39
Deferred Tax Liabilities		
Depreciation	7,673.03	7,697.29
Total	7,673.03	7,697.29
Deferred Tax Asset (Net)	4,978.16	3,359.10

14 - LONG-TERM LOANS AND ADVANCES

(Unsecured, Considered Good unless stated otherwise)

Particulars	As at March 31, 2014	As at March 31, 2013
Capital Advance	102.79	91.49
Rent Advance	119.38	119.35
Electricity and other deposits	169.45	143.16
Advance Tax Net Off Provision	-	310.07
Loans to related parties	3,516.63	3,304.80
	3,908.25	3,968.87

EMPEE SUGARS AND CHEMICALS LIMITED

15 - INVENTORIES

(Lower of Cost and estimated Net Realisable Value)

₹. In Lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Raw Material	7358.88	6286.66
Work in Progress	273.61	263.04
Finished Goods	3375.15	4226.77
Stores & Spares	1101.97	1048.41
Total	12,109.61	11,824.88

16 - TRADE RECEIVABLES

(Unsecured, Considered Good unless otherwise stated)

Particulars	As at March 31, 2014	As at March 31, 2013
Trade receivables outstanding for a period less than six months		
Considered good	8,317.87	12,779.89
Doubtful	-	-
Less: Provision for doubtful debts	-	-
	8,317.87	12,779.89
Trade receivables outstanding for a period exceeding six months		
Considered good	1,426.76	581.38
Doubtful	-	-
Less: Provision for doubtful debts	14.59	14.59
	1,412.17	566.79
* Total	9,730.04	13,346.68

* The above amount were subject to confirmation

17 - CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2014	As at March 31, 2013
a. Balances with banks		
Current Accounts	110.65	811.36
Unpaid Dividend Accounts	8.52	8.52
Fixed Deposit with Banks	688.12	597.73
b. Cash on hand	1.74	41.80
	809.03	1,459.41

EMPEE SUGARS AND CHEMICALS LIMITED

18 - SHORT-TERM LOANS AND ADVANCES

₹. In Lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Advances Recoverable in Cash or in Kind or for Value to be Received (Unsecured and considered good unless otherwise stated)		
Advance to Suppliers	415.90	750.43
CENVAT Credit	1,770.82	1,803.48
Cane Suppliers Advance	698.62	459.62
Harvester Advance	523.97	148.00
Prepaid Expenses	8.77	28.43
Other Deposits	367.79	324.73
* Total	3,785.87	3,514.69

* The above amount were subject to confirmation

19 - REVENUE FROM OPERATIONS

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
Sale of Products (Gross)		
Sugar	8,245.35	14,492.54
Spirit	2,058.72	2,690.99
Raw Sugar	392.08	803.38
Power	17,664.77	21,722.22
Organic Manure	32.37	44.60
Press Mud	0.52	0.41
Fly Ash	2.27	1.09
	28,396.08	39,755.23
Less: Excise Duty	410.25	703.94
	27,985.83	39,051.29

20 - OTHER INCOME

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
Interest Receipts	76.19	32.35
Scrap Sales	8.85	59.43
Insurance Claims received	46.37	8.24
Sale of Export Licence / Duty drawback received	-	16.31
Sundry Income	3.32	1.92
	134.73	118.25

EMPEE SUGARS AND CHEMICALS LIMITED

21 - COST OF MATERIALS CONSUMED

₹. In Lakhs

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
Opening Stock of Raw Material	7,335.07	5,383.20
Purchase of Raw Material	23,719.83	30,806.79
	31,054.90	36,189.99
Closing Stock of Raw Material	8,460.85	7,335.07
	22,594.05	28,854.92

22 - CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
<u>Opening Inventory</u>		
Work in Process	263.04	584.21
Finished Goods	4,226.77	5,768.68
	4,489.81	6,352.89
<u>Closing Inventory</u>		
Work in Process	273.61	263.04
Finished Goods	3,375.15	4,226.77
	3,648.76	4,489.81
Accretion to Stock	841.05	1,863.08

23 - EMPLOYEE BENEFITS EXPENSES

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
Salary & Allowance	810.64	1,172.05
Contribution to Provident Fund and other funds	47.54	56.30
Gratuity	(11.27)	(18.74)
Bonus	12.88	26.47
Staff Welf. Expenses	65.33	48.60
	925.12	1,284.68

EMPEE SUGARS AND CHEMICALS LIMITED

24 - FINANCE COSTS

₹. In Lakhs

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
Interest Expenses	6,132.32	7,381.51
Other Borrowing Costs	243.19	292.13
	6,375.51	7,673.64

25 - OTHER EXPENSES

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
Advertisement	8.44	17.39
Auditors Remuneration (Refer Note below)	3.12	3.75
Conveyance & Travelling	47.64	60.41
Insurance Premium	25.56	40.12
Miscellaneous Expenses	51.87	111.94
Donations	1.61	9.25
Business auxiliary services	227.14	290.61
Discount on issue of Shares written off	150.00	150.00
Postage, Telephone & Telegram	14.07	27.21
Printing & Stationery	11.13	53.43
Professional & Legal Charges	114.18	220.46
Rates and Taxes	51.30	67.09
Rent	42.02	58.00
Repairs & Maintenance-Buildings	88.97	121.39
Repairs & Maintenance-Machinery	156.85	155.14
Repairs & Maintenance-Others	41.41	65.36
Sitting Fees	5.16	5.90
Vehicle Maint. & Hire Charges	103.45	164.53
Provision for Diminution of Investment	1,367.82	-
Security Service Charges	48.39	87.16
Loss on sale of fixed assets	-	0.56
Export Sugar Handling Charges	-	19.87
	2,560.13	1,729.57

EMPEE SUGARS AND CHEMICALS LIMITED

AUDITOR'S REMUNERATION

₹. In Lakhs

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
Statutory Audit fee for certification & other works	1.55 1.57	2.25 1.50
	3.12	3.75

26. EARNINGS PER SHARE

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
Profit after Tax (Rs. in Lakhs)	(5,458.46)	(3,550.97)
Weighted Average Number of Equity Shares (Basic)	41972900	41,972,900
Earning per share - Basic (in Rs.)	(13.00)	(8.46)
Weighted Average Number of Equity Shares (Diluted)	41,972,900	41,972,900
Earning per share - Diluted (Rs.)	(13.00)	(8.46)
Face Value per Share in (Rs)	10.00	10.00

27. CONTINGENT LIABILITIES & COMMITMENTS

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
(i) Disputed Interest on Purchase Tax (The Company has applied for waiver of Interest, which the company is hopeful of getting waiver)	729.59	729.59
(ii) Guarantees		
Indian Bank, Chennai	20.50	20.50
Andhra Bank, Mount Road, Chennai	2.03	2.03
Indian Bank, Naidupet	43.00	43.00
(iii) Estimated amount of Capital contracts remaining to be executed is	-	-

28. All the investments held by the company are long term in nature

29. Other Expenses include Rs. 150.00 Lakhs written off being 1/10th of total discount on issue of shares made during the year 2000-2001. The balance still to be written off is Rs. 1050.00 Lakhs

EMPEE SUGARS AND CHEMICALS LIMITED

30. STATUS OF MERGER

The company is to be merged with Empee Distilleries Ltd w.e.f. 1.4.2011 under Scheme of Arrangement under Sec.391 and 394 of the Companies Act, 1956. The Scheme got approval from the Hon'ble Madras High Court and the hearings in Hon'ble Andhra Pradesh High Court are under progress.

