

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

**NOTICE TO THE MEMBERS**

**NOTICE TO THE MEMBERS**

Notice is hereby given that the 24th Annual General Meeting of the Members of Rajshree Sugars & Chemicals Limited will be held on Monday, the 20th day of September 2010 at 3.00 p.m. at Chamber Hall, Indian Chamber of Commerce & Industry, Avanashi Road, Coimbatore 641 018 to transact the following business:

**ORDINARY BUSINESS**

1. To consider, approve and adopt the Profit & Loss Account for the year ended 31st March 2010, the Balance Sheet as on that date, the report of the Board of Directors and the report of the Auditors.
2. To declare a dividend.
3. To appoint a Director in the place of Mr. Raja M.J. Abdeen who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Mr. G.R. Karthikeyan who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS**

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

**“RESOLVED THAT** Dr.K.Mohan Naidu, who was appointed as an Additional Director in the meeting of the Board of Directors of the Company held on 17<sup>th</sup> May 2010 and who holds office as such upto the date of the 24<sup>th</sup> Annual General Meeting and in respect of whom notice under section 257 of the Companies Act, 1956 has been received from a member signifying her intention to propose Dr.K.Mohan Naidu as a candidate for the office of the Director of the Company be and is hereby appointed as a Director of the Company liable to retire by rotation.”

By Order of the Board

Place: Coimbatore  
Date: 17th May 2010

**R. ANAND**  
General Manager (Finance) & Company Secretary

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**ITEM NO.6 OF THE AGENDA**

Dr.K.Mohan Naidu was appointed as an Additional Director of the Company by the Board of Directors with effect from 17<sup>th</sup> May 2010. As per the provisions of the Companies Act, he will hold office upto the date of the 24<sup>th</sup> Annual General Meeting. The Company has received nomination proposing the candidature of Dr.K.Mohan Naidu to the office of Director along with the required deposit of Rs.500/-.

None of the Directors are concerned or interested in the resolution except Dr.K.Mohan Naidu.

**NOTE:**

1. The Register of Members of the Company will remain closed from 13<sup>th</sup> September 2010 to 20<sup>th</sup> September 2010 (both days inclusive).
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself and the Proxy need not be a Member.
3. Members are requested to intimate the change in bank mandate/address, if any, immediately to the Registrars and Transfer Agents of the Company, M/s S.K.D.C. Consultants Limited, Kanapathy Towers, 3<sup>rd</sup> Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore 641 006.
4. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
5. The Company's equity shares are listed in the following stock exchanges at present.
  - a. National Stock Exchange of India Limited, Mumbai
  - b. Bombay Stock Exchange Limited, Mumbai

The Company has paid the annual listing fees for the period 2010-11 in respect of the above stock exchanges.

6. The following are the details of dividends paid by the Company and their respective due dates of transfer to such fund of the Central Government, which remain unencashed.

Date of declaration of dividend	Dividend for the financial year	Due date of transfer to the Central Government
10.09.2003	2002-2003	09.10.2010
13.09.2004	2003-2004	12.10.2011
30.09.2005	2004-2005	29.10.2012
06.09.2006	2005-2006	05.10.2013
10.09.2007	2006-2007	09.10.2014
23.09.2009	2008-2009	22.10.2016

It may be noted that no claim of the shareholders will be entertained for the unclaimed dividends which have been transferred to the credit of the Investors Education & Protection Fund of the Central Government.

In view of the above, the shareholders are advised to send all the unencashed dividend warrants to the Registered Office of the Company for revalidation and encash them before the due date for transfer to the Central Government.

7. The information/details pertaining to Dr.K.Mohan Naidu, Mr.Raja M.J.Abdeen and Mr.G.R.Karthikeyan to be provided in terms of clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the annexure.

By Order of the Board

Place: Coimbatore  
Date: 17th May 2010

**R. ANAND**  
General Manager (Finance) & Company Secretary

**ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT OR SEEKING ELECTION AT THE ANNUAL GENERAL MEETING**

The brief resume of the Directors seeking reappointment is given below.

**Dr.K.Mohan Naidu ( 73 )**

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

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

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

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

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

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

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

He holds no Directorship in other companies.

He holds 500 equity shares in the Company.

**Mr. Raja M.J.Abdeen ( 60 )**

Mr. Raja M.J.Abdeen is a non-resident Indian based in Singapore with interests in shipping, travel and real estate.

He has wide expertise in the field of administration, management, finance etc.

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

<u>Directorship in other companies</u>	<u>Membership in Committees</u>
Abdeen UK Ltd, London	Nil
Far Eastern Services P Ltd, Singapore	Nil
Straitship Services P Ltd, Singapore	Nil
Straits Orient Agencies Pte Ltd	Nil
Olympic Maritime Carriers P Ltd	Nil
Rajnisha Textiles & Exports Pte Ltd	Nil
Straits Travel & Tours (Pte.) Ltd	Nil
Osjay Shipping & Forwarding (Sdn) Bhd, Malaysia	Nil
Straits Granites & Minerals Pte. Ltd.	Nil
Straits Ship-Chandlers (1941) Pte Ltd.	Nil
Encore Marine & Engineering Pte. Ltd.	Nil
Far Eastern Services (Malaysia) Sdn. Bhd.	Nil
Straits Global Logistics (s) Pte. Ltd.	Nil
Blue Chip Consultant Pte Ltd.	Nil

He holds 10,10,000 equity shares in the Company.

**Mr. G.R.Karthikeyan ( 67 )**

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

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

Directorship in other companiesMembership in Committees

Sri Karthikeya Spinning & Weaving Mills Pvt Ltd  
RND Softech Private Limited

Nil  
Nil

He holds 1040 shares in the Company.

**BOARD OF DIRECTORS**

Mr. RAJA M.J.ABDEEN

Dr. P SURULINARAYANASAMI

Mr. G.R. KARTHIKEYAN

Mr. G.S.V.SUBBA RAO

Mr. R.C.H.REDDY

Dr. K.MOHAN NAIDU\*\*

Mr. R VARADARAJAN  
Director & Chief Operating Officer

Ms. RAJSHREE PATHY  
Chairperson and Managing Director

\*\* Appointed as an Additional Director on 17.5.2010

**Auditors**

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

**Chief Financial Officer**

Mr. A. Sathyamurthy

**General Manager (Finance) &  
Company Secretary**

Mr. R. Anand

**Registered Office**

'The Uffizi'  
338 Avanashi Road  
Peelamedu  
Coimbatore 641 004

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

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

**Factory Unit II  
Sugar & Cogeneration**

Mundiyampakkam PO  
PIN 605 601  
Villupuram Taluk & District

**Factory Unit III  
Sugar & Cogeneration**

Semmedu Village, Gingee Taluk  
PIN 604 153.  
Villupuram District

**Bankers**

State Bank of India  
State Bank of Mysore  
State Bank of Hyderabad  
UCO Bank  
Bank of India  
Indian Bank

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## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 24<sup>th</sup> Annual Report with the audited financial statements for the year ended 31<sup>st</sup> March 2010.

### FINANCIAL HIGHLIGHTS

	2009-10 Rs.	2008-09 Rs.
Total Income	5,521,644,992	3,727,289,172
Profit before Interest, Depreciation and exceptional items	1,393,295,061	761,267,631
Less: Interest	474,797,050	260,006,375
Depreciation	226,900,946	135,609,790
Exceptional items	35,400,629	24,053,530
Profit before Tax	656,196,436	341,597,936
Direct taxes	113,588,000	41,750,000
Deferred taxes	109,653,000	77,050,000
Income tax of prior years	1,261,756	28,897
Profit after Tax	431,693,680	222,769,039
i) Transfer to General Reserve	50,000,000	20,000,000
ii) Proposed Dividend	68,075,100	22,691,700
iii) Provision for dividend tax	11,569,363	3,856,454
Basic Earnings per Share of Rs.10/- each before extraordinary items	19.02	9.82
Diluted Earnings per Share of Rs.10/- each after considering allotment of 1,100,000 warrants	18.14	9.82

### DIVIDEND

The Directors are pleased to recommend a dividend of Rs.3/- per share.

### FINANCIAL PERFORMANCE

Your Company earned an income of Rs.552.16 crores in the year 2009-10 as against Rs.372.73 crores during the previous year. The Company earned an after tax profit of Rs.43.17 crores as against the profit of Rs.22.28 crores during the previous year. Higher profitability is on account of better price realization for sugar and alcohol during the year under review.

### OPERATIONAL PERFORMANCE

#### Sugar Division

The inadequate rainfall in the command area of the factories and the low sugar prices during the previous season led to reduction in sugarcane crushing in 2009-10. The sugarcane crushed during the year 2009-10 was as follows:

	Sugarcane crushed (MT)	
	2009-10	2008-09
Unit I	234,187	329,249
Unit II	717,988	1,304,440
Unit III	475,757	107,302
Total	1,427,932	1,740,991

As a measure to bridge the gap in sugar production, your company has processed 46,721 MT of raw sugar in all its Units and produced 44,429 MT of white sugar at an average recovery of 95.09%.

#### Distillery Division

The Company produced 10,326,903 litres of Alcohol in 2009-10 as against 11,193,124 litres of Alcohol in the previous year. The demand of alcohol by the IMFS units in the State remained high and supported the marketing efforts of the Company. The ethanol blending programme of the Central Government has not been implemented in the State since the State Government has not accorded permission for supply of ethanol to the oil companies, as they yet perceive a shortfall of alcohol to the potable sector.

### **Cogeneration of Power**

The Cogeneration plants in Unit I, II and III generated 1,909.53 lakh units of electricity in 2009-10, as against 1,788.54 lakh units of power generated during the previous year. After captive consumption, 1,279.81 lakh units of power were exported to TNEB as against 1,139.37 lakh units exported in the previous year.

### **Operations of subsidiary company**

The wholly owned subsidiary Company, Trident Sugars Limited crushed 310,632 MT of sugarcane during the financial year 2009-10 as against 355,169 MT of sugarcane crushed in the previous year. The annual accounts of the subsidiary company is enclosed alongwith the accounts of the Company.

### **FUTURE OUTLOOK**

Sugarcane crushing for 2009-10 season is expected to be lower than the crushing season of 2008-09 due to decrease in plantation of sugarcane in the command area. The prevailing drought and the remunerative prices offered for competitive crops like paddy and others has resulted in lower cane planting in our command area.

As a measure to bridge the gap in sugar production, your company is utilizing the opportunity of processing raw sugar in our plants. To achieve this objective, your company has so far imported about 58,000 tons of raw sugar for processing at our sugar plants in Tamilnadu.

Your company is proposing to set up a green field distillery with an installed capacity of 80 KL per day as part of its 3500 TCD integrated sugar complex at Semmedu village, Gingee Taluk, Villupuram District in Tamil Nadu.

Your company is also proposing to set up a co-generation power plant with an installed capacity of 22 MW as part of its 2500 TCD sugar factory at Varadarajnagar, Theni District by replacing the existing 12 MW cogeneration plant which would enable your company to export more power to the state grid.

Your company is establishing a full fledged Research & Development and Agricultural Extension wing, in support of the operations wing. This will facilitate the growers to get the full benefit of improved agricultural practices and introduction of modern crop and irrigation technology to improve field productivity.

The shortage of cane supplies coupled with increase in sugar prices has resulted in the industry being compelled to increase cane prices significantly. Your company has also increased cane prices and ensured prompt and timely payment to farmers. This should lead to significantly higher cane planting.

### **DIRECTORS**

M/s Raja M.J.Abdeen and G.R.Karthikeyan, Directors retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for reappointment.

Dr.K.Mohan Naidu was appointed as an Additional Director on 17th May 2010 and he holds office upto the ensuing Annual General Meeting. Notice has been received from a shareholder proposing his candidature for the office of Directorship which is being placed at the ensuing Annual General Meeting.

### **AUDITORS**

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

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

The particulars of the employees of the Company who were in receipt of remuneration, which in the aggregate exceeded the limits fixed under section 217(2A) of the Companies Act, 1956 is attached herewith. (Annexure 1).

### **DERIVATIVE TRANSACTION**

The company had filed a case in the Madras High Court against Axis Bank to declare that the derivative contract it had entered into with it was void as it violated RBI regulations. A single judge of the Madras High Court had held that while the suit is maintainable, the injunction granted restraining the bank from enforcing the contract was vacated.

The bank then made a claim of Rs. 402,791,929/- against the company on 15th October 2008 and filed a recovery petition with the Debt Recovery Tribunal, Mumbai. In the meanwhile, on appeal by the company, a Division Bench of the Madras High Court on 20th October 2008, stayed the order of the single judge and passed status quo orders restraining both parties from proceeding further.



The Bank then filed a petition in the Supreme Court seeking transfer of the civil suit in the Madras High Court to the Debt Recovery Tribunal, Mumbai to be heard along with the bank's recovery petition. The Supreme Court after having heard final arguments on this and various other cases of similar nature has in its judgment on 29th July 2009 dismissed the Bank's petition seeking transfer of the case from the Madras High Court to the Debt Recovery Tribunal, Mumbai.

Therefore the case now lies before the Division Bench of the Madras High Court and the status quo order is still in force.

### DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that in the preparation of the annual accounts;

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

### CONSERVATION OF ENERGY

Particulars required to be furnished under sub section 1(e) of section 217 of the Companies Act, 1956 are also annexed to this report. (Annexure 2)

### CORPORATE GOVERNANCE

The Management discussion and analysis and the compliance of recommendations on corporate governance are annexed to this report. (Annexure 3)

### ACKNOWLEDGEMENT

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

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

For and on behalf of the Board

Place: Coimbatore  
Date : 17th May 2010

**RAJSHREE PATHY**  
Chairperson and 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 for the year 2009-10	Qualification & Experience	Date of commencement of employment	Age	Last employment
1	Ms.Rajshree Pathy	Chairperson and Managing Director	Rs.32,189,348/-	B.Com 34 years	16.03.1989	54 years	General Manager Ganga Textiles Ltd
2	Mr.R.Varadarajan	Director and Chief Operating Officer	Rs.4,052,943/-	MBA 27 years	16.07.1987	52 years	Head, Department of Management Studies PSG College of Arts & Science
3	Mr. A. Sathyamurthy	Chief Financial Officer	Rs. 3,651,912/-	B.Com A.I.C.W.A, PGDBA 18 years	06.02.2009	39 years	Chief Financial Officer Supermarket in Aditya Birla Retail Ltd

**ANNEXURE 2 TO DIRECTORS' REPORT**

AS PER RULE 2 OF COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

**A. CONSERVATION OF ENERGY:**

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

At Varadarajnagar Unit (Unit-I)

- Sulphur burner air blower motor capacity has been reduced from 75 HP to 60 HP, achieving power saving of 96 units/day
- Distillery instrumentation air compressor operational time has been reduced with the installation of pressure switch. This has resulted in a power saving of 133 units per day.

No additional investments and proposals were being carried on.

The total energy consumption and energy consumption per unit of production is given in Form A

**Form A**

Form for Disclosure of Particulars with respect to Conservation of Energy

**a. Power and Fuel Consumption**

Particulars	Units	Sugar Division	Distillery Division	Co-generation Division
1. Electricity				
a. Purchased	KWH	947,053 (1,575,545)	63,650 (52,440)	967,417 (63,617)
Total amount	Rs. in lakhs	81.61 (167.93)	5.00 (4.98)	88.57 (6.04)
Rate per unit (including demand charges)	Rs.	8.62 (10.66)	7.86 (9.50)	9.16 (9.50)
b. Own Generation				
i) Through Diesel Gensets Qty. Produced	KWH	23,223 (154,014)	4,990 (NIL)	25,431 (NIL)
Units per ltr of Diesel		1.86 (2.32)	1.66 (NIL)	1.37 (NIL)
Cost per unit	Rs.	19.25 (15.88)	21.98 (NIL)	26.12 (NIL)
ii) Through steam turbine (Co-generation) Qty. consumed	KWH	38,015,470 (39,936,304)	1,530,530 (1,813,610)	22,150,380 (1,96,71,026)
Units per MT of steam		149 (140)	93 (94)	156 (145)
Cost/unit		Steam produced from own bagasse (Steam produced from own bagasse)		
2. Coal				
Quantity Consumed	MT	NIL (NIL)	NIL (NIL)	10,453 (NIL)
Total Value	Rs in lakhs	NIL (NIL)	NIL (NIL)	151.86 (NIL)
Average rate per unit	Rs.	NIL (NIL)	NIL (NIL)	1,453 (NIL)

Particulars	Units	Sugar Division	Distillery Division	Co-generation Division
3 Lignite				
Quantity Consumed	MT	NIL (NIL)	NIL (NIL)	3,874 (NIL)
Total Value	Rs in lakhs	NIL (NIL)	NIL (NIL)	123.65 (NIL)
Average rate per unit	Rs	NIL (NIL)	NIL (NIL)	3,192 (NIL)
4 Furnace Oil		Not Used		
5 Fire Wood				
Quantity Consumed	MT	NIL (NIL)	NIL (NIL)	67,498 (9,051)
Total value	Rs in lakhs	NIL (NIL)	NIL (NIL)	1,601.50 (186.76)
Average Rate	Rs	NIL (NIL)	NIL (NIL)	2,373 (2,063)
6. Others / Internal Generation		Not Used		

**b. Consumption per unit of production**

Product	Per Quintal of White Crystal Sugar	Per Litre of Alcohol
Electricity (KWH)	30.03 (24.73)	0.15 (0.17)

**B. TECHNOLOGY ABSORPTION:****FORM B**

Form for disclosure of particulars with respect to absorption

**Research and development**

- Specific areas in which R & D carried out by the Company & benefits derived:  
At Varadaraj Nagar Unit (Unit-I)
  - Production of tissue culture sugarcane seedlings through meristem culture.  
Benefits derived: Disease free and rejuvenated planting material improved yield by 5 to 10 MT per acre.
  - Development of new sugarcane varieties.  
Benefits derived: Introduced three new sugarcane varieties (CoTI1153, Co2000-02, Co2001-09)
- Future plan of action:  
At Varadaraj Nagar Unit ( Unit-I)
  - Development of new insect biocontrol agents for control of sugarcane borer pests.
  - Formulation of chelated Fe(ion) and Zn(Zinc) micronutrients along with triacontanol - in collaboration with Central Food Technological Research Institute, Mysore
- Expenditure on R & D
 

(a) Capital	Rs. Nil
(b) Recurring	Rs. 3,771,337/-
(c) Total	Rs. 3,771,337/-
(d) Total R & D expenditure as a percentage of total turnover	0.07%

**Technology absorption, adaptation and innovation**

- Efforts in brief towards technology absorption, adaptation and innovation.  
At Varadaraj Nagar Unit (Unit-I)
  - Developed n-Triacontanol (plant growth promoter) in collaboration with Central Food Technological Research Institute, Mysore  
Benefits derived: Product Developed for yield and recovery improvement in sugarcane
  - Chip bud seedlings development and production for sugarcane nursery  
Benefits derived: Reduction in nursery area by 75% through adoption of chip bud nurseries

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

Total foreign exchange used and earned  
 Foreign exchange earned : Rs. Nil  
 Foreign exchange outgo : Rs. 1,429,555,338/-

## Annexure 3 to Directors' Report

### CORPORATE GOVERNANCE REPORT

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

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

#### 2. Board of Directors

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

- 1 Promoter Executive Director	Ms. Rajshree Pathy
- 1 Non promoter Executive Director	Mr. R. Varadarajan
- 2 Non-Independent Non-Executive Directors	Mr.Raja M.J.Abdeen Dr. P. Surulinarayanasami
- 3 Independent Non-Executive Directors	Mr. G.R.Karthikeyan Mr. R.C.H.Reddy Mr. G.S.V.Subba Rao

Dr.K.Mohan Naidu has been appointed as an Additional Director (Independent Non-Executive Director) at the meeting of the Board of Directors held on 17th May 2010.