31. IMPORTED AND INDIGENOUS MATERIALS CONSUMED

Particulars	Year Ended March 31, 2014 (12 Months)		Period Ended March 31, 2013 (18 Months)	
	%	Rs. in Lakhs	%	Rs. in Lakhs
a. Consumption of Raw Materials				
Imported	32.26	7287.86	17.24	4973.63
Indigenous	67.74	15306.19	82.76	23881.29
	100.00	22594.05	100.00	28854.92
a. Consumption of Stores & Spares				
Imported	-	-	-	-
Indigenous	100.00	156.85	100.00	155.14
	100.00	156.85	100.00	155.14

32. VALUE OF IMPORTS ON CIF BASIS

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
Raw Material	7287.86	8991.45

33. EARNINGS IN FOREIGN EXCHANGE

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
FOB Value of Exports	-	-

34. EXPENDITURE IN FOREIGN CURRENCIES

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
Expenditure in Foreign Currencies	-	-

EMPEE SUGARS AND CHEMICALS LIMITED

35. EMPLOYEE BENEFITS UNDER DEFINED BENEFIT PLANS

₹. In Lakhs

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
GRATUITY		
Actuarial data on Defined Benefit Plans:		
Projected Benefit Obligation at the beginning of the year	101.04	131.80
Current Service Cost	14.15	51.32
Interest Cost	8.08	16.80
Actuarial Losses / (Gains)	(34.22)	(89.26)
Benefit Paid	1.74	9.62
Projected Benefit Obligation at the end of the year	87.31	101.04
Change in Plan Assets		
Fair Value of Plan Assets at the Beginning of the Year	6.35	8.37
Expected Returns on Plan Assets	0.55	1.07
Employer's Contribution		10.00
Benefits Paid	(1.75)	(9.62)
Actuarial Gains / (Losses)	(1.27)	(3.47)
Fair Value of Plan Assets at the End of the Year	3.88	6.35
Amount Recognised in the Balance Sheet		
Liability at the End of the Year	94.69	101.04
Fair Value of Plan Assets at the End of the Year	11.26	6.35
Amount Recognised in the Balance Sheet	83.43	94.69
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	14.15	51.32
Interest on Obligation	8.08	16.80
Expected Return on Plan Assets	(0.55)	(1.07)
Net Actuarial Losses / (Gains) Recognised in the Year	(32.95)	(85.79)
Net Cost Recognised in the Profit and Loss Account	(11.27)	(18.74)
ASSUMPTIONS		
Discount Rate	8.00% P.A.	8.50% P.A.
Future Salary Increase	6 % P.A.	6 % P.A.
Attrition Rate	2-6% P.A.	2-6% P.A.
Expected Rate of Return on Plan Assets	8.70% P.A.	8.70% P.A.

Notes :

- The entire Plan Assets are managed by Reliance Life Insurance Company Ltd.,
- The expected return on Plan Assets is as furnished by a Qualified Actuary
- The estimate of future salary increase takes into account inflation, likely increments, promotions and other relevant factors

EMPEE SUGARS AND CHEMICALS LIMITED

36. DISCLOSURE IN RESPECT OF RELATED PARTIES PURSUANT TO ACCOUNTING STANDARD 18

Particulars	% of Share Holdings
a) List of Related Parties	
I. Holding Company	
Empee Distilleries Limited	63.43%
II. Subsidiary Company	
Empee Power Company (India) Limited	100%
Appollo Wind Energy Private Ltd.,	100%
III. Key Management Personnel	
Mr.M.P.Purushothaman - Chairman and Managing Director	3.45%
IV. Other Related Parties	
Empee Holdings Limited	2.29%
V. Other related parties (common share holding)	
Empee International Hotels & Resorts Limited	
South (India) Hotels Pvt Ltd	
Appollo Distilleries & Breweries Pvt Ltd	
Appollo Alchobev Limited	
Aruna Exports Pvt Ltd	
Empee Hotels Limited	
Aruna Constructions (India) Limited	
EDL Properties Ltd	
EDL Marketing Pvt Ltd	
Empee Agro Farm Products Pvt Ltd	
Empee Marine Products Limited	
Appollo Beers Pvt Ltd	
Empee Leasing & Finance Limited	
Empee Communication Ltd	
Universal Spirits Ltd	
Empee Construction Company Ltd	
Empee Power & Infrastructure Pvt Ltd	
Empee Packaging Industries	
Aruna Constructions	

EMPEE SUGARS AND CHEMICALS LIMITED

b) During the year the following transactions were carried out with the related parties in the ordinary course of business

Particulars	Transactions					For the year ended 31.03.14
	Holding Company	Subsidiary Companies	Key Management Personnel	Relatives of Key Management Personnel	Other related parties	₹. In Lakhs
Remuneration	-		42.00 (141.34)			42.00 (141.34)
Receiving of Services	-				263.64 (341.08)	263.64 (341.08)
Advance/Deposits Given (Net)	1,404.20 (789.01)	211.83 (5.17)				1,616.03 (794.18)
Advance/Deposits received (Net)	-				-	-
Interest Paid	-	-	-	-	(583.12)	(583.12)
Interest Received	-	-	-	-	-	-
Sale of assets	-	-	-	-	-	-
Sale of investments	-	-	-	-	-	-
Purchase of goods	-	-	-	-	-	-
Rent paid	-	-	-	-	29.56 (44.08)	29.56 (44.08)
Dividend Paid	-	-	-	-	-	-
Balance Outstanding	4,298.40	3,516.63	-	-	628.88	8,443.91

Note : Amount in bracket indicate previous year figures

EMPEE SUGARS AND CHEMICALS LIMITED

37. Segment wise details

₹. In Lakhs

Particulars	Sugar	IAP	Power	Unallocated	Total
Segment Revenue					
Sales	8,334.33	1,964.13	17,687.37	-	27,985.83
Other Income	37.74	8.89	88.10	-	134.73
Total Revenue	8,372.07	1,973.02	17,775.47	-	28,120.56
Operating Profit	424.43	500.70	275.08	-	1,200.21
Interest Expenses	2,794.70	347.02	3,233.79	-	6,375.51
Depreciation	979.21	125.16	966.60	-	2,070.97
Net Profit before tax	(3,349.48)	28.52	(3,925.31)	-	(7,246.27)
Other Information					
Segment Assets	25,628.92	1,734.90	39,362.69	-	66,726.51
Segment Liabilities	27,704.68	1,648.95	39,513.89	-	68,867.52
Depreciation	979.21	125.16	966.60	-	2,070.97
Capital Expenditure	205.06	-	-	-	205.06

38. The Revised Schedule VI has become effective from 1st April 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

39. Balances under trade payables, trade receivables, Cane suppliers and harvester advance are subject to confirmation from the concerned parties and reconciliation. The impact of this on the accounts is presently not ascertainable.

As per our report of even date annexed

for **Venkatesh & Co.**,
Chartered Accountants
F.R. No. 004636S
CA. Dasaraty V
Partner (M. No. 026336)

Place : Chennai
Date : 09.08.2014

Signatures to Notes to Financial Statements on
behalf of the Board

M.P. Purushothaman
Managing Director

Nisha Purushothaman
Director

S.S.K. Swarup
Company Secretary

INDEPENDENT AUDIT REPORT

To

The Members of Empee Sugars and Chemicals Ltd

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **M/s Empee Sugars and Chemicals Ltd** and its subsidiaries constitute "the Group" which comprises the Balance Sheet as at **March 31, 2014**, and the Statement of Profit and Loss and Cash Flow Statement for the year 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 principles generally accepted in India including the Accounting Standards notified under the Companies Act, 1956 read with general circular 8/2014 dated 04th April, 2014 issued by the ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the 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 qualified audit opinion.

Basis for Qualified Opinion

- a) ***The company has received amount of Rs. 140.37 crores from 7th July 2008 to 30th September 2012 (refer note no 4) towards share application money from holding company Empee Distilleries Ltd. A reference to note No 4 is made (Notes forming part of financial statements) relating to utilization of share application money pending allotment.***

EMPEE SUGARS AND CHEMICALS LIMITED

- b) *The accumulated losses of the company have exceeded the net worth of the company. The company has made a reference to BIFR under the sick industrial companies Act. However, the accounts have been prepared on a going concern basis.*
- c) *Balances of Sundry debtors, Trade payables, Advance to suppliers, Cane advances, Harvest Advance and other deposit is subject to confirmation and reconciliation.(refer note no 8, 16, 18 & 38)*

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Companies Act, 1956 (the Act) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

Based on our audit and on consideration of the separate audit reports and management certificate on individual financial statements of the subsidiaries, and best of our information and explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the consolidated 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 Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the 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 Matter

We did not audit the financial statements of subsidiary company Empee Power Company (India) Ltd., whose financial statements reflect total assets of Rs.9,558.03 lakhs as at 31st March, 2014, total revenues of Rs.2,697.92 Lakhs for the year ended as accounted in the consolidated financial statements of the company. These financial statement and other financial information have been audited by other Auditor for the year ended 31.03.2014 and whose report has been furnished to us, and our opinion is based solely on the reports of the other Auditors.

We did not audit the financial statements of subsidiary company Appollo wind Energy Private Limited whose financial statements reflect total assets Rs.1.08 lakh as at 31st March, 2014, total revenue of Rs. NIL and net cash flows of Rs. NIL Lakhs for the period then ended as accounted in the consolidated financial statements of the company. These financial statement and other financial information have been audited by other Auditors for the year ended 31.03.2014 and whose report has been furnished to us, and our opinion is based solely on the reports of the other Auditors.

For **Venkatesh & Co.**,
Chartered Accountants
F.R.No.004636S

CA Dasaraty V
M.No.026336
Partner

Place: Chennai
Date : 09/08/2014

EMPEE SUGARS AND CHEMICALS LIMITED

Consolidated Balance Sheet as at March 31, 2014			₹. In Lacs
Particulars	Note No.	As at Mar 31, 2014	As at Mar 31, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	2	4,197.29	4,197.29
(b) Reserves and surplus	3	(15,396.64)	(11,448.51)
		(11,199.35)	(7,251.22)
(2) Share application money pending allotment	4	14,036.50	14,036.50
(3) Non-current liabilities			
(a) Long-term borrowings	5	44,594.58	45,956.92
(b) Long-term provisions	6	127.34	123.12
		44,721.92	46,080.04
(4) Current liabilities			
(a) Short-term borrowings	7	14,151.69	13,863.06
(b) Trade payables	8	11,491.68	12,616.79
(c) Other Current Liabilities	9	3,480.57	2,037.71
(d) Short-term provisions	10	103.44	123.22
		29,227.38	28,640.78
TOTAL		76,786.45	81,506.10
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible assets	11	43,016.92	44,182.16
(ii) Capital work-in-progress		-	1,134.30
		43,016.92	45,316.46
(b) Non-current investments		-	-
(c) Deferred tax assets (net)	12	5,531.49	3,909.32
(d) Long-term loans and advances	13	429.58	697.95
		48,977.99	49,923.73
(2) Current Assets			
(a) Inventories	14	12,542.30	12,377.81
(b) Trade receivables	15	10,429.87	14,082.48
(c) Cash and cash equivalents	16	1,016.44	1,558.30
(d) Short-term loans and advances	17	3,819.85	3,563.78
		27,808.46	31,582.37
TOTAL		76,786.45	81,506.10

See accompanying notes to the financial statements

In terms of our report of even date

for **Venkatesh & Co.**,
Chartered Accountants
F.R. No. 004636S

CA. Dasaraty V
Partner (M. No. 026336)
Place : Chennai
Date : 09.08.2014

For and on behalf of the Board

M.P. Purushothaman
Managing Director

Nisha Purushothaman
Director

S.S.K. Swarup
Company Secretary

EMPEE SUGARS AND CHEMICALS LIMITED

Consolidated Statement of Profit and Loss for the period ended March 31, 2014			
₹. In Lakhs			
Particulars	Note No.	Year ended Mar 31, 2014 (12 months)	Period ended Mar 31, 2013 (18 months)
I. Revenue from operations	18	30,683.75	41,910.99
II. Other income	19	138.93	132.98
III. Total Revenue (I + II)		<u>30,822.68</u>	<u>42,043.97</u>
IV. Expenses:			
Cost of materials consumed	20	24,074.76	30,343.05
Purchases of stock-in-trade		-	-
Changes in inventories of finished goods, work-in-progress	21	841.05	1,863.08
Employee benefits expense	22	1,046.28	1,431.94
Finance costs	23	7,009.68	8,690.23
Depreciation and amortization expense	11	2,504.60	3,758.45
Other expenses	24	1,235.38	1,816.17
Total Expenses		<u>36,711.75</u>	<u>47,902.92</u>
V. Profit before exceptional and extraordinary items and tax (III-IV)		<u>(5,889.07)</u>	<u>(5,858.95)</u>
VI. Prior Period Items		493.04	-
VII. Profit before extraordinary items and tax (V-VI)		<u>(5,396.03)</u>	<u>(5,858.95)</u>
VIII. Extraordinary items		-	-
IX. Profit before tax (VII - VIII)		<u>(5,396.03)</u>	<u>(5,858.95)</u>
X. Tax Expenses:			
(1) Current Tax - Earlier Year		324.29	-
(2) Deferred Tax		<u>(1,622.17)</u>	<u>(1,966.63)</u>
XI Profit after Tax		<u>(4,098.16)</u>	<u>(3,892.32)</u>
XII Earnings per equity share:			
(1) Basic		(9.76)	(9.27)
(2) Diluted		(9.76)	(9.27)

See accompanying notes to the financial statements

In terms of our report of even date

for **Venkatesh & Co.,**
Chartered Accountants
F.R. No. 004636S

CA. Dasaraty V
Partner (M. No. 026336)