Attendance of Directors at Board meetings and Annual General meeting during the year 2009-10.

Name of Director	No. of Board Meetings attended	Last AGM Attended	Membership in Board of other Companies	Membership in Committee of other Companies	Sitting fees paid for Board and Committee meetings (Rs.)
Ms.Rajshree Pathy	6	Yes	13	--	--
Mr. R.Varadarajan	6	Yes	3	--	--
Mr. G.R.Karthikeyan	5	Yes	2	--	90,000
Dr. P.Surulinarayanasami	2	No	1	--	20,000
Mr. Raja M.J.Abdeen	6	Yes	14	--	1,10,000
Mr. R.C.H. Reddy	5	Yes	6	2	90,000
Mr. G.S.V.Subba Rao	3	No	--	--	50,000

6 Board meetings were held during the year on 20th April 2009, 28th May 2009, 27th July 2009, 23rd September 2009, 30th October 2009 and 21st January 2010.

#### 3. Audit Committee

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

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

The broad terms of reference are as follows:

- Review of company's financial reporting process and its financial statements
- Review of accounting and financial policies and practices
- Review of internal control systems
- Review of risk management policies and practices

During the year 2009-10, 5 audit committee meetings were held on 28th May 2009, 27th July 2009, 23rd September 2009, 30th October 2009 and 21st January 2010. Members' attendance at the meetings were as follows:

Name of the Member	No. of meetings attended
Mr.G.S.V.Subba Rao	2
Mr.G.R. Karthikeyan	4
Mr.Raja M.J.Abdeen	5
Mr.R.C.H.Reddy	4

#### 4. Remuneration Committee

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

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

During the year, no Remuneration Committee meeting was conducted.

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

The remuneration paid to wholetime Directors for the year 2009-2010 were as follows (in Rs.):

Managerial remuneration:	Ms. Rajshree Pathy	Mr. R.Varadarajan
Salary	15,009,360	4,013,343
Commission	17,140,388	--
Perquisites	39,600	39,600
Total	<u>32,189,348</u>	<u>4,052,943</u>

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

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

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

	No. of shares
Dr.P.Surularayanasami	1,131,107
Mr.Raja M.J.Abdeen	1,010,000
Mr.G.R.Karthikeyan	1,040
Mr.R.C.H.Reddy	832
Mr.G.S.V.Subba Rao	None

#### 5. Shareholders / Investors Grievance Committee

The Shareholders / Investors Grievance Committee is headed by Mr.Raja M.J.Abdeen, Non-Executive Director. Mr.R.Anand, General Manager (Finance) & Company Secretary is the compliance officer. During the year 2009-10, 23 complaints were received and all of them were resolved to the satisfaction of the shareholders. As of 31st March 2010, there are no complaints/queries pending reply. An exclusive email ID for addressing shareholders grievances, viz., investor@rajshreesugars.com is already available.

## 6. General Body meetings

Location and time for the last three Annual General Meetings

Year	AGM	Location	Date	Time	No. of special resolutions passed
2006-07	AGM	Chamber Hall, Indian Chamber of Commerce & Industry, Coimbatore.	10.09.2007	3.00 PM	--
2007-08	AGM	-- as above --	29.09.2008	10.15 AM	3
2008-09	AGM	-- as above --	23.09.2009	3.00 PM	--

No special resolutions were put through postal ballot last year and nor is there any proposal for this year.

## 7. Disclosures

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

No penalty or strictures have been imposed on the company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years. However, SEBI has raised certain queries regarding acquisition of shares by one of the Directors, and the company has replied to the queries.

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

The Company has complied with all the mandatory requirements of Clause 49 of the Listing agreement except the requirement relating to constitution of the Board and the proportion of Independent Directors vis-à-vis Non-Independent Directors.

In spite of the best efforts taken by the company, the company could not appoint during the year an Independent Director in place of Mr. Mydur Anand, who resigned on 29th January 2009. However, an Independent Director, namely, Dr. K. Mohan Naidu has been co-opted as an additional Director at the Board meeting held on 17th May 2010. Necessary resolutions for appointment of the said person as a regular Director is being placed before the ensuing Annual General Meeting of the Company.

Constitution of Remuneration Committee as per the Non-mandatory requirement has been complied with.

## 8. Means of Communication

The company is publishing quarterly unaudited financial results and notice advertisements in The Hindu-Business Line and Dinamani (vernacular language) regularly. The company has posted the quarterly/annual results in the Company's Website [www.rajshreesugars.com](http://www.rajshreesugars.com). The company is also displaying audited financial results, quarterly unaudited financial results and other statutory returns on the website of SEBI as per the regulations as amended from time to time.

## 9. General shareholder information

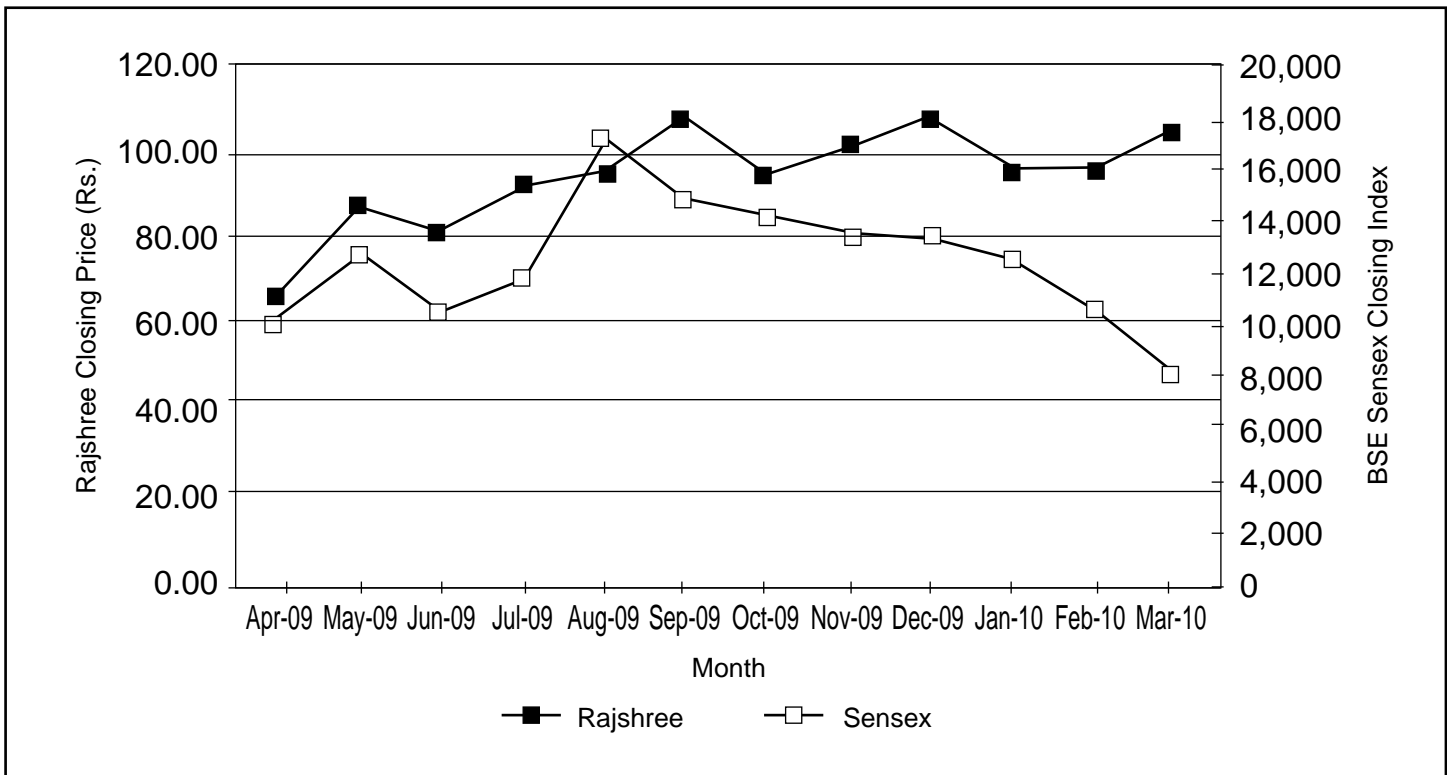
i. AGM Date, time and venue	20th September 2010 at 3.00 P.M Chamber Hall, Indian Chamber of Commerce and Industry, Avanashi Road, Coimbatore 641 018.
ii. Financial calendar 2010-11 First quarterly results Second quarterly results Third quarterly results Audited yearly results	Before 15th August 2010 Before 15th November 2010 Before 15th February 2011 Before end of May 2011
iii. Book Closure Date	13th September 2010 to 20th September 2010
iv. Dividend payment date	On or after 20th September 2010
v. Listing on Stock Exchange	Bombay Stock Exchange Limited National Stock Exchange of India Limited
vi. Stock Code Bombay Stock Exchange Limited National Stock Exchange of India Limited	500354 RAJSREESUG

vii. Market Price Data High/Low during each month of the Financial Year 2009-10 (Bombay Stock Exchange)

Month	High (Rs.)	Low (Rs.)
April	68.85	46.00
May	87.05	64.35
June	83.00	66.30
July	78.00	56.00
August	119.65	74.15
September	105.40	82.75
October	101.80	85.20
November	99.55	85.05
December	94.30	73.40
January	111.60	75.60
February	86.70	60.85
March	65.75	48.50

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

Rajshree Vs BSE Sensex



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

xi. Distribution of shareholding as on 31st March 2010

No. of equity shares held	No. of Folios	No. of shares held	% of shareholding
Upto 5000	24,282	3,518,797	15.51
5001 to 10000	1,466	1,192,935	5.26
10001 to 20000	694	1,046,901	4.61
20001 to 30000	208	535,298	2.36
30001 to 40000	75	278,586	1.23
40001 to 50000	90	429,530	1.89
50001 to 100000	131	985,552	4.34
100001 and above	100	14,704,101	64.80
<b>Total</b>	<b>27,046</b>	<b>22,691,700</b>	<b>100.00</b>

xii. Shareholding pattern as on 31st March 2010

Category	No. of Folios	No. of shares held	% of shareholding
Promoters	3	7,428,333	32.74
Directors and their relatives	7	3,386,755	14.93
Mutual funds and UTI	14	9,780	0.04
Banks, Financial institutions and insurance companies	5	1,530	0.01
Corporate bodies	632	2,713,817	11.96
Indian public	26,218	8,764,124	38.62
NRIs and OCBs	167	387,361	1.70
GDRs	0	0	0
<b>Total</b>	<b>27,046</b>	<b>22,691,700</b>	<b>100.00</b>

xiii. Dematerialisation of shareholding and liquidity	83.87% of total equity share capital is held in dematerialized form with NSDL and CDSL.
xiv. Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity	1,100,000 warrants were allotted at Rs.62/- per warrant to Ms.Rajshree Pathy, Chairperson and Managing Director of the Company. Against the allotment, a sum of Rs.17,050,000/- being 25% of the amount has already been received. The warrants are to be converted into 1,100,000 equity shares of Rs.10/- each fully paid, provided the balance amount of Rs.51,150,000/- is paid on or before 10th December 2010.  This will have the impact of increasing the equity capital by Rs.11,000,000/- and share premium account by Rs.57,200,000/-.
xv. Plant locations	<u>Unit I - Sugar, Cogeneration &amp; Distillery</u> Varadarajnar PO, PIN 625 562. Periakulam Taluk, Theni District  <u>Unit II - Sugar &amp; Cogeneration</u> Mundiampakkam PO PIN 605 601. Villupuram Taluk & District  <u>Unit III - Sugar &amp; Cogeneration</u> Semmedu Village, Gingee Taluk, PIN 604 153. Villupuram District
xvi. Address for correspondence	"The Uffizi", 338 Avanashi Road Peelamedu, Coimbatore 641 004. E-mail ID : investor@rajshreesugars.com rscl@rajshreesugars.com

xvii. The following are the details of dividends paid by the Company and their respective due dates of transfer to such fund of the Central Government, which remain unencashed.

Date of declaration of dividend	Dividend for the financial year	Due date of transfer to the Central Government
10.09.2003	2002-2003	09.10.2010
13.09.2004	2003-2004	12.10.2011
30.09.2005	2004-2005	29.10.2012
06.09.2006	2005-2006	05.10.2013
10.09.2007	2006-2007	09.10.2014
23.09.2009	2008-2009	22.10.2016



It may be noted that no claim of the shareholders will be entertained for the unclaimed dividends which have been transferred to the credit of the Investors Education & Protection Fund of the Central Government.

In view of the above, the shareholders are advised to send all the unencashed dividend warrants to the Registered Office of the Company for revalidation and encash them before the due date for transfer to the Central Government.

#### *CEO/CFO certification*

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

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

The Shareholders,

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

Place : Coimbatore  
Date : 17th May 2010

**RAJSHREE PATHY**  
Chairperson and Managing Director

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

To  
The Members of  
M/s. Rajshree Sugars & Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by M/s. Rajshree Sugars & Chemicals Limited for the year ended 31.3.2010, as stipulated in clause 49 of the listing agreement of the said company, with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and 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 excepting in relation to the appointment of independent directors as explained in the Corporate Governance Report.

As required by the guidance note issued by the Institute of Chartered Accountants of India, we have to state that based on the representation given by the Registrars of the Company to the Investors' Grievance Committee as on March 31, 2010, there were no investors' grievance matters against the Company remaining pending for more than 30 days.

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

**For SRIKISHEN & CO. (004009 S)**  
Chartered Accountants

Place:Coimbatore  
Date: 17th May 2010

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry structure & developments and opportunities & threats

At the beginning of the 2009-10 sugar season, the country had estimated sugar production to be around 145 lac tons on the back of a dismal monsoon and low sugar prices. The Government of India, had in response to industry requests, permitted the sugar factories to import raw sugar to meet the deficit of sugar production on duty free basis without any conditions on sugar export obligations.

The prices of sugar shot up dramatically on perceived shortage, leading the Government of India to intervene by imposing various restrictions on the sale and stockholding of sugar. But by this time huge quantities of raw sugar and white sugar had landed in the country and with excess supplies in the system, the domestic sugar prices rapidly cooled down.

By the end of the crushing operations in May 2010, the country had revised its estimates of sugar production to 180 lac tons with a strong recovery in cane availability in the major sugar producing states of Maharashtra and Uttar Pradesh.

In Tamilnadu, around Rs.1,500 crores has already been invested in the last couple of years by private sector sugar mills to make the sugar mills into integrated complexes with Co-generation and Distillery to fully exploit the raw material, sugarcane, in anticipation of progressive de-control of the industry.

The major challenges faced by the industry currently are raw material availability and shortage of labour. All the sugar mills have undertaken extensive cane development activities like incentive for cane planting, ratoon and water saving technologies like drip irrigation etc., to motivate the farmers to improve sugarcane planting and productivity in the long term.

### Outlook

The shortage of cane coupled with high sugar prices compelled the industry to significantly increase the cane price. This will definitely encourage farmers to plant cane and the next season 2010-11 will see strong domestic production to meet demand.

The additional sugarcane availability will enable the sugar mills to exploit the full potential of its co-generation facilities. This will be a boon to the state grids which are reeling under severe power shortage and also increase revenue to the sugar factories.

### Risks and Concerns

The high sugar price on the back of low estimates of sugar production at the beginning of the season forced the government to impose several restrictions to cool down sugar prices. But the sharp turnaround in sugarcane availability and the huge quantity of raw sugar and white sugar which has already landed in the country has created a volatility in the domestic sugar market. The industry has represented to the government to reintroduce 60% import duty on sugar to stabilize sugar prices and smoothen the demand supply curve.