Place : Chennai
Date : 09.08.2014

For and on behalf of the Board

M.P. Purushothaman
Managing Director

Nisha Purushothaman
Director

S.S.K. Swarup
Company Secretary

EMPEE SUGARS AND CHEMICALS LIMITED

CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED 31st MARCH 2014

₹. In Lakhs

Particulars	Year ended Mar 31, 2014 (12 months)	Period ended Mar 31, 2013 (18 months)
A. Cash Flow from Operating Activities		
Net Profit before taxation	(5,396.03)	(5,858.95)
Adjustments for:		
Depreciation on fixed assets	2,504.60	3,758.45
Loss on sale of fixed assets	-	0.56
Interest expense	7,009.68	8,690.23
Discount on issue of shares written off	150.00	150.00
Investments written off	-	-
Deduct:		
Interest income	80.39	32.44
Operating Profit before Working Capital changes	4,187.86	6,707.85
Adjustments for :		
(Increase) / Decrease in inventories	(164.49)	(174.43)
(Increase) / Decrease in trade receivables	3,652.61	(6,877.93)
(Increase) / Decrease in loans and advances	(581.01)	(1,719.55)
Increase/(Decrease) in Trade Payables, Other Current liabilities & Provisions	302.18	8,704.58
CASH GENERATED FROM OPERATIONS	7,397.15	6,640.52
Income tax Paid	-	-
Cash used in Operating activities (before prior period items)	7,397.15	6,640.52
Prior period items	-	-
Net Cash inflow from/ (outflow) from Operating activities	7,397.15	6,640.52
B. Cash Flow from Investing Activities		
Purchase of fixed assets including Capital WIP	(205.06)	(577.35)
Sale Proceeds from investments	-	-
Purchase of Non current Investment	-	-
Sale Proceeds from fixed assets	-	4.10
Interest received	80.39	32.44
Dividend received	-	-
Net Cash inflow from/ (outflow) from Investing activities	(124.67)	(540.81)

EMPEE SUGARS AND CHEMICALS LIMITED

Particulars	₹. In Lakhs	
	Year ended Mar 31, 2014 (12 months)	Period ended Mar 31, 2013 (18 months)
C. Cash Flow from Financing Activities		
Proceeds from issue of shares including premium	-	-
Increase/(Decrease) in Short term borrowings	288.63	(4,087.79)
Increase/(Decrease) in Long Term Borrowings	(1,362.34)	7,305.45
Share application money received	-	242.00
Interest paid	(7,009.68)	(8,690.23)
Dividend paid	-	-
Dividend distribution tax paid	-	-
Net Cash inflow from/ (outflow) from Financing activities	<u>(8,083.39)</u>	<u>(5,230.57)</u>
Net increase / (decrease) in cash and cash equivalents	(810.91)	869.14
Opening Cash and Cash Equivalents		
Cash in hand	47.80	3.00
Bank balances	<u>889.22</u>	<u>64.88</u>
	<u>937.02</u>	<u>67.88</u>
Closing Cash and Cash Equivalents		
Cash in hand	2.74	47.80
Bank balances	<u>123.37</u>	<u>889.22</u>
	<u>126.11</u>	<u>937.02</u>
<i>See accompanying notes to the financial statements</i>		

In terms of our report of even date

for **Venkatesh & Co.,**
Chartered Accountants
F.R. No. 004636S
CA. Dasaraty V
Partner (M. No. 026336)

Place : Chennai
Date : 09.08.2014

For and on behalf of the Board

M.P. Purushothaman	Nisha Purushothaman
Managing Director	Director

S.S.K. Swarup
Company Secretary

Notes forming part of Consolidated financial statements for the year ended 31.03.2014

(A) Principles of consolidation

The consolidated financial statements relate to Empee Sugars and Chemicals Limited ('the Company') and its wholly owned subsidiaries Empee Power (I) Limited and Appollo Wind Energy Private Ltd., ('the Subsidiaries'). The consolidated financial statements have been prepared on the following basis.

The financial statements of the Company and its Subsidiaries have been prepared based on a line-by-line consolidation by adding together the book values of like items of assets, liabilities, income and expenses as per the respective financial statements duly certified by the management of the respective companies.

Intra group balances and intra group transactions and the unrealised profits on stocks arising out of intra-group transactions have been eliminated.

All Intercompany transactions, balances and unrealised surplus and deficits on transactions between Group companies are eliminated. Consistency in adoption of accounting policies among all group companies is ensured to the extent practicable and in the case of certain subsidiaries the impact of which is not quantifiable.

Since the Subsidiaries are wholly owned there is no minority interest arising on account of consolidation.

I. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

The financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on going concern basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP require the management to make estimate and assumptions considered in the reported amounts of assets and liabilities as of the date of the financial statements and the reported income and expenses during the reporting period. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Further the results may vary from these estimates. Differences between the actual results and the estimates are recognized in the year in which the results are known / materialized.

3. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

4. Revenue Recognition

All income and expenditure are accounted for on accrual basis as stated herein except in respect of such items as are specifically mentioned hereunder and in the notes.

Sales Income is accounted inclusive of excise duty and sales tax wherever applicable but net of trade discounts.

Insurance claims are accounted as and when the claims are settled

Interest due from growers for seed supplied is accounted as and when cane is received from growers.

Excise duty payable on finished goods held in stock at the end of the accounting year (except Molasses stored in pit for which duty is paid as and when molasses are let into the pit) will be accounted for at the time of clearance of these goods. The accounting treatment will have no impact on profit/losses.

Other Income – a) Interest Income is accounted at applicable coupon rates on respective investments, on time basis. b) Dividend income is accounted as and when received.

5. Fixed Assets, Depreciation / Amortization and Impairment

- (i) Fixed assets are stated at cost less accumulated depreciation /amortization. Direct costs are capitalized until fixed assets are ready for use. These costs include freight, installation costs, duties and taxes and other directly attributable costs incurred to bring the assets to their working condition for intended use. Borrowing costs directly attributable to acquisition of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.
- (ii) Capital Work in Progress comprises outstanding advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use at the Balance Sheet date. Cost of Work in Progress is stated at cost.
- (iii) Depreciation on fixed assets is provided pro-rata using the straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956.
- (iv) The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment based on internal or external factors. Impairment is recognized if the carrying value exceeds the higher of net selling price of the assets and its value in use.

6. Investments

Investments which are long term in nature, are stated at cost. Provision is made for diminution in value if it is of nature other than temporary.

Current investments are valued at lower of cost and fair value.

7. Inventories

Inventories are stated as under:

- a. Raw materials and stores & spare parts are valued at lower of cost and estimated net realizable value using FIFO Method.
- b. Work in process and finished goods are valued at lower of cost and estimated net realizable value using FIFO Method.

8. Employee Benefits

(i) Defined Contribution Plan

Provident Fund

Contributions to the Regional Provident Fund Commissioner to secure retrial benefits in respect of Employees' Provident Fund and Employees' Family Fund, based on the Statutory provisions as per the Employee Provident Fund Scheme are charged to revenue.

(ii) Defined benefit Plan

Gratuity

The Company makes annual contribution to a Gratuity Fund administered by trustees and managed by Reliance Life Insurance Company Ltd. The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year using the Projected Unit Credit method. Actuarial gains / losses are immediately recognized in the statement of Profit and Loss.

Long Term Compensated Absences

The liability for long term compensated absences carried forward on the Balance Sheet date is provided for based on an actuarial valuation using the Projected Unit Credit method, as at the Balance Sheet date.

Short Term Employee Benefits

Short term employee benefits includes short term compensated absences which is recognized based on the eligible leave at credit on the Balance Sheet date, and the estimated cost is based on the terms of the employment contract.

9. Foreign Currency Transactions

Foreign Currency Transactions are accounted at the exchange rates ruling on the date of the transaction. Foreign currency monetary items as at the balance sheet date are restated at the closing exchange rates. Exchange differences arising on actual payments / realizations and year-end restatements are dealt with in profit and loss account.

The Company enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risks associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract or similar instrument is amortized as expense or income over the life of the contract. Exchange differences on such contract are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation of a forward exchange contract or similar instrument is recognized as income or expenses for the year.

10. Taxation

Income Tax : Current tax is the amount of tax payable on the taxable income for the year and is determined in accordance with the provisions of the Income Tax Act, 1961

Deferred Tax : Deferred tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date.

Deferred tax assets in respect of unabsorbed depreciation and carry forward losses are recognized in there is virtual certainty that there will be sufficient future taxable income available in realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets.

11. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized only when the Company has present or legal or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation.

Contingent liability is disclosed for:

- (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

12. Segment Reporting

The Company prepares its segment information in conformity with the accounting policies adopted for presenting the financial statements of the Company as whole.

13. The Revised Schedule VI has become effective from 1st April 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

EMPEE SUGARS AND CHEMICALS LIMITED

Accompanying notes to the consolidated financial statements for the period ended March 31, 2014

Notes to the Financial Statements

2 - SHARE CAPITAL

a. Details of authorised, issued and subscribed share capital

₹. In Lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Authorised Capital		
7,00,00,000 (Previous Year 7,00,00,000) Equity Shares of Rs10/- each	7,000.00	7,000.00
1,00,00,000 (Previous Year 1,00,00,000) Preference Shares of Rs. 10/- each	1,000.00	1,000.00
	8,000.00	8,000.00
Issued, Subscribed and fully paid up		
4,19,72,900 (Previous Year 4,19,72,900) Equity Shares of Rs10/- each	4,197.29	4,197.29
	4,197.29	4,197.29

Note : The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/-

b. Information on shareholders

Name of Shareholder	Relationship	As at March 31, 2014		As at March 31, 2013	
		No of Equity shares held	Percentage	No of Equity shares held	Percentage
Empee Distilleries Ltd.,	Holding Company	26622102	63.42	26622102	63.42

c. Reconciliation of number of shares

Particulars	As at March 31, 2014		As at March 31, 2013	
	Number	Rs. in Lacs	Number	Rs. in Lacs
Shares outstanding at the beginning of the year	41972900	4,197.29	41972900	4,197.29
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	41972900	4,197.29	41972900	4,197.29

EMPEE SUGARS AND CHEMICALS LIMITED

3 - RESERVES AND SURPLUS

₹. In Lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
a. Discount on issue of Shares		
Balance at the beginning of the year	(1,200.00)	(1,350.00)
(-) Written off in Current Year	150.00	150.00
Balance at the end of the year	(1,050.00)	(1,200.00)
b. Surplus / (deficit) in the statement of profit and loss		
Balance at the beginning of the year	(10,248.51)	(6,356.19)
(+) Net Profit/(Net Loss) For the current year	(4,098.13)	(3,892.32)
(-) Interim Dividends including DDT	-	-
(-) Prior Period Expenses	-	-
Balance at the end of the year	(14,346.64)	(10,248.51)
GRAND TOTAL	(15,396.64)	(11,448.51)

4 - SHARE APPLICATION MONEY PENDING ALLOTMENT

Particulars	As at March 31, 2014	As at March 31, 2013
0% Convertible Preference Share Application Money	14,036.50	14,036.50
	14,036.50	14,036.50

Empee Sugars and Chemicals Ltd has received 0% convertible preference share application money of Rs.10/- each at a premium of Rs.140/- each from the parent company, M/s.Empee Distilleries Ltd from 7th July 2008 to 30th September 2012 towards promoter share for the project implementation of Integrated Sugar Complex which could not be allotted to the applicant company in view of non receipt of SEBI and Stock Exchanges approval. In view of this the company has gone for Composite Scheme of Arrangement of Empee Distilleries Ltd and Empee Sugars and Chemicals Ltd and Appollo Wind Energy Pvt Ltd and their respective shareholders. The company has filed the respective Petitions and the Madras High Court has sanctioned the scheme subject to the similar approval from the High Court of Andhra Pradesh which is under progress.

EMPEE SUGARS AND CHEMICALS LIMITED

5 - LONG-TERM BORROWINGS		₹. In Lakhs	
Particulars	As at March 31, 2014	As at March 31, 2013	
Secured Borrowings			
From Banks			
Term Loan	-		
Ambasamudram (-Refer Note 5.1 (i))	-		
Andhra Bank	6,121.67	5,920.08	
Bank of India	6,745.60	6,719.25	
Indian Overseas Bank	3,253.92	3,180.78	
Punjab National Bank	5,371.26	5,285.09	
Indian Bank	2,534.96	2,531.28	
Oriental Bank of Commerce	5,026.91	4,949.25	
Union Bank of India	2,438.79	2,384.75	
Naidupet (-Refer Note 5.1 (ii))	-		
Indian Bank	165.69	384.02	
Union Bank of India	55.90	247.86	
Bank of Maharashtra	84.64	123.79	
Federal Bank	36.32	96.06	
Funded Interest on Term Loan - Ambasamudram (-Refer 5.1 (i))	-		
Andhra Bank	1,089.97	956.67	
Bank of India	1,308.26	1,189.56	
Indian Overseas Bank	557.78	517.97	
Punjab National Bank	981.29	823.14	
Indian Bank	419.67	351.00	
Oriental Bank of Commerce	1,018.37	904.77	
Union Bank of India	558.78	416.88	
Power Plant Loan (-Refer 5.1.(iv))	-		
Indian Overseas Bank	790.05	897.25	
From Others	-		
Sugar Development Fund Loan (Refer Note 5.1 (iii))	3,304.52	4,715.02	
Power Finance Corporation (Refer Note 5.1 (iv))	2,719.95	2609.07	
Unsecured Borrowings	-		
from NBFCs	10.28	753.38	
	44,594.58	45956.92	

5.1 Security & Other Terms

(i) Pari passu first charges on fixed assets of the Ambasamudram unit of the company with other members of the consortium. Second paripassu charge on the current assets of the Ambasamudram unit and Naidupet unit of the company with other members of the consortium. Second paripassu charge on the fixed assets for naidupet unit of the company with other members of the consortium and also personal guarantee of the three directors and pledge of 51% of the promoters shareholding in the company. The repayment of all the term loan are as per the package mentioned in CDR Scheme. The first installment due of CDR will be September 2014.

EMPEE SUGARS AND CHEMICALS LIMITED

(ii) Pari passu first charge on the fixed assets of the Naidupet unit of the company with other members of the consortium financed for this project. Second paripassu charge on the current assets of the Naidupet unit of the company with other members and personal guarantee of three directors. The term loans are repayable in quarterly installments.

(iii) Paripassu first charge by way of a hypothecation of all moveable assets (except book debts) including moveable machiner, machinery spares, tools and accessories both present and future pertaining to bagasse based cogeneration power plant at idaikkal village, Ambasamudram Taluk, Tirunelveli Dist, Tamilnadu. The term loan is repayable in quarterly installments.

(iv) First paripassu charge on the fixed assets of the company and second paripassu charge on the current assets of the company

6 - LONG-TERM PROVISIONS

₹. In Lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for Employee Benefits:		
Gratuity	85.65	96.38
Compensated Absences	41.69	26.74
	127.34	123.12

7 - SHORT-TERM BORROWINGS

Particulars	As at March 31, 2014	As at March 31, 2013
Secured Loan from Banks		
Repayable on demand		
Cash Credit	13,266.73	13863.06
Bills Discounted	140.00	-
Letter of Credit	744.96	-
(Cash credit from banks availed at Naidupet and Ambasamudram Plant are secured by floating Charge on assets under hypothecation and other current assets at respective locations)		
	14,151.69	13,863.06

8 - TRADE PAYABLES

Particulars	As at March 31, 2014	As at March 31, 2013
Trade Payables	11,491.68	12,616.79
	11,491.68	12,616.79

The vendors of the Company are yet to submit their status under Micro, Small and Medium Enterprises; hence the relevant information is not available with the company. Accordingly no disclosures relating to Micro, Small and Medium Enterprises have been made in the Accounts. The above amount were subject to confirmation.