### Segment wise performance

The segments for the purpose of reporting are Sugar, Distillery, Cogeneration and Property development. The Sugar segment achieved a sales turnover of Rs.478.54 crores as against Rs.348.77 crores in the previous year while the Distillery segment recorded a turnover of Rs.32.82 crores as against Rs.29.14 crores recorded in the previous year and Cogeneration segment recorded a turnover of Rs.77.32 crores during the year under review. The sugar segment earned a profit before interest & taxes of Rs.81.20 crores as against Rs.58.02 crores earned in the previous year while the distillery division earned Rs.12.41 crores as against Rs.13.56 crores earned during the previous year and cogeneration division earned Rs.30.42 crores during the year. The operational performance of the segments are given under the Directors' Report.

**Derivatives Transactions**

The company had filed a case in the Madras High Court against Axis Bank to declare that the derivative contract it had entered into with it was void as it violated RBI regulations. A single judge of the Madras High Court had held that while the suit is maintainable, the injunction granted restraining the bank from enforcing the contract was vacated.

The bank then made a claim of Rs 402,791,929/- against the company on 15th October 2008 and filed a recovery petition with the Debt Recovery Tribunal, Mumbai. In the meanwhile, on appeal by the company, a Division Bench of the Madras High Court on 20th October 2008, stayed the order of the single judge and passed status quo orders restraining both parties from proceeding further.

The Bank then filed a petition in the Supreme Court seeking transfer of the civil suit in the Madras High Court to the Debt Recovery Tribunal, Mumbai to be heard along with the bank's recovery petition. The Supreme Court after having heard final arguments on this and various other cases of similar nature has in its judgment on 29th July 2009 dismissed the Bank's petition seeking transfer of the case from the Madras High Court to the Debt Recovery Tribunal, Mumbai.

Therefore the case now lies before the Division Bench of the Madras High Court and the status quo order is still in force.

**Internal control systems and their adequacy**

The Company has installed proper internal control systems for the various functional areas. The checks and control measures are effective and adequate.

**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.

## AUDITOR'S REPORT

To

The Members of M/s Rajshree Sugars &amp; Chemicals Limited

1. We have audited the attached Balance Sheet of M/s Rajshree Sugars & Chemicals Limited as at 31st March 2010 and also the Profit and Loss Account and the Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended, issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the annexure referred to above, 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 purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) *In our opinion and subject to Note No.33 of notes on accounts, regarding non accounting of loss on forex derivative contracts (disputed), the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;*
  - e) On the basis of written representation received from the directors as on 31st March 2010, and taken on record by the board of directors, in our opinion none of the directors is disqualified as on that date, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, and
  - f) In our opinion and to the best of our information and according to the explanations given to us, *subject to the non recognition of mark to market loss of Rs.40.28 crores as claimed by the bank on forex derivative contract (disputed), resulting in the profit for the year being overstated to the extent of the said loss not accounted and overstatement of reserves and surplus to the extent of the said disputed loss of Rs.40.28 crores*, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010
    - ii. in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
    - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **SRIKISHEN & Co. (004009 S)**  
Chartered Accountants

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

Place: Coimbatore  
Date : 17th May 2010

**ANNEXURE TO THE AUDITOR'S REPORT**  
**(Referred to in paragraph 3 of our report of even date)**

- (i) a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b. As explained to us, all the fixed assets have been physically verified in a phased periodical manner, by the management, which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies have been noticed on such physical verification.
- c. The company has not disposed off substantial part of its fixed assets during the year.
- (ii) a. The physical verification of inventory has been conducted by the management at reasonable intervals.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper record of inventory and no material discrepancies were noticed on the physical verification of inventories as compared to the book records.
- (iii) a. The Company has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Act.
- b. The Company has granted unsecured loan to its wholly owned subsidiary company. The maximum amount involved in the above transaction net of periodical repayments is Rs.384,929,102/- and the year end balance is Rs.311,236,611/-. In our opinion and according to the information and explanations given to us, the rate of interest & other terms and conditions of the loan are not prima facie prejudicial to the interests of the company.
- c. In respect of said loan, the said principal and interest are payable on demand and therefore the question of overdue amounts does not arise.
- iv) In our opinion and according to the information and explanations given to us there are adequate internal control systems commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control systems.
- v) a. To the best of our knowledge and belief, and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register in pursuance of section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations, such transactions have been made at prices, which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) In our opinion, the Company has complied with the provisions of Section 58A of the Companies Act ,1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business;
- viii) The Central Government has prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act,1956, in respect of certain products manufactured by the company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that prima facie , the prescribed accounts and records have been made and maintained. We have not, however carried out a detailed examination of the same.
- ix) a. The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Customs duty, Excise duty, service tax, cess and any other statutory dues with the appropriate authorities. According to the information and explanation given to us no undisputed arrears of statutory dues were outstanding as at 31.03.2010 for a period of more than six months from the date they became payable.

- b. According to the information and explanations given to us, the details of disputed statutory dues which have not been deposited is as given below:

Name of the statute	Period to which amount relates	Nature of demand	Amount disputed (Rs. in lakhs)	Forum where dispute is pending
Tamil Nadu General Sales Tax	1995-96 to 1997-98	Interest on sales tax	42.50	High Court, Chennai
Service Tax		Penalty	21.00	Commissioner (Appeals)

- x) There are no accumulated losses at the end of the financial year 31.03.2010. The Company has not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks. The company has not issued any debentures till date.
- xii) During the year, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of special statute applicable to Chit fund, nidhi/mutual Benefit fund/ societies are not applicable to the Company.
- xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.
- xv) The Company has given corporate guarantee for loans taken from bank by its wholly owned subsidiary Company. According to the information and explanations given to us, the terms & conditions of the guarantee given are not prejudicial to the interests of the company.
- xvi) The Company has applied term loans for the purpose for which the loans were obtained during the year.
- xvii) According to the information and explanations given to us and on an overall examination of the source and application of funds of the Company, we report that no funds raised on short-term basis have been used for long term investments during the year.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
- xix) The Company has not issued any secured debentures during the year.
- xx) The Company has not raised any money by way of public issues during the year.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no frauds on or by the Company has been noticed or reported during the year.

**For SRIKISHEN & CO. (004009 S)**  
Chartered Accountants

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

Place: Coimbatore  
Date : 17th May 2010

## BALANCE SHEET AS AT 31st MARCH 2010

AS AT 31.03.2009 Rs.	PARTICULARS	SCHEDULE	AS AT 31.03.2010 Rs.
<b>I. SOURCES OF FUNDS</b>			
	1.SHAREHOLDERS' FUNDS		
226,917,000	(a) Share Capital	"A"	226,917,000
	Share Application Money (Refer Note No. 25)		17,050,000
933,733,342	(b) Reserves & Surplus	"B"	1,285,782,559
	2. LOAN FUNDS		
3,986,992,810	(a) Secured	"C"	4,319,151,252
4,534,000	(b) Unsecured	"D"	18,456,000
	3.DEFERRED TAX		513,120,123
<u>5,555,644,275</u>	TOTAL		<u>6,380,476,934</u>
<b>II. APPLICATION OF FUNDS</b>			
	1. FIXED ASSETS	"E"	
4,999,512,701	(a) Gross Block		4,953,460,320
<u>894,062,157</u>	(b) Less: Depreciation		<u>1,118,099,214</u>
4,105,450,544	(c) Net Block		3,835,361,106
<u>4,504,947</u>	(d) Capital Work in Progress		<u>28,438,497</u>
4,109,955,491			3,863,799,603
476,336,768	2. INVESTMENTS	"F"	476,336,768
	3. CURRENT ASSETS, LOANS & ADVANCES		
1,045,741,891	(a) Inventories	"G"	1,718,485,506
118,334,561	(b) Sundry Debtors	"H"	244,156,472
166,668,169	(c) Cash and Bank Balances	"I"	315,354,581
<u>743,288,555</u>	(d) Loans & Advances	"J"	<u>902,969,715</u>
2,074,033,176			3,180,966,274
	LESS: CURRENT LIABILITIES AND PROVISIONS		
1,036,382,792	(a) Current Liabilities	"K"	909,009,006
<u>68,298,368</u>	(b) Provisions	"L"	<u>231,616,705</u>
<u>1,104,681,160</u>			1,140,625,711
969,352,016	NET CURRENT ASSETS		2,040,340,563
<u>5,555,644,275</u>	TOTAL		<u>6,380,476,934</u>

As per our report of even date  
For **Srikishen & Co (004009 S)**  
Chartered Accountants

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

**R. Varadarajan**  
Director & Chief Operating Officer

**Rajshree Pathy**  
Chairperson and Managing Director

Place: Coimbatore  
Date : 17th May 2010

**A. Sathyamurthy**  
Chief Financial Officer

**R. Anand**  
Company Secretary

## PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

31.03.2009 Rs.	PARTICULARS	SCHEDULE	31.03.2010 Rs.
<b>I. INCOME</b>			
3,690,509,781	Gross Sales		5,418,290,617
<u>135,164,299</u>	LESS: Excise Duty		<u>178,639,598</u>
3,555,345,482	Net Sales		5,239,651,019
15,543,523	Other Income	"M"	60,575,549
21,235,868	Interest Income	"M"	42,778,826
20,087,099	Increase / (Decrease) in Stock	"N"	469,871,480
<u>3,612,211,972</u>	<b>TOTAL</b>		<u>5,812,876,874</u>
<b>II. EXPENDITURE</b>			
2,169,064,045	Raw material consumed	"O"	3,510,166,767
342,028,923	Manufacturing Expenses	"P"	517,924,504
197,513,502	Employee Cost	"Q"	211,465,681
260,006,375	Interest (Refer Note No: 22 )	"R"	474,797,050
142,337,871	Administrative Expenses	"S"	180,024,861
135,609,790	Depreciation		226,900,946
<u>3,246,560,506</u>	<b>TOTAL</b>		<u>5,121,279,809</u>
365,651,466	Profit before Exceptional items and Tax		691,597,065
733,155	ADD: Compensation on acquisition - Surplus ( Refer note No: 31)		620,653
24,786,685	LESS: Prior period Expense - Sales tax / Expenses		36,021,282
341,597,936	Profit before tax		656,196,436
40,000,000	LESS: Provision for - Tax		113,388,000
77,050,000	- Deferred Tax Liability / (Asset)		109,653,000
150,000	- Wealth Tax		200,000
1,600,000	- Fringe Benefit Tax		-
28,897	Income Tax paid / (Refund) of Prior Year		1,261,756
222,769,039	Profit after tax		431,693,680
7,512,457	ADD: Balance b/f from the previous year		183,733,342
20,000,000	LESS: Transfer to General Reserve		50,000,000
22,691,700	Proposed Dividend		68,075,100
<u>3,856,454</u>	Tax on Dividend		<u>11,569,363</u>
<u>183,733,342</u>	Balance Carried Over		<u>485,782,559</u>
9.82	Basic Earnings per Share of Rs.10/- each		19.02
9.82	Diluted Earnings per Share of Rs.10/- each after considering allotment of 1,100,000 warrants		18.14

As per our report of even date  
For **Srikishen & Co (004009 S)**  
Chartered Accountants

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

**R. Varadarajan**  
Director & Chief Operating Officer

**Rajshree Pathy**  
Chairperson and Managing Director

Place: Coimbatore  
Date : 17th May 2010

**A. Sathyamurthy**  
Chief Financial Officer

**R. Anand**  
Company Secretary



## SCHEDULES FORMING PART OF ACCOUNTS AS AT 31st MARCH 2010

31.03.2009 Rs.	PARTICULARS	31.03.2010 Rs.
	<b>SCHEDULE "A"</b>	
	<b>SHARE CAPITAL</b>	
	<b>AUTHORISED</b>	
300,000,000	30,000,000 Equity Shares of Rs.10/- each	300,000,000
	<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>	
226,917,000	22,691,700 Shares of Rs.10/- each fully paid-up	226,917,000
	<b>SCHEDULE "B"</b>	
	<b>RESERVES &amp; SURPLUS</b>	
	<b>RESERVES</b>	
	General Reserve	
730,000,000	Balance brought forward	750,000,000
20,000,000	Transfer from Profit & Loss account	50,000,000
750,000,000		800,000,000
183,733,342	Balance in Profit & Loss A/c	485,782,559
933,733,342		1,285,782,559
	<b>SCHEDULE "C"</b>	
	<b>SECURED LOANS</b>	
	<b>1. TERM LOANS</b>	
341,175,000	A. From Financial institutions & SDF	347,195,000
1,251,777,913	B. From Banks	1,244,729,809
1,445,250,000	C. ECB from Banks	1,350,288,818
	<b>2. CASH CREDIT</b>	
948,789,897	From Banks	1,376,937,625
3,986,992,810		4,319,151,252
	<b>SCHEDULE "D"</b>	
	<b>UNSECURED LOANS</b>	
4,534,000	Fixed Deposit	18,456,000

## SCHEDULE "E" - FIXED ASSETS

PARTICULARS	GROSS BLOCK (Rs.)				DEPRECIATION (Rs.)				NET BLOCK (Rs.)	
	As on 31.03.2009	Additions	Deletions (refer note)	As on 31.03.2010	As on 1.4.2009	For the Year	Withdrawn	Upto 31.03.2010	As on 31.03.2010	As on 31.03.2009
Land	81,862,585	96,089	6,393	81,952,281	-	-	-	-	81,952,281	81,862,585
Buildings	990,211,776	25,380,880	29,844,386	985,748,270	110,150,108	28,475,875	1,135,882	137,490,101	848,258,169	880,061,668
Plant & Machinery	3,808,706,111	17,200,376	81,733,875	3,744,172,612	734,236,754	191,195,858	267	925,432,345	2,818,740,267	3,074,469,357
Office Equipments	10,768,940	1,803,548	140,789	12,431,699	4,251,882	510,594	44,940	4,717,536	7,714,163	6,517,058
Furniture	7,573,803	3,840,144	-	11,413,947	4,099,733	461,456	-	4,561,189	6,852,758	3,474,070
Vehicles	40,923,688	16,219,488	1,779,391	55,363,785	20,797,971	3,390,110	1,460,558	22,727,523	32,636,262	20,125,717
Electrical Equipments	47,331,790	1,049,085	1,102,500	47,278,375	14,888,303	2,257,065	222,242	16,923,126	30,355,249	32,443,487
Tools & Equipments	7,654,460	255,614	-	7,910,074	3,813,149	357,041	-	4,170,190	3,739,884	3,841,311
Lab Equipments	4,479,548	2,709,729	-	7,189,277	1,824,257	252,947	-	2,077,204	5,112,073	2,655,291
<b>Total</b>	<b>4,999,512,701</b>	<b>68,554,953</b>	<b>114,607,334</b>	<b>4,953,460,320</b>	<b>894,062,157</b>	<b>226,900,946</b>	<b>2,863,889</b>	<b>1,118,099,214</b>	<b>3,835,361,106</b>	<b>4,105,450,544</b>
Work in Progress									28,438,497	4,504,947
Previous year	2,570,289,371	2,431,377,056	2,153,726	4,999,512,701	760,351,694	135,609,790	1,899,327	894,062,157	4,105,450,544	1,809,937,677

Note : Deletion includes Rs 949.61 lacs adjusted on account of foreign exchange fluctuations on the ECB loan restatement

31.03.2009 Rs.	PARTICULARS	31.03.2010 Rs.
	<b>SCHEDULE "F"</b>	
	<b>INVESTMENTS</b>	
	Investment - Unquoted - non-trade	
	Investment in Subsidiary Company	
	<b>Trident Sugars Limited</b>	
476,336,768	6,737,500 shares of Rs.10/- each at cost	476,336,768
	<b>SCHEDULE "G"</b>	
	<b>INVENTORIES</b>	
	As certified by the Managing Director and valued	
33,506,664	Raw materials at cost	210,729,545
833,893,189	Finished Goods at cost	1,303,837,991
27,650,251	Stock in Process at cost	35,370,512
99,676,529	Stores & Spares at cost	117,532,200
51,015,258	Immovable Property at cost	51,015,258
<u>1,045,741,891</u>		<u>1,718,485,506</u>
	<b>SCHEDULE "H"</b>	
	<b>SUNDRY DEBTORS</b>	
	<b>UNSECURED &amp; CONSIDERED GOOD</b>	
1,095,449	Outstanding for a period exceeding six months	149,561
117,239,112	Other Debts	244,006,911
<u>118,334,561</u>		<u>244,156,472</u>
	<b>SCHEDULE "I"</b>	
	<b>CASH &amp; BANK BALANCES</b>	
1,394,413	Cash on hand	907,725
	<u>with Scheduled Banks</u>	
9,209,391	In Current Account	284,566,790
144,390,000	In Deposit Account	18,457,921
9,694,773	In Unpaid Dividend Account	9,294,799
1,979,592	In Current Account with MDCC bank	2,127,346
	<i>( Maximum balance due at any time during the year Rs.2,495,740/- Previous year Rs 3,665,613/-)</i>	
<u>166,668,169</u>		<u>315,354,581</u>
	<b>SCHEDULE "J"</b>	
	<b>LOANS &amp; ADVANCES</b>	
	Recoverable in cash or in kind	
	Unsecured considered good	
221,457,644	Advances to Ryots, Staff and others	218,683,800
18,252,235	Advances for Capital expenditure	4,127,364
213,368,450	Advances to Subsidiary company - Trident Sugars Limited	311,614,436
10,693,596	Earnest, Security & Other Deposits	11,060,000
180,424,305	Excise deposits including Cenvat credits	163,227,838
78,897,300	Advance Income Tax	167,101,370
20,195,025	Prepaid expenses	27,154,907
<u>743,288,555</u>		<u>902,969,715</u>

31.03.2009 Rs.	PARTICULARS	31.03.2010 Rs.
<b>SCHEDULE "K"</b>		
<b><u>CURRENT LIABILITIES</u></b>		
	Sundry Creditors	
-	Due to micro, small and medium enterprises	-
681,505,777	Due to others for purchases	677,156,208
93,476,532	Due to others for expenses	82,026,406
20,989,423	Due for Other finances	20,494,963
118,531,012	Advances received from customers	2,575,336
52,672,719	Excise Duty payable - Finished Goods Stock	60,097,625
9,694,773	Unpaid dividend *	9,294,799
59,512,556	Interest accrued but not due	57,363,669
<u>1,036,382,792</u>		<u>909,009,006</u>
* The figures reflect the position as at March 31,2010. The actual amount to be transferred to the Investors Education and Protection fund in this respect shall be determined on the due dates.		
<b>SCHEDULE "L"</b>		
<b><u>PROVISIONS</u></b>		
41,750,214	Provision for Taxes	151,972,242
3,856,454	Corporate Tax on Dividend	11,569,363
22,691,700	Proposed Dividend	68,075,100
<u>68,298,368</u>		<u>231,616,705</u>
<b>SCHEDULE "M"</b>		
<b><u>INTEREST INCOME</u></b>		
80,648	Interest on security & other deposits	139,161
14,105,143	Interest received from Subsidiary Company (TDS Rs.6,264,377/-)	31,321,886
7,050,077	Interest on Term deposits (TDS Rs.2,010,776/-)	9,083,464
-	Interest on Income tax refund	2,234,315
<u>21,235,868</u>		<u>42,778,826</u>
<b><u>OTHER INCOME</u></b>		
39,603	Profit on sale of assets	48,435,635
8,033,427	Miscellaneous Income	7,069,683
2,677,502	Exchange rate Fluctuation	-
2,146,726	Sale of scrap and waste material	4,070,536
2,646,265	Insurance claim receipts	999,695
<u>15,543,523</u>		<u>60,575,549</u>
<b>SCHEDULE "N"</b>		
<b><u>STOCK DIFFERENTIAL</u></b>		
808,458,879	Opening stock of Finished goods	833,893,189
19,856,729	Opening stock in process	27,650,251
53,061,258	Opening property stock in trade	51,015,258
833,893,189	Closing stock of Finished goods	1,303,837,991
27,650,251	Closing stock in process	35,370,512
51,015,258	Closing property stock in trade	51,015,258
<u>31,181,832</u>		<u>477,665,063</u>
	<b>(Add) / Less:</b> Excise Duty on (Increase) /Decrease in stocks of Finished Goods	<u>7,793,583</u>
<u>11,094,733</u>		<u>469,871,480</u>
<u>20,087,099</u>		

31.03.2009 Rs.	PARTICULARS		31.03.2010 Rs.
	<b>SCHEDULE "O"</b>		
	<b>RAW MATERIAL CONSUMED</b>		
130,708	Opening stock - raw materials	33,506,664	
2,006,726,682	Purchase of raw materials	2,271,091,513	
52,516,274	Raw sugar purchases	1,265,394,045	
30,326,536	Transport Charges	58,263,990	
104,234,324	Purchase Tax	85,569,867	
8,636,185	Cess	<u>7,070,233</u>	
<u>2,202,570,709</u>			3,720,896,312
	<b>LESS:</b>		
33,506,664	Closing stock - raw materials including raw sugar		<u>210,729,545</u>
<u>2,169,064,045</u>			<u>3,510,166,767</u>
	<b>SCHEDULE "P"</b>		
	<b>MANUFACTURING EXPENSES</b>		
238,871,296	Consumption of Stores	403,128,902	
5,180,408	Other Manufacturing Expenses	6,726,569	
31,653,269	Excise duty expenses	19,535,904	
18,152,673	Power & Fuel	22,577,095	
	<b>Repairs &amp; Maintenance</b>		
3,008,699	Building	4,880,281	
18,146,243	Machinery	33,677,116	
10,444,540	Vehicles	11,057,829	
16,571,795	Others	<u>16,340,808</u>	
<u>342,028,923</u>			517,924,504
	<b>SCHEDULE "Q"</b>		
	<b>EMPLOYEE COST</b>		
134,307,959	Salaries, Wages & Bonus	136,467,955	
49,955,849	Welfare Expenses	60,921,265	
<u>13,249,694</u>	Contribution to P F & Other funds	<u>14,076,461</u>	
<u>197,513,502</u>			211,465,681
	<b>SCHEDULE "R"</b>		
	<b>INTEREST &amp; FINANCIAL CHARGES</b>		
90,138,599	On Term Loan	295,982,401	
743,639	On Fixed Deposit	1,174,626	
158,148,161	On Other loans	154,845,158	
<u>10,975,976</u>	Bank charges	<u>22,794,865</u>	
<u>260,006,375</u>			474,797,050
	<b>SCHEDULE "S"</b>		
	<b>ADMINISTRATIVE EXPENSES</b>		
2,079,103	Building rent	4,742,547	
7,454,158	Licence Fees & Taxes	11,137,971	
11,559,978	Insurance Premium	12,585,713	
39,776,027	Selling Expenses / Export expenses	7,450,965	
7,500	Brokerage & Commission	885,284	
19,682,663	Managerial remuneration	36,242,295	
600,000	Directors sitting fees	360,000	
	<u>Auditor's remuneration</u>		
250,000	- Statutory Audit fees	400,000	
105,000	- Taxation matters	150,000	
45,500	- Certification	36,000	
36,000	Cost Audit fees	66,000	
26,654	Loss on Sale of Assets	44,512	
3,605,000	Charity & Donation	9,340,000	
-	Exchange rate Fluctuations	26,258,432	
<u>57,110,288</u>	Other Expenses	<u>70,325,142</u>	
<u>142,337,871</u>			180,024,861

**NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010****1. SIGNIFICANT ACCOUNTING POLICIES****i) BASIS OF ACCOUNTING & REVENUE RECOGNITION**

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

**ii) EMPLOYEE BENEFITS**

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

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

**iii) FIXED ASSETS**

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

**Preoperative expenses**

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

**iv) FOREIGN CURRENCY TRANSACTIONS**

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

**v) DERIVATIVE TRANSACTION**

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

**vi) INVENTORY VALUATION**

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

- a) Raw material is valued at cost on FIFO basis.
- b) In respect of sugar and industrial alcohol, cost is arrived at on historical cost basis after deducting the realisable value of the by products. In respect of manufactured finished goods, excise duty and cess payable are added to the cost, wherever applicable.
- c) In respect of immovable property cost is taken as the net payment for acquisition and expenses incurred therewith till the date of title perfection.
- d) In respect of semi finished goods (in process) cost is taken as cost of input raw materials and estimated cost of manufacture upto the various stages of completion.
- e) Stores and spares are valued at Weighted Average cost basis.

**vii) INVESTMENTS**

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

**viii) DEPRECIATION**

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

**ix) INCOME AND EXPENDITURE RECOGNITION**

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

**x) EXCISE DUTY**

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

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

**xi) TAXATION**

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

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

**xii) TURNOVER**

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

**xiii) LEASED ASSETS**

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

**xiv) IMPAIRMENT OF ASSETS**

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

**2. LICENCED AND INSTALLED CAPACITY AND PRODUCTION**

PRODUCT	LICENSED CAPACITY	INSTALLED CAPACITY	PRODUCTION		UNIT
			2009-2010	2008-2009	
Sugar	N.A	11000 TCD	174,472*	169,753	MT
Molasses	N.A	N.A	68,566	75,328	MT
Bagasse	N.A	N.A	399,505	512,283	MT
Industrial Alcohol	45 KLPD	45 KLPD	10,326,903	11,193,124	Lit
Electricity	N.A	54.5 MW	190,953,400	178,853,778	KWH
Organic Manure	N.A	30 T/Day	4,970	6,465	MT

\* Includes 44,429 MTs of sugar produced from raw sugar

**Note:** The company has been granted privilege to establish and operate a new 80 KLPD Distillery unit at Semmedu Village, Gingee Taluk, Villupuram District vide Proceedings No.P&EIII(1)/2553/2007 dated 15.03.2010 received from the Government of Tamilnadu.

**3. QUANTITATIVE PARTICULARS****A) RAW MATERIAL CONSUMED**

(Value Rs. in Lakhs)

PRODUCT	UNIT	2009 - 2010		2008 - 2009	
		QTY.	VALUE	QTY.	VALUE
Sugarcane	MT	1,427,932	24,219.96	1,740,991	21,500.54
Molasses	MT	44,456	--	50,088	--
Bagasse	MT	391,406	--	482,102	--
Raw Sugar	MT	46,721	10,835.72	1,350	242.02

## B) PARTICULARS IN RESPECT OF STOCK AND SALE OF GOODS MANUFACTURED

(Value Rs. in Lakhs)

PRODUCT	UNIT	OPENING STOCK		CLOSING STOCK		SALES	
		QTY	VALUE	QTY	VALUE	QTY	VALUE
Sugar	MT	47,032 (53,993)	7,759.64 (7,838.83)	55,028 (47,032)	12,535.78 (7,759.64)	166,476 (176,713)	43,762.79 (28,152.73)
Molasses	MT	13,062 (6,303)	353.31 (92.45)	11,517 (13,062)	319.30 (353.31)	25,271 (18,480)	492.74 (263.85)
Bagasse	MT	2,000 (2,100)	3.20 (3.06)	1,689 (2,000)	3.73 (3.20)	-- (28,169)	-- (190.14)
Industrial Alcohol	LIT	1,561,420 (811,170)	236.40 (119.98)	874,792 (1,561,420)	148.45 (236.40)	11,008,087 (10,437,457)	3,144.55 (2,766.61)
Electricity (*)	KWH	-- --	-- --	-- --	-- --	127,981,140 (113,936,513)	4,744.58 (3,518.24)
Organic Manure	MT	1,557 (1,035)	38.31 (30.74)	4,016 (1,557)	31.12 (38.31)	5,207 (5,928)	136.19 (118.54)

\* excluding captive consumption and 2% line loss

## C) PARTICULARS IN RESPECT OF STOCK AND SALE OF TRADING GOODS

(Value Rs. in lakhs)

PRODUCT	UNIT	OPENING STOCK		CLOSING STOCK		PURCHASES		SALES	
		QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
Property	Nos	6 (7)	510.15 (530.61)	6 (6)	510.15 (510.15)	- (-)	- (-)	- (1)	- (20.46)

4. Estimated amount of contracts pending to be executed on capital account as on 31.03.2010 is Rs.284.38 lakhs (Previous year :Rs.45.05 lakhs)

## 5. CONTINGENT LIABILITIES NOT PROVIDED FOR

- Disputed interest on sales tax for the years 1995-96 to 1997-98 in respect of which stay from High Court at Chennai is obtained Rs.4,249,634/- (Previous year: Rs.4,249,634/-)
- The Government had fixed the SMP for the sugar season 2003-04 at Rs.730/- per ton linked to 8.5% base recovery and the same has been contested before the Honourable High Court at Chennai which had admitted the petition and stayed the notification. The disputed liability of Rs.99.57 lakhs and the additional sales tax of Rs.2.50 lakhs payable for the financial year 2004-05 has not been provided for in the accounts.
- The Company has provided a corporate guarantee of Rs.51.94 crores to the banks in respect of Term loan and cash credit facilities sanctioned to the subsidiary company, Trident Sugars Limited. (Previous year Rs.38.82 crores).
- The Company has filed a review petition before the High Court of Judicature, Madras at Chennai in relation to the writ appeals with respect to purchase tax and the decision in the matter has been deferred by the High Court till disposal of similar issues by the Supreme Court in other cases. Hence no provision is made for other charges, if any, in this regard. The amount is indeterminate at this juncture.
- The Commissioner of Central Excise (Appeals) has upheld the order of the Central Excise department imposing a penalty of Rs.21 lakhs in the matter of payment of service tax for agency fees and other charges paid towards ECB availed. The company has filed an appeal before CEGAT and the appeal is pending before the said Appellate Tribunal and hence no provision has been made.
- The company has export obligation of 4,500 tons of white sugar to be fulfilled on or before February 2012 on account of import of raw sugar under advance license scheme.
- Electricity generation tax demand of Rs. 248.09 lakhs has been raised in respect of captive consumption of electricity generated from cogeneration division. The same is disputed and contested in appeal. Hence not provided for.
- The company has contracted to import 26,000 MT of raw sugar and taken forward cover of 13 million USD as on the balance sheet date.

## 6. SECURED LOANS

- Term loan from State Bank India with limit of Rs. 12 Crores is secured by:
  - 1st pari passu charge on the fixed assets of Unit-III situated at Semmedu, Gingee Taluk, Villupuram District in the state of Tamilnadu
  - Exclusive 1<sup>st</sup> charge on 5.19 acres of land with buildings thereon situated at Vilankurichi village, Ganapathy, Coimbatore North Taluk, Coimbatore District.

- 2) Term loan from State Bank of India with limit of Rs. 30 Crores is secured by 1<sup>st</sup> pari passu charge on the current assets of the Company.
- 3) Term loan of Rs.25 Crores from State Bank of India is secured by:
  - a) 1st pari passu charge on the current assets of the company
  - b) 1st pari passu charge on the sugar mill assets of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
- 4) Loan of Rs.9 Crores from State Bank of India is secured by:
  - a) Exclusive 1st charge on receivables from TNEB
  - b) 2nd pari passu charge on immovable properties and plant and machineries of Unit-I situated at Varadarajnagar, Periyakulam Taluk, Theni District in the state of Tamilnadu
  - c) 3rd pari passu charge on immovable properties and plant and machineries of cogeneration plant of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
  - d) 4th pari passu charge on immovable properties and plant and machineries of sugar plant of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
- 5) Term loan from State Bank of Hyderabad with limit of Rs. 5 Crores is secured by:
  - a) 1<sup>st</sup> pari passu charge on the current assets of the Company ; and
  - b) 1<sup>st</sup> pari passu charge on the fixed assets of sugar plant of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
- 6) Term loan of Rs. 13 Crores from State Bank of Hyderabad is secured by:
  - a) 1<sup>st</sup> pari passu charge on the current assets of the Company
  - b) 1st pari passu charge on fixed assets of Unit-I situated at Varadarajnagar, Periyakulam Taluk, Theni District in the state of Tamilnadu
- 7) Term loan of Rs. 20 Crores from State Bank of Hyderabad is secured by:
  - a) 1<sup>st</sup> pari passu charge on the current assets of the Company
  - b) 1st pari passu charge on fixed assets of cogeneration plant of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
- 8) Term loan from State Bank of Mysore with limit of Rs. 10 Crores is secured by:
  - a) 1st pari passu charge on the fixed assets of Unit-III situated at Semmedu, Gingee Taluk, Villupuram District in the state of Tamilnadu
  - b) 2nd pari passu charge on the fixed assets of Unit-I situated at Varadarajnagar, Periyakulam Taluk, Theni District in the state of Tamilnadu
  - c) 3rd pari passu charge on co-generation assets of Unit II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
  - d) 4th pari passu charge on sugar mill assets of Unit II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
- 9) Term loan of Rs. 15 Crores from Bank of India is secured by:
  - a) 1st pari passu charge on Fixed & movable properties of Unit-I situated at Varadarajnagar, Periyakulam Taluk, Theni District in the state of Tamilnadu and
  - b) Exclusive 1st charge on office premises (1st & 2nd Floor) at New Delhi.
- 10) Term loans from Bank of India with limit of Rs. 6.60 Crores is secured by:
  - a) 1st pari passu charge on the block assets of the cogeneration plant of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
  - b) 3rd pari passu charge on the co-generation plant of Unit-III situated at Semmedu, Gingee Taluk, Villupuram District in the state of Tamilnadu
- 11) Term loan from Bank of India with limit of Rs. 2 Crores is secured by 1st pari passu charge on the fixed assets of Unit-III situated at Semmedu, Gingee Taluk, Villupuram District in the state of Tamilnadu
- 12) Term loan of Rs. 7 Crores from Bank of India is secured by:
  - a) 1st pari passu charge on the current assets of the Company
  - b) 1st pari passu charge on fixed assets of sugar plant of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
- 13) Term loans aggregating to Rs. 33 Crores (State Bank of India Rs. 13 Crores, UCO Bank Rs. 10 Crores and Indian Bank Rs. 10 Crores) are secured by:
  - a) 1st pari passu charge on the block assets of the cogeneration plant of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu and
  - b) 2nd pari passu charge on the current assets of the Company; and
  - c) 3rd pari passu charge on the fixed assets of Sugar plant of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu



- 14) Term loans aggregating to Rs. 28.40 Crores (State Bank of India Rs. 12.25 Crores, State Bank of Mysore Rs. 4.90 Crores, Bank of India Rs. 4.90 Crores, UCO Bank Rs. 3.90 Crores and State Bank of Hyderabad Rs. 2.45 Crores) received under the Scheme for Extending Financial Assistance to Sugar Undertakings are secured by:
- Residual paripassu charge on the fixed assets of Unit-I situated at Varadarajnagar, Periyakulam Taluk, Theni District in the state of Tamilnadu and
  - Residual paripassu charge on fixed assets of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
- 15) ECB loan of 30 million USD equivalent to Rs. 125.15 Crores is secured by:
- 1st paripassu charge on the fixed assets of Unit-III situated at Semmedu, Gingee Taluk, Villupuram District in the state of Tamilnadu
  - 2nd paripassu charge on the current assets of sugar and co-generation plants of Unit-III situated at Semmedu, Gingee Taluk, Villupuram District in the state of Tamilnadu, which is subservient to the 1<sup>st</sup> charge in favour of working capital lenders of Unit-III.
- 16) Term loan of Rs.17.49 Crores from Sugar Development Fund, Government of India is secured by way of exclusive second charge on movable and immovable properties of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu.
- 17) Term loan of Rs.21.10 Crores from Sugar Development Fund, Government of India is secured by way of 1<sup>st</sup> paripassu charge on movable and immovable properties of Unit-III situated at Semmedu, Gingee Taluk, Villupuram District in the state of Tamilnadu.
- 18) Working capital limits of Rs.179.12 Crores from consortium bankers are secured by:
- 1st paripassu charge on the current assets of the Company
  - 2nd paripassu charge on the fixed assets of Unit-I situated at Varadarajnagar, Periyakulam Taluk, Theni District in the state of Tamilnadu
  - 3rd paripassu charge on the fixed assets of cogeneration plant of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
  - 4th paripassu charge on the fixed assets of sugar plant of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
- 19) Short Term Cane Development Loan of Rs.4 Crores from Sugar Development Fund has been collaterally secured by issue of bank guarantee amounting to Rs. 4.40 crores availed from Federal Bank Limited which is secured by creation of 2<sup>nd</sup> paripassu charge on the current assets of the Company.
- 20) Short Term Loan of Rs.10 Crores from IDBI Bank is secured by pledge of warehouse receipts covered by raw and processed sugar.