EMPEE SUGARS AND CHEMICALS LIMITED

9 - OTHER CURRENT LIABILITIES

₹. In Lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Current Maturities of Long Term Borrowings	2,440.04	428.51
Statutory dues	16.48	54.11
Liabilities for Expenses	579.54	557.81
Purchase Tax Payable	399.17	441.17
Other Liabilities	36.82	547.59
Unpaid dividends	8.52	8.52
Total	3,480.57	2,037.71

10 - SHORT-TERM PROVISIONS

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits	103.44	123.22
Total	103.44	123.22

12 - DEFERRED TAX

Break-up of Deferred Tax Assets and Deferred Tax Liabilities arising on account of timing differences

Particulars	As at March 31, 2014	As at March 31, 2013
Deferred Tax Assets		
Provision for doubtful trade Receivables	4.91	4.91
Brought forward loss as per Income Tax	12,431.57	11,184.32
Deferred Expenses	1,957.85	1,714.02
Total	14,394.33	12,903.25
Deferred Tax Liabilities		
Depreciation	8,862.84	8,993.93
Total	8,862.84	8,993.93
Deferred Tax Asset (Net)	5,531.49	3,909.32

EMPEE SUGARS & CHEMICALS LIMITED

Notes to the Financial Statements

11. Tangible Assets

₹. In Lakhs

PARTICULARS	Gross Block				Accumulated Depreciation			Net Block		
	As at April 1, 2013	Additions during the Year	Deletions during the Year	As at March 31, 2014	As at April 1, 2013	Depre-ciation charge for the year	Depre-ciation on Deletions	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Tangible Assets										
Land & Site	595.12	-	-	595.12	-	-	-	-	595.12	595.12
Buildings	6,532.30	457.92	-	6,990.22	1,097.08	219.45	-	1,316.53	5,673.69	5,435.22
Plant & Machinery	46,496.20	880.35	-	47,376.55	8,895.69	2,210.51	-	11,106.20	36,270.35	37,600.50
Furniture & Fittings	32.41	-	-	32.41	20.34	1.13	-	21.47	10.94	12.07
Vehicles	820.42	-	-	820.42	297.39	72.27	-	369.66	450.77	523.04
Computer	29.48	-	-	29.48	29.48	-	-	29.48	0.00	0.00
Office Equipements	25.63	1.08	-	26.71	9.42	1.24	-	10.66	16.05	16.21
	-	-	-	-	-	-	-	-	-	-
Total	54,531.56	1,339.36	-	55,870.92	10,349.40	2,504.60	-	12,854.00	43,016.92	44,182.16
Previous Year	54,520.26	17.34	6.04	54,531.56	6,592.34	3,758.45	1.39	10,349.40	44,182.16	47,927.92

EMPEE SUGARS AND CHEMICALS LIMITED

13 - LONG-TERM LOANS AND ADVANCES

(Unsecured, Considered Good unless stated otherwise)

₹. In Lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Capital Advance	102.79	91.49
Rent Advance	119.38	119.35
Electricity and other deposits	207.41	176.91
Advance Tax Net Off Provision	-	310.20
Loans and advances to related parties	-	-
	429.58	697.95

14 - INVENTORIES

(Lower of Cost and estimated Net Realisable Value)

Particulars	As at March 31, 2014	As at March 31, 2013
Raw Material	7,791.57	6839.59
Work in Progress	273.61	263.04
Finished Goods	3,375.15	4226.77
Stores & Spares	1,101.97	1048.41
Total	12,542.30	12,377.81

15 - TRADE RECEIVABLES

(Unsecured, Considered Good unless otherwise stated)

Particulars	As at March 31, 2014	As at March 31, 2013
Trade receivables outstanding for a period less than six months		
Unsecured, Considered good	9,017.70	13,515.69
Doubtful	-	-
Less: Provision for doubtful debts	-	-
	9,017.70	13,515.69
Trade receivables outstanding for a period exceeding six months		
Unsecured, Considered good	1,426.76	581.38
Doubtful	-	-
Less: Provision for doubtful debts	14.59	14.59
	1,412.17	566.79
* Total	10,429.87	14,082.48

* The above amount were subject to confirmation

EMPEE SUGARS AND CHEMICALS LIMITED

16 - CASH AND CASH EQUIVALENTS

₹. In Lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
a. Balances with banks		
Current Accounts	114.85	880.70
Unpaid Dividend Account	8.52	8.52
Fixed Deposit with Banks	890.33	621.28
b. Cash on hand	2.74	47.80
	1,016.44	1,558.30

17 - SHORT-TERM LOANS AND ADVANCES

Particulars	As at March 31, 2014	As at March 31, 2013
Advances Recoverable in Cash or in Kind or for Value to be Received (Unsecured and considered good unless otherwise stated)		
Employee Advance	0.04	56.86
Interest Accrued but not due	0.87	29.43
Advance to Suppliers	415.90	750.43
CENVAT Credit	1,770.82	1,803.48
Cane Suppliers Advance	698.62	459.62
Harvester Advance	523.97	91.18
Prepaid Expenses	41.83	43.05
Other Deposits	367.80	329.73
* Total	3,819.85	3,563.78

* The above amount were subject to confirmation

18 - REVENUE FROM OPERATIONS

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
Sale of Products (Gross)		
Sugar	8,245.35	14,492.54
Spirit	2,058.72	2,690.99
Raw Sugar	392.08	803.38
Power	20,362.69	24,581.92
Organic Manure	32.37	44.60
Press Mud	0.52	0.41
Fly Ash	2.27	1.09
	31,094.00	42,614.93
Less: Excise Duty	410.25	703.94
	30,683.75	41,910.99

EMPEE SUGARS AND CHEMICALS LIMITED

19 - OTHER INCOME

₹. In Lakhs

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
Interest Receipts	80.39	32.44
Scrap Sales	8.85	59.43
Insurance Claims received	46.37	22.77
Sale of Export Licence / Duty drawback received	-	16.31
Sundry Income	3.32	2.03
	138.93	132.98

20 - COST OF MATERIALS CONSUMED

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
Opening Stock of Raw Material	7,888.00	5,850.49
	-	-
Purchase of Raw Material	25,080.30	32,380.56
	32,968.30	38,231.05
Closing Stock of Raw Material	8,893.54	7,888.00
	24,074.76	30,343.05

21 - CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
<u>Opening Inventory</u>		
Work in Process	263.04	584.21
Finished Goods	4,226.77	5,768.68
	4,489.81	6,352.89
<u>Closing Inventory</u>		
Work in Process	273.61	263.04
Finished Goods	3,375.15	4,226.77
	3,648.76	4,489.81
Accretion to Stock	841.05	1,863.08