## 7. MANAGERIAL REMUNERATION

	2009-10 Rs.	2008-09 Rs.
Salary	18,246,154	5,605,935
Commission	17,140,388	12,681,539
Company's contribution to Provident Fund	18,720	18,720
Monetary value of perquisites	79,200	43,200
Contribution to Superannuation Fund	487,000	421,125
Reimbursement of Medical Expenses	270,833	245,567
Encashment of Earned leave	-	320,548
Leave Travel Allowance	-	346,029
	<b><u>36,242,295</u></b>	<b><u>19,682,663</u></b>
Computation of Net Profit under section 198/349 of the Companies Act, 1956		
Profit before taxation	656,196,436	341,597,936
Add: Depreciation as per books	226,900,946	135,609,790
Loss on sale of assets	44,512	26,654
Remuneration - Managing Director	32,189,348	15,654,434
Remuneration - Whotetime Director	4,052,943	4,028,229
Directors' sitting fees	360,000	600,000
	<b><u>919,744,185</u></b>	<b><u>497,517,043</u></b>

Less: Depreciation u/s 350	226,900,946	135,609,790
Profit on sale of assets	48,435,635	39,603
Compensation on aquisition - Surplus	620,653	733,155
	<b>275,957,234</b>	<b>136,382,548</b>
Net Profit for the year	643,786,951	361,134,495
Less: Carried forward loss as per last Balance Sheet	-	48,045,808
Net profit	<b>643,786,951</b>	<b>313,088,687</b>
Remuneration @ 5% of the above to the Managing Director	32,189,348	15,654,434

8. No amount is due to Micro, Small and Medium Enterprises in respect of sundry creditors. No interest has been paid or to be payable to such parties. This is as per information available with the company about the status of the parties concerned.

	2009-10 Rs.	2008-09 Rs.
<b>9. CIF Value of Imports</b>		
- Raw materials-Raw sugar	1,265,394,045	52,516,274
- Capital Goods	-	-
- Consumable spares	14,932,217	-
<b>10. Earnings in Foreign Exchange</b>		
a) Export of goods calculated on FOB basis	-	538,113,685
b) Sale of carbon credits	-	48,716,023
c) Interest receipts	-	343,136
<b>11. Expenditure in Foreign Currency</b>		
i) Professional & Consultation Services	4,335,654	-
ii) Interest on ECB	140,060,152	139,549,961
iii) Others	3,688,000	4,071,779
<b>12. Consumption</b>		
a) Raw materials		
i) Imported	1,083,572,093 (30.87%)	24,202,109 (1.11%)
ii) Indigenous	2,426,594,674 (69.13%)	2,150,054,435 (98.89%)
b) Stores & spares		
i) Imported	Rs. 14,932,217 (3.70%)	-
ii) Indigenous	Rs. 388,196,685 (96.30%)	238,871,296 (100%)
<b>13. a) Amount of Dividend remitted during the year in Foreign Exchange currencies</b>	Rs. 1,145,270	-
b) Number of Non-resident shareholders	141	-
c) Number of shares held by the above persons	2,478,111	-
<b>14. Tax deducted at source on interest income</b>	Rs. 8,275,153	4,724,604
Tax deducted at source on Consultancy	Rs. -	173,596
Tax deducted at source on rental income	Rs. 20,538	611,646
Tax deducted at source on compensation	Rs. 69,115	25,379

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

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

**Defined Contribution Plan**

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

Employer's Contribution to Provident Fund	Rs.9,269,238 (Rs.8,278,046)
Employer's Contribution to Superannuation Fund	Rs.4,825,943 (Rs.4,971,648)

Defined Benefit Plan

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

a. Reconciliation of opening and closing balances of Defined Benefit obligation (Rs.)

	<b>31.03.2010</b>	<b>31.03.2009</b>
Defined Benefit obligation at beginning of the year	60,961,045	55,249,734
Current service cost	4,390,014	3,742,023
Interest cost	4,876,884	4,719,341
Actuarial (gain)/loss	(10,973,982)	(2,750,053)
Benefits paid	5,755,803	-
Defined Benefit obligation at year end	65,009,764	60,961,045

b. Reconciliation of opening and closing balances of fair value of plan assets (Rs.)

Fair value of plan assets at beginning of the year	33,040,086	39,162,778
Expected return on plan assets	5,013,063	1,805,524
Actuarial (gain) / loss	2,771,265	(3,176,015)
Employer contribution	4,000,000	2,000,000
Benefits paid	(9,212,174)	(6,752,201)
Fair value of plan assets at year end	35,612,240	33,040,086

c. Reconciliation of fair value of assets and obligations (Rs.)

Fair value of plan assets as at 31 <sup>st</sup> March 2010	35,612,240	33,040,086
Present value of obligation as at 31 <sup>st</sup> March 2010	65,009,764	60,961,045
Amount recognized in Balance Sheet	(29,397,524)	(27,920,959)

d. Expenses recognized during the year (Rs.)

Current Service Cost	4,390,014	3,742,023
Interest Cost	4,876,884	4,719,341
Expected return on plan assets	5,013,063	1,805,524
Actuarial (gain) / loss	(2,771,265)	(3,176,015)
Net Cost	1,482,570	3,479,825

e. Investment details (Rs.)

L.I.C. Group Gratuity policy	19,673,937	22,700,236
HDFC Group Gratuity policy	15,938,303	10,339,850

f. Actuarial assumptions

	1994-96	1994-96
Mortality Table (L.I.C)		
Discount rate (per annum)	8%	8%
Expected rate of return on plan assets (p.a)	8%	8%
Rate of escalation in salary (p.a)	5%	5%

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

16. Quantum of Excise Duty included in closing stock of finished goods is Rs.60,097,625 /- (Previous year: Rs. 52,672,719/-).

17. Borrowing costs capitalized during the year is Rs. 835,297/- (Previous year : Rs. 168,352,475/-). Borrowing cost included in Capital Work in progress: Rs.464,984/- (Previous year Rs.NIL)
18. Foreign currency loan (ECB) liability has been restated on 31.03.2010. The exchange difference arising on restatement of the above loan amounting to Rs. 949.61 lakhs has been capitalized during the year.
19. Exchange rate fluctuation includes an amount of Rs. 270.51 lacs, being the hedging charges paid to bank in respect of foreign currency term loan instalment payable.
20. Interest receipt of Rs.Nil is credited in capital work in progress.(Previous year: Rs. 343,136/-)
21. Interest paid on Fixed deposits include Rs.679,660/- (Previous Year - Rs.648,935/-) paid to Ms.Rajshree Pathy, Chairperson and Managing Director in respect of fixed deposits held by her.
22. Interest charges is net of amount due Rs.Nil (Previous year - Rs. 10,361,589/-) from Directorate of Sugar, Government of India towards buffer stock interest subsidy claim. An amount of Rs. 249.81 lacs is due from the Government towards buffer subsidy.
23. Carbon credit sales has not been recognized during the year as the procedural formalities had not been completed by the respective authorities during the year. However, the process has been completed since the balance sheet date.
24. In terms of Accounting Standard 28, the company has carried out an exercise to ascertain the impairment, if any, in the carrying values of its Fixed assets. The exercise has not revealed any impairment of assets during the year 2009-10.
25. In terms of special resolution passed at the Extraordinary General Meeting held on 28.05.2009, preferential issue of 1,100,000 equity shares of Rs.10/- each at a price of Rs.62/- (including premium of Rs.52/-) per share to Ms.Rajshree Pathy, Chairperson and Managing Director was approved by the shareholders. The amount of Rs.17,050,000/- secured as initial payment within 15 days from the date of resolution has been treated as share application money. Pursuant to the same, 1,100,000 equity warrants has been allotted on 11.06.2009. The same is convertible into 1,100,000 equity shares of Rs. 10/- each within 18 months thereof.
26. In respect of the property at Delhi wherein the 1<sup>st</sup> and 2<sup>nd</sup> floors were acquired during the year 2006-07, the ground floor portion was taken on a long term operational lease of 20 years on a monthly rental of Rs.75,000/- with option to renew for further 20 years on the same terms. The refundable interest free security deposit made and maintained in a separate escrow account with Bank for this purposes is Rs.11,250,000/-.
27. During the current financial year, the company has taken three properties on lease for operating purpose and the future minimum lease payments are as under:

	2009-10	2008-09
	(Rs. in Lakhs)	
Not later than one year	45.77	9.00
Later than 1 year and not later than 5 years	109.04	36.00
Later than 5 years	103.75	112.75

28. The Company has operating leases on premises leased to parties. The leases are for period of 36 months from the date of inception. The lease rentals received are included in the profit and loss account. There are no future lease rental commitments from the parties as they vacated the premises during the year.

	2009-10	2008-09
	(Rs. in Lakhs)	
Not later than one year	-	41.03
Later than 1 year and not later than 5 years	-	73.75

Fixed assets provided on operating lease to the parties.

Building	Cost	61.08	70.27
	Depreciation	9.19	9.19
	Net book value	51.89	61.08

29. Company during the year ended 31.3.2007 had been awarded a compensation of Rs.4,834,458/- by the State Government in respect of part of land and portion of building thereon acquired by them for extension of National Highway in Mundiampakkam, Villupuram District. A balance amount of Rs.1,183,051/- is due from the State Government.
30. Company during the year ended 31.3.2009 had been awarded a compensation of Rs.810,150/- by the State Government in respect of further acquisition of part of land including structures thereon acquired by them for extension of National Highway in Mundiampakkam, Villupuram District. A balance amount of Rs.563,750/- is due from the State Government.
31. Company during the year ended 31.3.2010 had been awarded a compensation of Rs.691,154/- by the State Government in respect of further acquisition of part of land including structures thereon acquired by them for extension of National Highway in Mundiampakkam, Villupuram District. The surplus realized has been shown under exceptional item.
32. Prior year expenses includes the following:
- |   |                  |
|---|------------------|
| Sales tax of earlier years paid   | Rs. 33,104,519/- |
| Short receipt of Buffer subsidy pertaining to financial year 2007-08    | Rs. 1,479,600/-  |
| Short receipt of transport subsidy pertaining to financial year 2007-08 | Rs. 1,437,163/-  |
33. The company had filed a suit in the Madras High Court to declare void the derivative contract entered into with Axis Bank. The bank raised a claim of Rs.40.28 crores and also filed a petition with Debt Recovery Tribunal, Mumbai. The Company has obtained a Status Quo order from the Division Bench of the Madras High Court.

The Bank had then filed a petition in the Supreme Court seeking transfer of the Company's suit from the Madras High Court to the Debt Recovery Tribunal, Mumbai. The Supreme Court in its judgement on 29<sup>th</sup> July 2009 has dismissed the bank's petition seeking transfer of the case from the Madras High Court to the Debt Recovery Tribunal, Mumbai. The case will now be heard in the Madras High Court in due course. As the matter is still subjudice, no provision has been made for this amount or any part thereof in the accounts.

34. Deferred tax workings: (Rs. in Lakhs)

Particulars	Opening balance	Addition / (Reversal)	Closing balance
<b>Deferred tax liabilities</b>			
Depreciation	5,811.88	1,506.11	7,317.99
<b>Total - A</b>	<b>5,811.88</b>	<b>1,506.11</b>	<b>7,317.99</b>
<b>Deferred tax assets</b>			
Compensation under VRS	6.87	(6.87)	-
Unabsorbed losses	1,224.00	-	1,224.00
Disallowance u/s 43 B	146.34	22.53	168.87
<b>Total - B</b>	<b>1,377.21</b>	<b>15.66</b>	<b>1,392.87</b>
<b>Net Deferred tax liability (A-B)</b>	<b>4,434.67</b>	<b>1,490.45</b>	<b>5,925.12</b>
MAT Credit (C)	400.00	393.92	793.92
<b>Net Deferred tax liability (A-B-C)</b>	<b>4,034.67</b>	<b>1,096.53</b>	<b>5,131.20</b>

35. Information about Segments: Primary segment - Business segments (Rs. in Thousands)

Particulars	Sugar	Cogen	Distillery	Consolidated
<b>REVENUE</b>				
External Sales	4,615,675	474,458	328,158	5,418,291
Inter-segment Sales	169,692	298,777	-	468,469
Total Revenue	4,785,367	773,235	328,158	5,886,760
<b>RESULT</b>				
Segment result	811,956	304,181	124,069	1,240,206
Unallocated corporate expenses				73,812
Operating Profit				1,166,394
Interest Expense				474,797
Interest Income				-
Income Taxes				224,503
Profit from ordinary activities				467,094
Extraordinary Loss				(35,400)
Net Profit				431,694

## 35. Information about Segments: Primary segment - Business segments (Contd.)

(Rs. in Thousands)

Particulars	Sugar	Cogen	Distillery	Consolidated
<b>OTHER INFORMATION</b>				
Segment assets	5,678,467	1,770,794	71,842	7,521,103
Unallocated corporate assets				-
Total Assets				7,521,103
Segment Liabilities	4,121,499	1,084,814	303	5,206,616
Unallocated Corporate Liabilities				271,617
Total Liabilities				5,478,233
Capital Expenditure				-
Depreciation	108,148	113,771	4,982	226,901
Non-cash expenses other than depreciation				-

## Notes:

a. The Company has identified business segments as primary segments. The reportable business segments are based on segment results.

b. Composition of the business segments and types of products in each of them is as under:

- |                 |  |
|-----------------|--|
| a. Sugar        | White Crystal Sugar  |
| b. Cogeneration | Cogeneration of Electricity  |
| c. Distillery   | Rectified Spirit, Denatured Spirit, Anhydrous Alcohol & Organic Manure |
| d. Others       | Property Development   |

c. Inter Segment revenues are recognised at net realisable price as on the date of transaction and are eliminated in consolidation.

d. The Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

e. Secondary Segment:

Geographical segment has been identified as secondary segment based on segment revenue.

Domestic Sales	Rs. 52,396,51,019
Export Sales including carbon credit sales	Rs. -
Total	<u>Rs. 52,396,51,019</u>

## 36. RELATED PARTY DISCLOSURE

## Transactions with related parties

(Value in Rs.)

Particulars	Subsidiaries	Key Management Personnel	Relatives of key Management personnel	Other Related Parties	Total
Remuneration	- (-)	36,242,295 (19,682,663)	- (-)	- (-)	36,242,295 (19,682,663)
Purchase of Goods	- (-)	- (-)	321,074 (371,325)	2,014,199 (1,547,518)	2,335,273 (1,918,843)
Sale of goods	- (-)	- (-)	13,500 (-)	268,460 (-)	281,960 (-)
Purchase of Assets / materials	- (-)	- (-)	- (-)	4,602,665 (1,121,781)	4,602,665 (1,121,781)
Sale of Assets / materials	323,482 (2,885,319)	- (-)	- (-)	- (-)	323,482 (2,885,319)
Rendering of Services	- (-)	- (-)	- (-)	112,207 (64,626)	112,207 (64,626)
Receiving of Services	- (-)	- (-)	- (-)	4,887,915 (3,412,724)	4,887,915 (3,412,724)
Finance (including loans and equity contributions in cash or kind)	177,810,652 (172,298,737)	29,050,000 (-)	- (-)	- (-)	206,860,652 (172,298,737)
Interest paid	- (-)	679,660 (648,935)	- (-)	132,091 (75,890)	811,751 (724,825)

**36. RELATED PARTY DISCLOSURE (Contd.)****Transactions with related parties****(Value in Rs.)**

Particulars	Subsidiaries	Key Management Personnel	Relatives of key Management personnel	Other Related Parties	Total
Interest received	31,321,886 (14,105,143)	- (-)	- (-)	- (-)	31,321,886 (14,105,143)
Guarantee on behalf of Subsidiary company	519,397,310 (388,233,877)	- (-)	- (-)	- (-)	519,397,310 (388,233,877)
Lease rent paid	- (-)	- (-)	- (-)	- (193,960)	- (193,960)
Vehicle repairs	- (-)	- (-)	- (-)	81,940 (13,425)	81,940 (13,425)
Rent received	- (-)	- (-)	- (-)	- (20,000)	- (20,000)
<b>Outstandings</b>					
Payable	- (-)	12,000,000 (-)	- (-)	1,569,316 (168,328)	13,569,316 (168,328)
Receivable	311,614,436 (213,368,450)	- (-)	40,250 (-)	150,938 (13,750)	311,805,624 (213,382,200)

Note:

**Names of related parties and description of relationship**

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

37. Earnings per share	31.03.2010 Rs.	31.03.2009 Rs.
a) Net profit before tax	431,693,680	222,769,039
b) Weighted average number of equity shares of Rs.10/-each outstanding during the year	22,691,700	22,691,700
c) Basic earnings per share (Rs.)	19.02	9.82
d) Diluted earnings per share (Rs.) (after conversion of pending equity warrants)	18.14	9.82

38. Previous year figures have been regrouped wherever necessary to conform to current year's classification. Paise are rounded off to the nearest rupee.

As per our report of even date  
For **Srikishen & Co (004009 S)**  
Chartered Accountants

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

**R. Varadarajan**  
Director & Chief Operating Officer

**Rajshree Pathy**  
Chairperson and Managing Director

Place: Coimbatore  
Date : 17th May 2010

**A. Sathyamurthy**  
Chief Financial Officer

**R. Anand**  
Company Secretary



**Cash Flow Statement for the Year ended**

	<b>31.03.2010</b>	31.03.2009
	<b>Rs.</b>	Rs.
<b>A. Cash Flow from Operating activities:</b>		
Net Profit before taxation & extraordinary items	691,597,065	365,651,466
<b>Adjustment for:</b>		
Depreciation	226,900,946	135,609,790
Loss / (Profit) on sale of Fixed Assets	(48,391,123)	(12,949)
Interest paid	474,797,050	260,006,375
Interest received	<u>(42,778,826)</u>	<u>(21,235,868)</u>
Operating profit before working capital changes	1,302,125,112	740,018,814
<b>Adjustments for:</b>		
Trade and other receivables	(197,299,001)	(94,482,143)
Inventories	(672,743,615)	(72,852,653)
Trade payables	<u>(127,373,786)</u>	<u>(427,985,673)</u>
Cash generated from Operations	304,708,710	144,698,345
Direct taxes (paid) / Refund	<u>(92,831,798)</u>	<u>(42,123,541)</u>
Cashflow before extraordinary items	211,876,912	102,574,804
Extraordinary items	<u>(36,021,282)</u>	<u>(24,786,685)</u>
Net cash from operating activities	175,855,630	77,788,119
<b>B. Cash flow from investing activities</b>		
Purchase of Fixed Assets	(92,488,503)	(515,151,800)
Sale of Fixed Assets - including compensation received on acquisition	65,794,039	1,000,503
Interest received	<u>42,778,826</u>	<u>21,235,868</u>
Net Cash used in investing activities	16,084,362	(492,915,429)
<b>C. Cash Flow from financing activities</b>		
Proceeds from issue of Share Capital	17,050,000	-
Proceeds from / (Repayment of) long term borrowings	12,893,896	684,360,888
Proceeds from / (Repayment of) short term borrowings	428,147,728	112,021,244
Interest paid	(474,797,050)	(260,006,375)
Dividend paid including tax on dividend	<u>(26,548,154)</u>	<u>-</u>
Net Cash used in Financing Activities	(43,253,580)	536,375,757
Net Increase / (Decrease) in Cash and Cash Equivalents	148,686,412	121,248,447
Cash and cash equivalent as at the beginning of the Year	166,668,169	45,419,722
Cash and cash equivalent as at the close of the Year	315,354,581	166,668,169

As per our report of even date  
For **Srikishen & Co (004009 S)**  
Chartered Accountants

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

**R. Varadarajan**  
Director & Chief Operating Officer

**Rajshree Pathy**  
Chairperson and Managing Director

Place: Coimbatore  
Date : 17th May 2010

**A. Sathyamurthy**  
Chief Financial Officer

**R. Anand**  
Company Secretary

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I Registration Details**

Registration No .	: L01542TZ1985PLC001706	State Code	: 18
Balance Sheet date	: 31-March-2010		

**II Capital raised during the year (Amount in Rs. thousands)**

Public Issue	: NIL	Rights Issue	: NIL
Bonus Issue	: NIL	Private placement	: NIL

**III Position of mobilisation and deployment of funds (Amount in Rs. Thousands)**

Total Liabilities	: 6,380,477	Total Assets	: 6,380,477
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## Sources of Funds

Paid-up Capital	: 243,967	Reserves & Surplus	: 1,285,783
Secured Loans	: 4,319,151	Unsecured Loans	: 18,456
Deferred Tax	: 513,120		

## Application of Funds

Net fixed assets	: 3,863,800	Investments	: 476,337
Net current assets	: 2,040,341	Misc. Expenditure	: -
Accumulated losses	: --		

**IV Performance of Company (Amount in Rs. thousands)**

Total Income	: 5,812,877	Total Expenditure	: 5,121,280
Profit Before Tax	: 656,196	Profit after tax	: 431,694
Basic Earnings per share (Rs.)	: 19.02	Dividend Rate	: 30%
Diluted Earnings per share (Rs.):	: 18.14		

**V Generic Names of three principal products/services of Company (as per monetary terms)**

Item Code No. (ITC Code)	: 17011100
Product Description	: White Crystal Sugar
Item Code No. (ITC Code)	: 29.05
Product Description	: Industrial Alcohol
Item Code No. (ITC Code)	: Not Applicable
Product Description	: Electricity

As per our report of even date  
For **Srikishen & Co (004009 S)**  
Chartered Accountants

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

**R. Varadarajan**  
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**Rajshree Pathy**  
Chairperson and Managing Director

Place: Coimbatore  
Date : 17th May 2010

**A. Sathyamurthy**  
Chief Financial Officer

**R. Anand**  
Company Secretary

**STATEMENT SHOWING HOLDING COMPANY'S INTEREST IN ITS  
SUBSIDIARY COMPANY PURSUANT TO THE PROVISIONS OF  
SEC. 212 OF THE COMPANIES ACT, 1956**

01 Name of the Subsidiary	Trident Sugars Limited
02 Financial year of the subsidiary	31 <sup>st</sup> March 2010
03 Shares of the subsidiary held by Rajshree Sugars & Chemicals Limited and extent of holding as on 31 <sup>st</sup> March 2010	
a) Number & Face Value	6,737,500 Fully paid-up Equity shares of Rs.10/- each
b) Extent of Holding	100%
04 The net aggregate amount of Profit/(Loss) of the subsidiary for the above financial year so far as it concerns the members of the holding company (in Rs.)	
a) Dealt within the accounts of Rajshree Sugars & Chemicals Limited for the year ended 31 <sup>st</sup> March 2010	NIL
b) Not dealt within the accounts of Rajshree Sugars & Chemicals Limited for the year ended 31 <sup>st</sup> March 2010	28,282,875/-
05 Net aggregate amount of profits/(losses) for the previous financial year of the subsidiary since it became subsidiary so far as it concerns members of the holding company (in Rs.)	
a) Dealt within the accounts of Rajshree Sugars & Chemicals Limited for the year ended 31 <sup>st</sup> March 2010	Not Applicable
b) Not dealt within the accounts of Rajshree Sugars & Chemicals Limited for the year ended 31 <sup>st</sup> March 2010	(129,282,988/-)

As per our report of even date  
For **Srikishen & Co (004009 S)**  
Chartered Accountants

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

**R. Varadarajan**  
Director & Chief Operating Officer

**Rajshree Pathy**  
Chairperson and Managing Director

Place: Coimbatore  
Date : 17th May 2010

**A. Sathyamurthy**  
Chief Financial Officer

**R. Anand**  
Company Secretary

**AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RAJSHREE SUGARS & CHEMICALS LIMITED AND ITS SUBSIDIARY COMPANY.**

The Members of M/s Rajshree Sugars & Chemicals Limited

We have audited the attached consolidated Balance Sheet of Rajshree Sugars & Chemicals Limited and its subsidiary as at 31st March 2010, the consolidated Profit and Loss account and the Cash flow statement for the year ended on that date.

These financial statements are the responsibility of Rajshree Sugars & Chemicals Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have audited the financial statements of the subsidiary, whose financial statements reflect total assets of Rs.967,656,535/- as at 31st March 2010 and total revenues of Rs.604,439,507/- and the net cash flows amounting to Rs.7,601,538/- for the year then ended.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Rajshree Sugars & Chemicals Limited and its subsidiary included in the consolidated financial statements.

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of Rajshree Sugars & Chemicals Limited and its aforesaid subsidiary, we are of the opinion that:

- a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Rajshree Sugars & Chemicals Limited and its subsidiary as at 31st March 2010;
- b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Rajshree Sugars & Chemicals Limited and its subsidiary for the year then ended, and
- c) the Consolidated cash flow statement, of the cash flows of Rajshree Sugars & Chemicals Limited and its subsidiary for the year then ended.

For **SRIKISHEN & Co.(004009 S)**  
Chartered Accountants

Place: Coimbatore  
Date : 17th May 2010

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

## CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2010

AS AT 31.03.2009 Rs.	PARTICULARS	SCHEDULE	AS AT 31.03.2010 Rs.
<b>I. SOURCES OF FUNDS</b>			
	1.SHAREHOLDERS' FUNDS		
226,917,000	(a) Share Capital	"A" 226,917,000	
-	Share Application Money (Refer Note No.13)	17,050,000	
776,167,478	(b) Reserves & Surplus	"B" <u>1,156,499,570</u>	1,400,466,570
	2. LOAN FUNDS		
4,375,226,687	(a) Secured	"C" 4,838,548,562	
4,534,000	(b) Unsecured	"D" <u>18,456,000</u>	4,857,004,562
370,983,904	3.DEFERRED TAX		490,653,904
<u>5,753,829,069</u>	TOTAL		<u>6,748,125,036</u>
<b>II. APPLICATION OF FUNDS</b>			
	1. FIXED ASSETS		
5,748,381,300	(a) Gross Block	"E" 5,704,367,157	
<u>982,497,707</u>	(b) Less: Depreciation	<u>1,227,559,843</u>	
4,765,883,593	(c) Net Block	4,476,807,314	
<u>52,004,947</u>	(d) Capital Work in Progress	<u>75,938,497</u>	4,552,745,811
4,817,888,540	2. CURRENT ASSETS, LOANS & ADVANCES		
1,228,998,341	(a) Inventories	"F" 2,235,797,652	
128,218,263	(b) Sundry Debtors	"G" 254,997,388	
171,281,578	(c) Cash and Bank Balances	"H" 327,569,528	
<u>575,007,301</u>	(d) Loans & Advances	"I" <u>654,436,971</u>	
2,103,505,483		<u>3,472,801,539</u>	
	LESS: CURRENT LIABILITIES AND PROVISIONS		
1,094,096,796	(a) Current Liabilities	"J" 1,039,475,865	
<u>73,468,158</u>	(b) Provisions	"K" <u>237,946,449</u>	
1,167,564,954		<u>1,277,422,314</u>	
935,940,529	NET CURRENT ASSETS		2,195,379,225
<u>5,753,829,069</u>	TOTAL		<u>6,748,125,036</u>

As per our report of even date  
For **Srikishen & Co (004009 S)**  
Chartered Accountants

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

**R. Varadarajan**  
Director & Chief Operating Officer

**Rajshree Pathy**  
Chairperson and Managing Director

Place: Coimbatore  
Date : 17th May 2010

**A. Sathyamurthy**  
Chief Financial Officer

**R. Anand**  
Company Secretary

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010**

31.03.2009 Rs.	PARTICULARS	SCHEDULE	31.03.2010 Rs.
<b>I. INCOME</b>			
4,522,478,506	Gross Sales		6,039,525,386
196,076,794	LESS: Excise Duty		203,939,250
4,326,401,712	Net Sales		5,835,586,136
29,827,421	Other Income	"L"	80,536,879
(94,766,158)	Increase / (Decrease) in Stock	"M"	796,153,019
<u>4,261,462,975</u>	<b>TOTAL</b>		<u>6,712,276,034</u>
<b>II. EXPENDITURE</b>			
2,596,405,545	Raw material Consumed	"N"	4,213,143,499
406,867,877	Manufacturing Expenses	"O"	569,133,553
227,219,732	Employee Cost	"P"	245,779,948
311,826,816	Interest	"Q"	510,667,394
155,551,522	Administrative Expenses	"R"	190,643,079
156,341,639	Depreciation		247,926,043
<u>3,854,213,131</u>	<b>TOTAL</b>		<u>5,977,293,516</u>
407,249,844	Profit before Exceptional items and Tax		734,982,518
684,268	ADD: Prior period Income		-
733,155	Compensation on acquisition - Surplus		620,653
24,786,685	LESS: Prior period Expense-Sales tax		36,021,282
-	Prior year income reversed		325,354
383,880,582	Profit before tax		699,256,535
43,275,000	LESS: Provision for - Tax		118,118,000
82,592,781	- Deferred Tax (Net)		119,670,000
150,000	- Wealth Tax		200,000
1,800,000	- Fringe Benefit Tax		-
51,596	Income Tax paid / (Refund) of Prior Year		1,291,980
256,011,205	Profit after tax		459,976,555
(183,295,573)	ADD: Balance b/f from the previous year		26,167,478
20,000,000	Transfer to General Reserve		50,000,000
22,691,700	Proposed Dividend		68,075,100
3,856,454	Tax on Dividend		11,569,363
<u>26,167,478</u>	Balance Carried Over		<u>356,499,570</u>
11.28	Basic Earnings per Share of Rs.10/- each		20.27
11.28	Diluted Earnings per Share of Rs.10/- each after considering allotment of 1,100,000 warrants		19.33

As per our report of even date  
For **Srikishen & Co (004009 S)**  
Chartered Accountants

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**R. Varadarajan**  
Director & Chief Operating Officer

**Rajshree Pathy**  
Chairperson and Managing Director

Place: Coimbatore  
Date : 17th May 2010

**A. Sathyamurthy**  
Chief Financial Officer

**R. Anand**  
Company Secretary

## SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS AS AT 31st MARCH 2010

31.03.2009 Rs.	PARTICULARS	31.03.2010 Rs.
	<b>SCHEDULE "A"</b>	
	<b>SHARE CAPITAL</b>	
	<b>AUTHORISED</b>	
300,000,000	30,000,000 Equity Shares of Rs.10/- each	300,000,000
	<b>ISSUED, SUBSCRIBED &amp; PAID UP:</b>	
226,917,000	22,691,700 Shares of Rs.10/- each fully paid-up	226,917,000
	<b>SCHEDULE "B"</b>	
	<b>RESERVES &amp; SURPLUS</b>	
	<b>RESERVES</b>	
	General Reserve	
730,000,000	Balance brought forward	750,000,000
20,000,000	Transfer from Profit & Loss account	50,000,000
750,000,000		800,000,000
26,167,478	Balance in Profit & Loss A/c	356,499,570
776,167,478		1,156,499,570
	<b>SCHEDULE "C"</b>	
	<b>SECURED LOANS</b>	
	<b>1. TERM LOANS</b>	
341,175,000	A. From Sugar Development Fund	347,195,000
1,451,474,008	B. From Banks	1,484,227,365
1,445,250,000	C. ECB from Banks	1,350,288,818
	<b>2. CASH CREDIT</b>	
1,137,327,679	From Banks	1,656,837,379
4,375,226,687		4,838,548,562
	<b>SCHEDULE "D"</b>	
	<b>UNSECURED LOANS</b>	
4,534,000	Fixed Deposit	18,456,000
4,534,000		18,456,000

## SCHEDULE "E" - FIXED ASSETS

DESCRIPTION	GROSS BLOCK (Rs.)				DEPRECIATION BLOCK (Rs.)				NET BLOCK (Rs.)	
	As on 31.03.2009	Additions for the period	Deletions for the period	As on 31.03.2010	Upto 31.03.2009	For the Year	Written Back	Upto 31.03.2010	As on 31.03.2010	As on 31.03.2009
Goodwill	324,739,375	-	-	324,739,375	-	-	-	-	324,739,375	324,739,375
Land	88,894,462	96,089	6,393	88,984,158	-	-	-	-	88,984,158	88,894,462
Buildings	1,045,957,760	25,380,880	29,844,386	1,041,494,254	120,337,056	30,111,356	1,135,882	149,312,530	892,181,724	925,620,704
Plant & Machinery	4,164,755,270	18,476,525	81,773,875	4,101,457,920	810,883,725	210,259,592	285	1,021,143,032	3,080,314,888	3,353,871,545
Office Equipments	10,922,839	1,883,768	140,789	12,665,818	4,281,415	519,553	44,940	4,756,028	7,909,790	6,641,424
Furniture	9,217,453	3,969,102	-	13,186,555	4,740,171	568,621	-	5,308,792	7,877,763	4,477,282
Vehicles	43,003,342	16,812,400	1,779,391	58,036,351	21,729,633	3,599,868	1,460,558	23,868,943	34,167,408	21,273,709
Electrical Equipments	48,756,791	1,049,085	1,102,500	48,703,376	14,888,303	2,257,065	222,242	16,923,126	31,780,250	33,868,488
Tools & Equipments	7,654,460	255,614	-	7,910,074	3,813,146	357,041	-	4,170,187	3,739,887	3,841,314
Lab Equipments	4,479,548	2,709,728	-	7,189,276	1,824,258	252,947	-	2,077,205	5,112,071	2,655,290
<b>Total</b>	<b>5,748,381,300</b>	<b>70,633,191</b>	<b>114,647,334</b>	<b>5,704,367,157</b>	<b>982,497,707</b>	<b>247,926,043</b>	<b>2,863,907</b>	<b>1,227,559,843</b>	<b>4,476,807,314</b>	<b>4,765,883,593</b>
<b>Work in Progress</b>									<b>75,938,497</b>	<b>52,004,947</b>
<b>2008-09</b>	<b>3,304,496,951</b>	<b>2,446,038,075</b>	<b>2,153,726</b>	<b>5,748,381,300</b>	<b>828,055,395</b>	<b>156,341,639</b>	<b>1,899,327</b>	<b>982,497,707</b>	<b>4,765,883,593</b>	<b>2,476,441,556</b>