EMPEE SUGARS AND CHEMICALS LIMITED

22 - EMPLOYEE BENEFITS EXPENSES		₹. In Lakhs	
Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)	
Salary & Allowance	918.02	1,362.01	
Contribution to Provident Fund and other funds	54.52	65.20	
Gratuity	(10.74)	(76.19)	
Bonus	18.73	32.32	
Staff Welf. Expenses	65.75	48.60	
	1,046.28	1,431.94	
23 - FINANCE COSTS			
Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)	
Interest Expenses	6,697.78	8,390.05	
Other Borrowing Costs	311.90	300.18	
	7,009.68	8,690.23	
24 - OTHER EXPENSES			
Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)	
Advertisement	8.44	17.39	
Auditors Remuneration (Refer Note below)	3.27	4.03	
Conveyance & Travelling	48.58	63.98	
Insurance Premium	37.26	50.99	
Miscellaneous Expenses	55.24	117.55	
Donations	1.61	9.25	
Business auxiliary services	227.14	290.61	
Discount on issue of Shares written off	150.00	150.00	
Postage, Telephone & Telegram	14.27	27.21	
Printing & Stationery	11.35	53.48	
Professional & Legal Charges	124.44	223.82	
Rates and Taxes	56.88	69.56	
Rent	42.02	58.00	
Repairs & Maintenance-Buildings	88.97	121.39	
Repairs & Maintenance-Machinery	156.85	171.62	
Repairs & Maintenance-Others	41.41	75.48	
Sitting Fees	5.16	5.90	
Vehicle Maint. & Hire Charges	108.22	169.00	
Security Service Charges	54.27	96.07	
Loss on sale of fixed assets	-	0.56	
Discount on Sales	-	20.41	
Export Sugar Handling Charges	-	19.87	
	1,235.38	1,816.17	

EMPEE SUGARS AND CHEMICALS LIMITED

AUDITOR'S REMUNERATION

₹. In Lakhs

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
Statutory Audit fee	1.70	2.53
for certification & other works	1.57	1.50
	3.27	4.03

25. EARNINGS PER SHARE

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
Profit after Tax (Rs. in Lakhs)	(4,098.13)	(3,892.32)
Weighted Average Number of Equity Shares (Basic)	41,972,900	41,972,900
Earning per share - Basic (in Rs.)	(9.76)	(9.27)
Weighted Average Number of Equity Shares (Diluted)	41,972,900	41,972,900
Earning per share - Diluted (Rs.)	(9.76)	(9.27)
Face Value per Share in (Rs)	10.00	10.00

26. CONTINGENT LIABILITIES & COMMITMENTS

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
(i) Disputed Interest on Purchase Tax (The Company has applied for waiver of Interest, which the company is hopeful of getting waiver)	729.59	729.59
(ii) Guarantees		
Indian Bank, Chennai	20.50	20.50
Andhra Bank, Mount Road, Chennai	2.03	2.03
Indian Bank, Naidupet	43.00	43.00
(iii) Estimated amount of Capital contracts remaining to be executed is	-	-

27. Other Expenses include Rs. 150.00 Lakhs written off being 1/10th of total discount on issue of shares made during the year 2000-2001. The balance still to be written off is Rs. 1050.00 Lakhs

28. STATUS OF MERGER

The company is to be merged with Empee Distilleries Ltd w.e.f. 1.4.2011 under Scheme of Arrangement under Sec.391 and 394 of the Companies Act, 1956. The Scheme got approval from the Hon'ble Madras High Court and the hearings in Hon'ble Andhra Pradesh High Court are under progress.

EMPEE SUGARS AND CHEMICALS LIMITED

29. IMPORTED AND INDIGENOUS MATERIALS CONSUMED

Particulars	Year Ended March 31, 2014 (12 Months)		Period Ended March 31, 2013 (18 Months)	
	%	Rs. in Lakhs	%	Rs. in Lakhs
a. Consumption of Raw Materials				
Imported	30.27	7287.86	16.39	4973.63
Indigenous	69.73	16786.90	83.61	25369.42
	100.00	24074.76	100.00	30343.05
a. Consumption of Stores & Spares				
Imported	-	-	-	-
Indigenous	100.00	156.85	100.00	171.62
	100.00	156.85	100.00	171.62

30. VALUE OF IMPORTS ON CIF BASIS

₹. In Lakhs

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
Raw Material	7287.86	8991.45

31. EARNINGS IN FOREIGN EXCHANGE

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
FOB Value of Exports	-	-

32. EXPENDITURE IN FOREIGN CURRENCIES

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
Expenditure in Foreign Currencies	-	-

EMPEE SUGARS AND CHEMICALS LIMITED

33. EMPLOYEE BENEFITS UNDER DEFINED BENEFIT PLANS

₹. In Lakhs

Particulars	Year Ended March 31, 2014 (12 Months)	Period Ended March 31, 2013 (18 Months)
GRATUITY		
Actuarial data on Defined Benefit Plans:		
Projected Benefit Obligation at the beginning of the year	108.86	143.84
Current Service Cost	15.62	54.08
Interest Cost	8.65	18.33
Actuarial Losses / (Gains)	(35.42)	(97.76)
Benefit Paid	2.14	9.63
Projected Benefit Obligation at the end of the year	95.57	108.86
Change in Plan Assets		
Fair Value of Plan Assets at the Beginning of the Year	12.48	9.51
Expected Returns on Plan Assets	1.04	1.07
Employer's Contribution		15.00
Benefits Paid	(2.15)	(9.63)
Actuarial Gains / (Losses)	(1.45)	(3.47)
Fair Value of Plan Assets at the End of the Year	9.92	12.48
Amount Recognised in the Balance Sheet		
Liability at the End of the Year	95.57	108.86
Fair Value of Plan Assets at the End of the Year	9.92	12.48
Amount Recognised in the Balance Sheet	85.65	96.38
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	15.62	54.08
Interest on Obligation	8.65	18.33
Expected Return on Plan Assets	(1.04)	(1.07)
Net Actuarial Losses / (Gains) Recognised in the Year	(33.97)	(94.29)
Net Cost Recognised in the Profit and Loss Account	(10.74)	(22.95)
ASSUMPTIONS		
Discount Rate	8.00% P.A.	8.50% P.A.
Future Salary Increase	6 % P.A.	6 % P.A.
Attrition Rate	2-6% P.A.	1-3% P.A.
Expected Rate of Return on Plan Assets	8.70% P.A.	8.50% P.A.

Notes :

- a. The entire Plan Assets are managed by Reliance Life Insurance Company Ltd.,
- b. The expected return on Plan Assets is as furnished by a Qualified Actuary
- c. The estimate of future salary increase takes into account inflation, likely increments, promotions and other relevant factors

EMPEE SUGARS AND CHEMICALS LIMITED

34. DISCLOSURE IN RESPECT OF RELATED PARTIES PURSUANT TO ACCOUNTING STANDARD 18

Particulars	% of Share Holdings
a) List of Related Parties	
I. Holding Company	
Empee Distilleries Limited	63.43%
II. Key Management Personnel	
Mr.M.P.Purushothaman - Chairman and Managing Director	3.45%
III. Other Related Parties	
Empee Holdings Limited	2.29%
IV. Other related parties (common share holding)	
Empee International Hotels & Resorts Limited	
South (India) Hotels Pvt Ltd	
Appollo Distilleries & Breweries Pvt. Ltd	
Appollo Alchobev Limited	
Aruna Exports Pvt Ltd	
Empee Hotels Limited	
Aruna Constructions (India) Limited	
EDL Properties Ltd	
EDL Marketing Pvt Ltd	
Empee Agro Farm Products Pvt Ltd	
Empee Marine Products Limited	
Appollo Beers Pvt Ltd	
Aruna Constructions	
Empee Communication Ltd	