31.03.2009 Rs.	PARTICULARS		31.03.2010 Rs.
<b>SCHEDULE "F"</b>			
<b><u>INVENTORIES</u></b>			
As certified by the Managing Director			
28,314,165	Raw materials	210,729,545	
997,971,437	Finished Goods	1,800,651,663	
28,274,250	Stock in Process	38,494,512	
123,423,231	Stores & Spares	134,906,674	
51,015,258	Immovable Property	<u>51,015,258</u>	
<u>1,228,998,341</u>			<u>2,235,797,652</u>
<b>SCHEDULE "G"</b>			
<b><u>SUNDRY DEBTORS</u></b>			
<b><u>UNSECURED &amp; CONSIDERED GOOD</u></b>			
1,386,746	Outstanding for a period exceeding six months	737,810	
<u>126,831,517</u>	Others	<u>254,259,578</u>	
<u>128,218,263</u>			<u>254,997,388</u>
<b>SCHEDULE "H"</b>			
<b><u>CASH &amp; BANK BALANCES</u></b>			
1,548,869	Cash on hand	1,067,201	
	<u>with Scheduled Banks</u>		
13,668,344	In Current Account	296,569,479	
-	In Current Account - Overseas Branch	-	
144,390,000	In Deposit Account	18,457,921	
9,694,773	In Unpaid Divident Account	9,294,799	
1,979,592	In Current Account with MDCC bank	<u>2,180,128</u>	
<u>171,281,578</u>	( Maximum balance due at any time during the year Rs. 10,206,568/- )		<u>327,569,528</u>
<b>SCHEDULE "I"</b>			
<b><u>LOANS &amp; ADVANCES</u></b>			
Recoverable in cash or in kind			
Unsecured considered good			
261,684,521	Advances to Ryots, Staff and others	269,598,264	
18,252,235	Advances for Capital purchases	4,127,364	
12,297,351	Earnest, Security & Other Deposits	12,882,586	
182,257,310	Excise deposits including Cenvat credits	164,670,213	
79,086,347	Advance Income Tax	174,646,360	
21,429,537	Prepaid expenses	<u>28,512,184</u>	
<u>575,007,301</u>			<u>654,436,971</u>



31.03.2009 Rs.	PARTICULARS	31.03.2010 Rs.
<b>SCHEDULE "J"</b>		
<b>CURRENT LIABILITIES</b>		
	Sundry Creditors	
-	Due to micro, small and medium enterprises	-
713,364,752	Due to others for purchases	753,299,201
97,879,446	Due to others for expenses	90,875,593
27,038,040	Due to other finances	30,853,833
122,592,835	Advances received from customers	12,203,086
64,014,394	Excise Duty payable - Finished Goods	85,585,684
9,694,773	Unpaid dividends *	9,294,799
59,512,556	Interest accrued but not due	57,363,669
<u>1,094,096,796</u>		<u>1,039,475,865</u>
* The figures reflect the position as at March 31,2010. The actual amount to be transferred to the Investors Education and Protection fund in this respect shall be determined on the due dates.		
<b>SCHEDULE "K"</b>		
<b>PROVISIONS</b>		
45,225,214	Provision for Income Tax, Wealth Tax & FBT	156,702,242
1,694,790	Provision for leave salary	1,599,744
3,856,454	Corporate Tax on Dividend	11,569,363
22,691,700	Proposed Dividend	68,075,100
<u>73,468,158</u>		<u>237,946,449</u>
<b>SCHEDULE "L"</b>		
<b>OTHER INCOME</b>		
142,906	Interest Income	198,593
7,050,077	Interest on Term deposits	9,083,464
39,603	Profit on sale of assets	48,435,635
8,752,759	Miscellaneous Income	7,069,683
2,677,502	Exchange rate Fluctuations	-
-	Interest on income tax refund	2,234,315
2,646,265	Insurance claim receipts	1,636,650
8,518,309	Sale of scrap and waste material	11,878,539
<u>29,827,421</u>		<u>80,536,879</u>
<b>SCHEDULE "M"</b>		
<b>STOCK DIFFERENTIAL</b>		
1,094,588,991	Opening stock of Finished goods	992,778,938
26,416,750	Opening stock in process	28,274,251
53,061,258	Opening property stock in trade	51,015,258
997,971,437	Closing stock of Finished goods	1,800,651,663
28,274,250	Closing stock in process	38,494,512
51,015,258	Closing property stock in trade	51,015,258
(96,806,054)		818,092,986
2,039,896	<b>(Add) / Less:</b> Excise Duty on Increase	
(94,766,158)	/(Decrease) in stocks of Finished Goods	(21,939,967)
		<u>796,153,019</u>

31.03.2009 Rs.	PARTICULARS	31.03.2010 Rs.
	<b>SCHEDULE "N"</b>	
	<b><u>RAW MATERIAL CONSUMED</u></b>	
130,708	Opening stock - raw materials	33,506,664
2,409,565,720	Purchase of Raw materials	2,922,489,719
52,516,274	Purchase of Raw sugar	1,265,394,045
28,326,330	Transport Charges	91,204,576
125,544,493	Purchase Tax	104,207,807
8,636,185	Cess	<u>7,070,233</u>
<u>2,624,719,710</u>		
28,314,165	<b>LESS:</b> Closing stock - raw materials	4,423,873,044
<u>2,596,405,545</u>		<u>210,729,545</u>
		<u>4,213,143,499</u>
	<b>SCHEDULE "O"</b>	
	<b><u>MANUFACTURING EXPENSES</u></b>	
289,939,952	Consumption of Stores	441,881,419
5,272,328	Other Manufacturing Expenses	6,814,579
31,653,269	Excise duty expenses	19,535,904
20,322,950	Power & Fuel	24,842,127
	<b>Repairs &amp; Maintenance</b>	
3,684,060	Building	5,941,629
24,444,739	Machinery	38,773,263
11,140,960	Vehicles	11,782,906
20,409,619	Others	<u>19,561,726</u>
<u>406,867,877</u>		
		<u>569,133,553</u>
	<b>SCHEDULE "P"</b>	
	<b><u>EMPLOYEE COST</u></b>	
155,954,439	Salaries, Wages & Bonus	166,788,490
55,716,900	Welfare Expenses	62,307,485
15,548,393	Contribution to P F & Other funds	<u>16,683,973</u>
<u>227,219,732</u>		
		<u>245,779,948</u>
	<b>SCHEDULE "Q"</b>	
	<b><u>INTEREST &amp; FINANCIAL CHARGES</u></b>	
111,794,462	On Term Loan	310,635,928
743,639	On Fixed Deposit	1,174,626
180,784,518	On Others	174,149,540
18,504,197	Bank charges	<u>24,707,300</u>
<u>311,826,816</u>		
		<u>510,667,394</u>
	<b>SCHEDULE "R"</b>	
	<b><u>ADMINISTRATIVE EXPENSES</u></b>	
2,079,103	Building rent	4,742,547
8,051,976	Licence Fees & Tax	11,564,272
13,220,437	Insurance Premium	13,802,916
40,948,690	Selling Expenses	8,547,131
19,682,663	Managerial remuneration	36,242,295
600,000	Directors sitting fees	360,000
	<b>Auditor's remuneration</b>	
350,000	- Statutory Audit fees	500,000
138,708	- Taxation matters	180,000
68,941	- Certification	42,309
61,000	Cost Audit fees	91,000
26,654	Loss on Sale of Assets	44,512
3,625,000	Charity & Donation	9,840,000
-	Exchange rate fluctuations	26,258,432
<u>66,698,350</u>	Other Expenses	<u>78,427,665</u>
<u>155,551,522</u>		
		<u>190,643,079</u>

**NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010****1) PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements relates to Rajshree Sugars & Chemicals Limited ('the company') and its wholly owned subsidiary, Trident Sugars Limited. The consolidated financial statements have been prepared on the following basis.

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

**●2) SIGNIFICANT ACCOUNTING POLICIES****• i) BASIS OF ACCOUNTING & REVENUE RECOGNITION**

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

**ii) EMPLOYEE BENEFITS**

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

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

**iii) FIXED ASSETS**

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

**Preoperative Expenses**

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

**iv) FOREIGN CURRENCY TRANSACTIONS**

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

**v) DERIVATIVE TRANSACTION**

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

## vi) INVENTORY VALUATION

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

- a) Raw material is valued at cost on FIFO basis.
- b) In respect of sugar and industrial alcohol, cost is arrived at on historical cost basis after deducting the realisable value of the by products. In respect of manufactured finished goods, excise duty and cess payable are added to the cost, wherever applicable.
- c) In respect of immovable property cost is taken as the net payment for acquisition and expenses incurred therewith till the date of title perfection.
- d) In respect of semi finished goods (in process) cost is taken as cost of input raw materials and estimated cost of manufacture upto the various stages of completion.
- e) Stores and spares are valued at Weighted Average cost basis.

## vii) INVESTMENTS

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

## viii) DEPRECIATION

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

## ix) INCOME AND EXPENDITURE RECOGNITION

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

## x) EXCISE DUTY

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

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

## xi) TAXATION

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

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

## xii) TURNOVER

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

## xiii) LEASED ASSETS

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

## xiv) IMPAIRMENT OF ASSETS

Impairment is recognized to the extent that the recoverable amount of an asset is less than its carrying amount and is charged to the Profit and Loss account as prescribed by the ICAI in Accounting Standard 28.

3. Estimated amount of contracts pending to be executed on capital account as on 31.3.2010 is Rs. 284.38 lakhs. (Previous year Rs. 45.05 lakhs)

## 4. CONTINGENT LIABILITIES NOT PROVIDED FOR

- a. Disputed interest on sales tax for the years 1995-96 to 1997-98 in respect of which stay from High Court at Chennai is obtained to Rs.4,249,634/- (Previous year: Rs.4,249,634/-)

- b. The Government had fixed the SMP for the sugar season 2003-04 at Rs.730/- per ton linked to 8.5% base recovery and the same has been contested before the Honourable High Court at Chennai which had admitted the petition and stayed the notification. The disputed liability of Rs.99.57 lakhs and the additional sales tax of Rs.2.50 lakhs payable for the financial year 2004-05 has not been provided for in the accounts.
- c. The Company has provided a corporate guarantee of Rs.51.94 crores to the banks in respect of Term loan and cash credit facilities sanctioned to the subsidiary company, Trident Sugars Limited. (Previous year Rs.38.82 crores).
- d. The Company has filed a review petition before the High Court of Judicature, Madras at Chennai in relation to the writ appeals with respect to purchase tax and the decision in the matter has been deferred by the High Court till disposal of similar issues by the Supreme Court in other cases. Hence no provision is made for other charges, if any, in this regard. The amount is indeterminate at this juncture.
- e. The Commissioner of Central Excise (Appeals) has upheld the order of the Central Excise department imposing a penalty of Rs.21 lakhs in the matter of payment of service tax for agency fees and other charges paid towards ECB availed. The Company has filed an appeal before CEGAT and the appeal is pending before the said Appellate Tribunal and hence no provision has been made.
- f. The company has export obligation of 4,500 tons of white sugar to be fulfilled on or before February 2012 on account of import of raw sugar under advance license scheme.
- g. Electricity generation tax demand of Rs.248.09 lakhs has been raised in respect of captive consumption of electricity generated from cogeneration division. The same is disputed and contested in appeal. Hence, not provided for.
- h. The company has contracted to import 26,000 MT of raw sugar and taken forward cover for 13 million USD as on the balance sheet date.
- i. With respect to the subsidiary company, sales tax appeal is pending before the Sales tax Appellate Tribunal for the financial year 2005-06 to 2007-08.

## 5. SECURED LOANS

### I RAJSHREE SUGARS & CHEMICALS LIMITED

- a. Term loan from State Bank India with limit of Rs. 12 Crores is secured by:
  1. 1st paripassu charge on the fixed assets of Unit-III situated at Semmedu, Gingee Taluk, Villupuram District in the state of Tamilnadu
  2. Exclusive 1<sup>st</sup> charge on 5.19 acres of land with buildings thereon situated at Vilankurichi village, Ganapathy, Coimbatore North Taluk, Coimbatore District.
- b. Term loan from State Bank of India with limit of Rs. 30 Crores is secured by 1<sup>st</sup> paripassu charge on the current assets of the Company.
- c. Term loan of Rs.25 Crores from State Bank of India is secured by:
  1. 1st paripassu charge on the current assets of the company
  2. 1st paripassu charge on the sugar mill assets of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
- d. Loan of Rs.9 Crores from State Bank of India is secured by:
  1. Exclusive 1st charge on receivables from TNEB
  2. 2nd paripassu charge on immovable properties and plant and machineries of Unit-I situated at Varadarajnaragar, Periyakulam Taluk, Theni District in the state of Tamilnadu
  3. 3rd paripassu charge on immovable properties and plant and machineries of cogeneration plant of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
  4. 4th paripassu charge on immovable properties and plant and machineries of sugar plant of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
- e. Term loan from State Bank of Hyderabad with limit of Rs. 5 Crores is secured by:
  1. 1<sup>st</sup> paripassu charge on the current assets of the Company ; and
  2. 1<sup>st</sup> paripassu charge on the fixed assets of sugar plant of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
- f. Term loan of Rs. 13 Crores from State Bank of Hyderabad is secured by:
  1. 1<sup>st</sup> paripassu charge on the current assets of the Company
  2. 1st paripassu charge on fixed assets of Unit-I situated at Varadarajnaragar, Periyakulam Taluk, Theni District in the state of Tamilnadu
- g. Term loan of Rs. 20 Crores from State Bank of Hyderabad is secured by:
  1. 1<sup>st</sup> paripassu charge on the current assets of the Company
  2. 1st paripassu charge on fixed assets of cogeneration plant of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu

- h. Term loan from State Bank of Mysore with limit of Rs. 10 Crores is secured by:
1. 1st paripassu charge on the fixed assets of Unit-III situated at Semmedu, Gingee Taluk, Villupuram District in the state of Tamilnadu
  2. 2nd paripassu charge on the fixed assets of Unit-I situated at Varadarajnagar, Periyakulam Taluk, Theni District in the state of Tamilnadu
  3. 3rd paripassu charge on co-generation assets of Unit II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
  4. 4th paripassu charge on sugar mill assets of Unit II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
- i. Term loan of Rs. 15 Crores from Bank of India is secured by:
1. 1st paripassu charge on Fixed & movable properties of Unit-I situated at Varadarajnagar, Periyakulam Taluk, Theni District in the state of Tamilnadu and
  2. Exclusive 1st charge on office premises (1st & 2nd Floor) at New Delhi.
- j. Term loans from Bank of India with limit of Rs. 6.60 Crores is secured by:
1. 1st paripassu charge on the block assets of the cogeneration plant of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
  2. 3rd paripassu charge on the co-generation plant of Unit-III situated at Semmedu, Gingee Taluk, Villupuram District in the state of Tamilnadu
- k. Term loan from Bank of India with limit of Rs. 2 Crores is secured by 1st paripassu charge on the fixed assets of Unit-III situated at Semmedu, Gingee Taluk, Villupuram District in the state of Tamilnadu
- l. Term loan of Rs. 7 Crores from Bank of India is secured by:
1. 1st paripassu charge on the current assets of the Company
  2. 1st paripassu charge on fixed assets of sugar plant of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
- m. Term loans aggregating to Rs. 33 Crores (State Bank of India Rs. 13 Crores, UCO Bank Rs. 10 Crores and Indian Bank Rs. 10 Crores) are secured by:
1. 1st paripassu charge on the block assets of the cogeneration plant of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
  2. 2nd paripassu charge on the current assets of the Company;
  3. 3rd paripassu charge on the fixed assets of Sugar plant of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
- n. Term loans aggregating to Rs. 28.40 Crores (State Bank of India Rs. 12.25 Crores, State Bank of Mysore Rs. 4.90 Crores, Bank of India Rs. 4.90 Crores, UCO Bank Rs. 3.90 Crores and State Bank of Hyderabad Rs. 2.45 Crores) received under the Scheme for Extending Financial Assistance to Sugar Undertakings are secured by:
1. Residual paripassu charge on the fixed assets of Unit-I situated at Varadarajnagar, Periyakulam Taluk, Theni District in the state of Tamilnadu
  2. Residual paripassu charge on fixed assets of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
- o. ECB loan of Rs. 125.15 Crores is secured by:
1. 1st paripassu charge on the fixed assets of Unit-III situated at Semmedu, Gingee Taluk, Villupuram District in the state of Tamilnadu
  2. 2nd paripassu charge on the current assets of sugar and co-generation plants of Unit-III situated at Semmedu, Gingee Taluk, Villupuram District in the state of Tamilnadu, which is subservient to the 1<sup>st</sup> charge in favour of working capital lenders of Unit-III.
- p. Term loan of Rs.17.49 Crores from Sugar Development Fund, Government of India is secured by way of exclusive second charge on movable and immovable properties of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu.
- q. Term loan of Rs.21.10 Crores from Sugar Development Fund, Government of India is secured by way of 1<sup>st</sup> paripassu charge on movable and immovable properties of Unit-III situated at Semmedu, Gingee Taluk, Villupuram District in the state of Tamilnadu.
- r. Working capital limits of Rs.179.12 Crores from consortium bankers are secured by:
1. 1st paripassu charge on the current assets of the Company
  2. 2nd paripassu charge on the fixed assets of Unit-I situated at Varadarajnagar, Periyakulam Taluk, Theni District in the state of Tamilnadu
  3. 3rd paripassu charge on the fixed assets of cogeneration plant of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
  4. 4th paripassu charge on the fixed assets of sugar plant of Unit-II situated at Mundiampakkam, Villupuram Taluk & District in the state of Tamilnadu
- s. Short Term Cane Development Loan of Rs.4 Crores from Sugar Development Fund has been collaterally secured by issue of bank guarantee amounting to Rs. 4.40 crores availed from Federal Bank Limited which is secured by creation of 2<sup>nd</sup> paripassu charge on the current assets of the Company.
- t. Short Term Loan of Rs.10 Crore from IDBI Bank is secured by pledge of warehouse receipts covered by raw and processed sugar.