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b) During the year the following transactions were carried out with the related parties in the ordinary course of business

Particulars	Transactions					₹. In Lakhs
	Holding Company	Subsidiary Companies	Key Management Personnel	Relatives of Key Management Personnel	Other related parties	For the year ended 31.03.14
Remuneration	-		42.00 (141.34)			42.00 (141.34)
Receiving of Services	-				263.64 (341.08)	263.64 (341.08)
Advance/Deposits Given (Net)	1,404.20 (789.01)	211.83 (5.17)				1,616.03 (794.18)
Advance/Deposits received (Net)	-				-	-
Interest Paid	-	-	-	-	(583.12)	(583.12)
Interest Received	-	-	-	-	-	-
Sale of assets	-	-	-	-	-	-
Sale of investments	-	-	-	-	-	-
Purchase of goods	-	-	-	-	-	-
Rent paid	-	-	-	-	29.56 (44.08)	29.56 (44.08)
Dividend Paid	-	-	-	-	-	-
Balance Outstanding	4,298.40	3,516.63	-	-	628.88	8,443.91

Note : Amount in bracket indicate previous year figures

EMPEE SUGARS AND CHEMICALS LIMITED

35. Segment wise details

₹. In Lakhs

Particulars	Sugar	IAP	Power	Unallocated	Total
Segment Revenue					
Sales	8,334.33	1,964.13	20,385.29	-	30,683.75
Other Income	37.74	8.89	92.30	-	138.93
Total Revenue	8,372.07	1,973.02	20,477.59	-	30,822.68
Operating Profit	424.43	500.70	2,700.10	-	3,625.23
Interest Expenses	2,794.70	347.02	3,867.96	-	7,009.68
Depreciation	979.21	125.16	1,400.23	-	2,504.60
Net Profit before tax	(3,349.48)	28.52	(2,568.09)	-	(5,889.05)
Other Information					
Segment Assets	25,628.92	1,734.90	43,891.15	-	71,254.97
Segment Liabilities	27,704.68	1,648.95	44,595.67	-	73,949.30
Depreciation	979.21	125.16	1,400.23	-	2,504.60
Capital Expenditure	205.06	-	-	-	205.06

36. The Revised Schedule VI has become effective from 1st April 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

37. Balances under trade payables, trade receivables, Cane suppliers and harvester advance are subject to confirmation from the concerned parties and reconciliation. The impact of this on the accounts is presently not ascertainable.

As per our report of even date annexed

for **Venkatesh & Co.,**
Chartered Accountants
F.R. No. 004636S
CA. Dasaraty V
Partner (M. No. 026336)

Place : Chennai
Date : 09.08.2014

Signatures to Notes to Financial Statements on
behalf of the Board

M.P. Purushothaman **Nisha Purushothaman**
Managing Director Director

S.S.K. Swarup
Company Secretary

ATTENDANCE SLIP

Empee Sugars and Chemicals Ltd.

Regd. Office: Ayyapareddipalem, Naidupet – 524 126, Nellore Dist., A.P.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING

R.F. No.	SL. No.
NAME AND ADDRESS	No. OF SHARES

I hereby record my presence at the 23rd Annual General Meeting being held at Ayyapareddipalem, Naidupet – 524 126, Nellore Dist., A.P. at 11.30 a.m. on Friday the 26th September 2014 and at any adjournment thereof.

SIGNATURE OF THE SHAREHOLDER/ PROXY

Strike out whichever is not applicable

PROXY

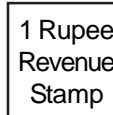
Empee Sugars and Chemicals Ltd.

Regd. Office: Ayyapareddipalem, Naidupet – 524 126, Nellore Dist., A.P.

I/We..... Folio No..... of
being a Member/Members of EMPEE SUGARS AND CHEMICALS LIMITED hereby
appoint.....ofor failing him
.....of
as my/our Proxy to attend and vote for me/us and on my/our behalf at the 23rd Annual
General Meeting being held at Ayyapareddipalem, Naidupet, Nellore Dist., A.P. at 11.30 a.m.
on Friday the 26th September 2014 and at any adjournment thereof.




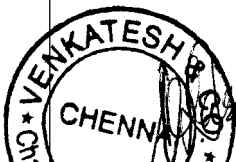
Dated this.....day of.....2014

Signed by the said.....



Note: The proxy must be deposited at the Registered Office of the Company at Ayyapareddipalem, Naidupet, Andhra Pradesh not less than 48 hours before the time for holding the meeting.

FORM A

1.	Name of the Company	EMPEE SUGARS AND CHEMICALS LTD
2.	Annual financial statements for the year ended	31 st March 2014
3.	Type of Audit observation	Matter of Emphasis. a) The company has received amount of Rs. 140.37 crores from 7 th July 2008 to 30 th September 2012 towards share application money from holding company Empee Distilleries Ltd. b) The accumulated losses of the company have exceeded the net worth of the company. The company has made a reference to BIFR under the sick industrial companies Act. However, the accounts have been prepared on a going concern basis. c) Balances of Sundry debtors, Trade payables, Advance to suppliers, Cane advances, Harvest Advance and other deposit is subject to confirmation and reconciliation.
4.	Frequency of observation	a) Appeared third time since financial year 2010-11. b) Appeared second time. c) Appeared first time.
5.	Signed by Chairman & Managing Director Mr.T.S.Raghavan Chairman – Audit Committee M/s.Venkatesh & Co. Auditors of the Company.	   

FORM B

1.	Name of the Company	EMPEE SUGARS AND CHEMICALS LTD
2.	Annual financial statements for the year ended	31 st March 2014
3.	Type of Audit qualification	Qualified
4.	Frequency of qualification	a) Appeared third time since financial year 2010-11. b) Appeared second time. c) Appeared first time.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report.	a) The company has approval from the shareholders to obtain share application money up to Rs.150 Crores from Empee Distilleries Limited vide Postal Ballot Resolution dated 23.8.2010. Accordingly the share application money of Rs.140.37 Crores received from Empee Distilleries Ltd upto 31-03-2014 was utilized for the setting up of Integrated sugar complex at Ambasamudram. b) The company has filed its application for composite Scheme of arrangement for amalgamation of Empee Distilleries Limited with Empee Sugars and Chemicals Ltd with the judicature of Andhra Pradesh, Hyderabad which has been approved by the shareholders pending for approval of High Court. If the Scheme is approved, the share application money will be automatically transferred to the amalgamating company, Empee Sugars and Chemicals Ltd and the net worth of the company will improve. c) Confirmation and reconciliation of various accounts are under progress.

Plant I : Ayyapareddipalem, Naidupet - 524 126, Nellore Dist., Andhra Pradesh.

Tel : (08623) 248150, 248171 Fax : 08623 - 248172

Plant II : Alangulam Road, Edaikal Village, Ambasamudram Taluk, Tirunelveli Dist. - 627 821. Tamil Nadu.

Ph : 04634-293643 Ph : 04634-251711

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		The Qualifications made by the Auditors in their report are self explanatory and do not have any impact on the current profits/Losses of the company.
6.	Additional comments from the board/audit committee chair.	Same as above.
7.	Signed by Chairman & Managing Director Mr.T.S.Raghavan Chairman – Audit Committee M/s.Venkatesh & Co. Auditors of the Company	