## II TRIDENT SUGARS LIMITED

- a. Term loans from Banks are secured by pari passu first charge on the Company's immovable properties and fixed assets at Madhunagar, Medak District and pari passu third charge on entire current assets of the company.
  - b. Working capital loan from banks are secured by pari passu first charge on Company's current assets and pari passu third charge on Company's immovable properties and fixed assets at Madhunagar, Medak District.
  - c. The term loans and working capital limits are further secured by a corporate guarantee from Rajshree Sugars & Chemicals Ltd, the holding company.
  - d. Term loan sanctioned under SEFASU, 2007 is secured by residual charge on the fixed assets at Madhunagar, Medak District.
6. No amount is due to micro, small and medium enterprises in respect of sundry creditors. No interest is paid or is payable to such parties. This is as per information available with the company about the status of the parties concerned.
  7. Provision towards Gratuity and superannuation schemes has been made upto date as per the demands received from Life Insurance Corporation of India and HDFC Standard Life Insurance Company Limited based on actuarial valuation. Provision for leave encashment benefit has been made for the entire amount due and payable as at the close of the year.
  8. Quantum of Excise Duty included in closing stock of finished goods is Rs.85,585,684/- (Previous year Rs.64,014,394/-).
  9. Borrowing costs capitalized during the year is Rs.847,434/- (Previous year Rs.168,352,475/-).
  10. Deferred tax workings: (Rs.in lakhs)

Particulars	Opening balance	During the year	Closing balance
<b>Deferred tax liabilities</b>			
Depreciation	6,286.86	1,545.26	7,832.12
<b>Total</b>	<b>6,286.86</b>	<b>1,545.26</b>	<b>7,832.12</b>
<b>Deferred tax assets</b>			
Unabsorbed depreciation/losses	2,015.14	(133.51)	1,881.63
Expenses charged to Profit & Loss A/c but allowable in Income Tax on payment basis	161.88	15.75	177.63
<b>Total</b>	<b>2,177.02</b>	<b>(117.76)</b>	<b>2,059.26</b>
<b>Net Deferred tax liability</b>	<b>4,109.84</b>	<b>1,663.02</b>	<b>5,772.86</b>
<b>Less: MAT Credit</b>	<b>400.00</b>	<b>466.32</b>	<b>866.32</b>
<b>Net Deferred tax liability</b>	<b>3,709.84</b>	<b>1,196.70</b>	<b>4,906.54</b>

## 11. Information about Segments: Primary segment - Business segments

(Rs. in Thousands)

Particulars	Sugar	Cogen	Distillery	Total
<b>REVENUE</b>				
External Sales	5,236,910	474,458	328,158	6,039,526
Inter-segment Sales	169,692	298,777	-	468,469
Total Revenue	5,406,602	773,235	328,158	6,507,995
<b>RESULT</b>				
Segment result	922,533	304,181	124,069	1,350,783
Unallocated corporate expenses				73,812
Operating Profit				1,276,971
Interest Expense				541,989
Interest Income				-
Income Taxes				239,605
Profit from ordinary activities				495,377
Extraordinary items				(35,400)
Net Profit				459,977
<b>OTHER INFORMATION</b>				
Segment assets	6,668,590	1,770,794	71,842	8,511,226
Unallocated corporate assets				
Total Assets				8,471,226
Segment Liabilities	5,129,307	1,084,814	303	6,214,424
Unallocated Corporate Liabilities				231,617
Total Liabilities				6,446,041
Capital Expenditure				
Depreciation	129,173	113,771	4,982	247,926
Non-cash expenses other than depreciation				-

Notes:

- a. The Company has identified business segments as primary segments. The reportable business segments are based on segment results.
- b. Composition of the business segments and types of products in each of them is as under:
- |                 |  |
|-----------------|--|
| a. Sugar        | White Crystal Sugar  |
| b. Cogeneration | Cogeneration of Electricity  |
| c. Distillery   | Rectified Spirit, Denatured Spirit, Anhydrous Alcohol & Organic Manure |
| d. Others       | Property Development   |
- d. The Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.
- e. Secondary Segment:  
Geographical segment has been identified as secondary segment based on segment revenue.
- |  |                          |
|--|--------------------------|
| Domestic Sales                             | Rs. 583.56 crores        |
| Export Sales including carbon credit sales | Rs. -                    |
| Total                                      | <u>Rs. 583.56 crores</u> |

**12. RELATED PARTY DISCLOSURE**

**Transactions with related parties**

(Value In Rs.)

Particulars	Key Management Personnel	Relatives of key Management personnel	Other Related Parties	Total
Remuneration	36,242,295 (19,682,663)	- (-)	- (-)	36,242,295 (19,682,663)
Purchase of Goods	- (-)	321,074 (371,325)	2,014,199 (1,547,518)	2,335,273 (1,918,843)
Purchase of Assets	- (-)	- (-)	4,602,665 (1,121,781)	4,602,665 (1,121,781)
Sale of Goods	- (-)	13,500 (-)	268,460 (-)	281,960 (-)
Rendering of Services	- (-)	- (-)	112,207 (64,626)	112,207 (64,626)
Receiving of Services	- (-)	- (-)	4,887,915 (3,412,724)	4,887,915 (3,412,724)
Finance (including loans and equity contributions In cash or kind)	17,050,000 (-)	- (-)	- (-)	17,050,000 (-)
Interest paid	679,660 (648,935)	- (-)	132,091 (75,890)	811,751 (724,825)
Interest received	- (-)	- (-)	- (-)	- (-)
Lease rent paid	- (-)	- (-)	- (193,960)	- (193,960)
Vehicle repairs	- (-)	- (-)	81,940 (13,425)	81,940 (13,425)
Rent received	- (-)	- (-)	- (20,000)	- (20,000)
<b>Outstandings</b>				
Payable	12,000,000 (-)	- (-)	1,569,316 (168,328)	13,569,316 (168,328)
Receivable	- (-)	40,250 (-)	150,938 (13,750)	191,188 (13,750)



Note:

**Names of related parties and description of relationship**

1. Holding Companies  
NA
2. Subsidiaries  
NA
3. Fellow Subsidiaries  
None
4. Associates  
None
5. Key Management Personnel
  - a. Ms. Rajshree Pathy
  - b. Mr. R.Varadarajan
6. Relatives of Key Management Personnel  
Ms.Aiswarya Pathy
7. Other Related Parties
  - a. RSCL Properties Pvt Ltd.
  - b. Prana Ayurveda Coimbatore Pvt. Ltd.
  - c. CAI Industries Ltd.
  - d. Rajshree Automotive Ltd.
  - e. Aloha Tours & Travels (India) Pvt. Ltd.
  - f. P S G G M Trust
  - g. Rajshree Spinning Mills Ltd.
  - h. Raj Fabrics and Accessories (Cbe) Ltd.
  - i. Greenplus Manures Pvt. Ltd.
13. In terms of special resolution passed at the Extraordinary General Meeting held on 28.05.2009, preferential issue of 1,100,000 equity shares of Rs.10/- each at a price of Rs.62/- (including premium of Rs.52/-) per share to Ms.Rajshree Pathy, Chairperson and Managing Director was approved by the shareholders. The amount of Rs.17,050,000/- secured as initial payment within 15 days from the date of resolution has been treated as share application money. Pursuant to the same, 1,100,000 equity warrants has been allotted on 11.06.2009. The same is convertible into 1,100,000 equity shares of Rs. 10/- each within 18 months thereof.
14. Previous year figures have been regrouped wherever necessary to conform to current year's classification. Paise are rounded off to the nearest rupee.

As per our report of even date  
For **Srikishen & Co (004009 S)**  
Chartered Accountants

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

**R. Varadarajan**  
Director & Chief Operating Officer

**Rajshree Pathy**  
Chairperson and Managing Director

Place: Coimbatore  
Date : 17th May 2010

**A. Sathyamurthy**  
Chief Financial Officer

**R. Anand**  
Company Secretary

<b>Consolidated Cash Flow Statement for the Year ended</b>	<b>31.03.2010</b> Rs.	<b>31.03.2009</b> Rs.
<b>A. Cash Flow from Operating activities:</b>		
Net Profit before taxation & extraordinary items	734,982,518	407,249,844
<b>Adjustments for:</b>		
Depreciation	247,926,043	156,341,639
Loss / Profit on sale of Fixed Assets	(48,391,123)	(12,949)
Interest paid	510,667,394	311,826,816
Interest received	(9,282,057)	(7,192,983)
Operating profit before working capital changes	<u>1,435,902,775</u>	<u>868,212,367</u>
<b>Adjustments for:</b>		
Trade and other receivables	(206,208,795)	57,045,171
Inventories	(1,006,799,311)	60,303,117
Trade payables	<u>(54,715,977)</u>	<u>(713,566,935)</u>
Cash generated from Operations	168,178,692	271,993,720
Direct taxes (paid) / Refund	<u>(46,517,194)</u>	<u>(42,333,483)</u>
Cashflow before extraordinary items	121,661,498	229,660,237
Extraordinary items	<u>(35,725,983)</u>	<u>(24,425,796)</u>
Net cash from operating activities	85,935,515	205,234,441
<b>B. Cash flow from investing activities</b>		
Purchase of Fixed Assets	(94,566,741)	(524,694,306)
Sale of Fixed Assets	65,213,368	1,000,503
Interest received	9,282,057	7,192,983
Net Cash used in investing activities	<u>(20,071,316)</u>	<u>(516,500,820)</u>
<b>C. Cash Flow from financing activities</b>		
Proceeds from issue of Share Capital	17,050,000	-
Proceeds from / (Repayment of) long term borrowings	52,695,357	635,096,992
Proceeds from / (Repayment of) short term borrowings	519,509,700	112,971,262
Interest paid	(510,667,394)	(311,826,816)
Dividend paid including tax on dividend	<u>(26,548,154)</u>	<u>-</u>
Net Cash used in Financing Activities	52,039,509	436,241,438
Net Increase / (Decrease) in Cash and Cash Equivalents	117,903,708	124,975,059
Cash and cash equivalent as at the beginning of the Year	171,281,578	46,306,519
Cash and cash equivalent as at the close of the Year	<u>327,569,528</u>	<u>171,281,578</u>

As per our report of even date  
For **Srikishen & Co (004009 S)**  
Chartered Accountants

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

**R. Varadarajan**  
Director & Chief Operating Officer

**Rajshree Pathy**  
Chairperson and Managing Director

Place: Coimbatore  
Date : 17th May 2010

**A. Sathyamurthy**  
Chief Financial Officer

**R. Anand**  
Company Secretary

## BOARD OF DIRECTORS

Ms. RAJSHREE PATHY  
Managing Director

Mr. R. VARADARAJAN  
Director

Mr. R. ANNADURAI  
Director

Mr. R.P. VENUGOPAL \*\*  
Director

\*\* Resigned on 24.9.2009

### Auditors

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

### Registered Office

'The Uffizi'  
338 Avanashi Road  
Peelamedu  
Coimbatore 641 004

### Factory

#### Sugar

Madhunagar  
Zaheerabad  
Medak District - 502 228  
Andhra Pradesh

### Bankers

UCO Bank  
State Bank of India  
Bank of India

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 8<sup>th</sup> Annual Report with the audited financial statements for the year ended 31<sup>st</sup> March 2010.

### Financial highlights

	2009-10	2008-09
		(Rs.in Lakhs)
Total Income	6,297.39	8,391.22
Profit before Interest and depreciation	1,316.02	1,282.56
Interest	671.92	659.26
Depreciation	210.25	207.32
Exceptional Items	--	--
Prior period income reversed	(3.25)	--
Profit before tax	430.60	415.98
Provision for taxation	47.30	34.76
Add: Excess provision reversed	--	6.84
Provision for deferred tax	100.17	55.42
Income tax of prior period	0.30	0.22
Profit after tax	282.83	332.42

### Dividend

The Board of Directors have not recommended dividend for the year 2009-10.

### Financial performance

The Company has earned a net profit of Rs.282.83 lakhs during 2009-10 as against a net profit of Rs.332.42 lakhs in the previous year.

### Operations

During the year under review, the factory has crushed 310,632 MT of sugarcane as against 355,169 MT crushed in the previous year. The lower crushing is due to diversion of cane to other factories by the farmers because of higher prices.

### Future outlook

With the expected normal monsoon this year, the sugarcane crushing for the year 2010-11 is expected to be sustained at last year's level. As part of the expansion program, the crushing capacity has been increased from 2500 TCD to 3000 TCD in the first phase and in the next phase, the crushing capacity is proposed to be increased to 3500 TCD.

Your company has also proposed to install a 22 MW co-generation of electricity unit during the year 2010-11 and is expected to be commissioned during the year 2011-12.

### Directors

Mr.R.P.Venugopal resigned from the Board during the year under review. Your Directors wish to place on record their appreciation of the contribution made by him to the growth of the Company during his tenure.

M/s R.Varadarajan and R. Annadurai, Directors retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for reappointment.

### Auditors

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

### Particulars of employees under section 217(2A)

None of the employees of the Company were in receipt of remuneration, which in the aggregate exceeded the limits fixed under sub-section (2A) of the Section 217 of the Companies Act, 1956.

**Directors' responsibility statement**

Your Directors state that in the preparation of the annual accounts;

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

**Conservation of energy**

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

**Acknowledgement**

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

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

For and on behalf of the Board

Place: Coimbatore  
Date : 17th May 2010

**RAJSHREE PATHY**  
Managing Director

**ANNEXURE TO DIRECTORS' REPORT**

AS PER RULE 2 OF COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

**A. CONSERVATION OF ENERGY:**

Energy conservation measures taken during the year.

NIL

The total energy consumption and energy consumption per unit of production is given in Form A

**Form A**

**Form for Disclosure of Particulars with respect to Conservation of Energy**

**a. Power and Fuel Consumption**

S.No.	Power details	Units	2009-10	2008-09
1	a) Electricity purchased	Unit	422,614	407,764
	Total amount	Rs.	2,239,105	2,185,782
	Rate per unit	Rs.	5.30	5.36
	b) Own generation			
	i)Through Diesel Generators	Unit	115,195	137,592
	Units per Ltr of Diesel		4.44	4.23
	Cost per unit	Rs.	9.59	8.59
	ii)Through steam turbine	Units	6,253,200	4,990,000
	Units per MT of bagasse		72	44
	Cost per unit	Rs.	Own Bagasse	Own bagasse
2	Coal consumed (Qty, Value, Avg Rate)		Nil	Nil
3	Furnace Oil consumed (Qty, Value, Avg. rate)		Nil	Nil
4	Firewood consumed	MT	Nil	Nil
	Value of firewood consumed	Rs.	Nil	Nil
	Avg. rate	Rs.	Nil	Nil

**b. Consumption per unit of production**

Product	White crystal sugar 2009-10	White crystal sugar 2008-09
Electricity (units per Qtl of sugar)	22.02	15.75

**B. TECHNOLOGY ABSORPTION:**

**FORM B**

**Form for disclosure of particulars with respect to absorption**

Research and development

1. Specific areas in which R & D carried out by the Company and benefits derived

Nil

2. Expenditure on R & D

(a) Capital	Rs. Nil
(b) Recurring	Rs. Nil
(c) Total	Rs. Nil
(d) Total R & D expenditure as a percentage of total turnover	Nil

**Technology absorption, adaptation and innovation**

Efforts in brief towards technology absorption, adaptation and innovation and benefits derived:

Nil

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

Total foreign exchange used and earned

Foreign exchange earned	:	Rs. Nil
Foreign exchange outgo	:	Rs. Nil

## AUDITOR'S REPORT

To

The Members of M/s Trident Sugars Limited

1. We have audited the attached Balance Sheet of M/s Trident Sugars Limited as at 31<sup>st</sup> March 2010 and also the Profit and Loss Account and the Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended, issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the annexure referred to above, 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 purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representation received from the directors as on 31<sup>st</sup> March 2010, and taken on record by the Board of Directors, in our opinion none of the director is disqualified as on that date, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, and
  - f) In our opinion and to the best of our information and according to the explanations given to us, said accounts read together with significant accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2010
    - ii. in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
    - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **SRIKISHEN & Co. (004009 S)**  
Chartered Accountants

Place: Coimbatore  
Date: 17th May 2010

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



**ANNEXURE TO THE AUDITORS' REPORT**  
**(Referred to in paragraph 3 of our report of even date)**

- (i) a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b. As explained to us, all the fixed assets have been physically verified in a phased periodical manner, by the management, which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies have been noticed on such physical verification.
- c. In our opinion the company has not disposed a substantial part of its fixed assets during the year.
- (ii) a. Physical verification of inventory has been conducted by the management at reasonable intervals during the year.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper record of inventory and no material discrepancies were noticed on the physical verification of inventories as compared to the book records.
- (iii) a. The Company has taken unsecured loan from its holding company, company covered in the register maintained under section 301 of the Companies Act. The maximum amount involved in the above transaction net of periodical repayments is Rs.384,929,102/- and the year end balance is Rs. 311,236,611/-.
- b. The Company has not granted any loans to the Companies, firms covered in the register maintained section 301 of the Companies Act.
- c. In our opinion and according to the information and explanations given to us, the rate of interest & other terms and conditions of the loan taken are not prima facie prejudicial to the interests of the company.
- d. In respect of said loan, principal and interest are payable on demand and therefore the question of overdue amounts does not arise.
- iv) In our opinion and according to the information and explanations given to us there are adequate internal control systems commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control systems.
- v) a. To the best of our knowledge and belief, and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register in pursuance of section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations, such transactions have been made at prices, which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the Company has not obtained any deposit from public during the year.
- vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business;
- viii) The Central Government has prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956, in respect of certain products manufactured by the company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however carried out a detailed examination of the same.
- ix) a. The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Customs duty, Excise duty, service tax, cess and any other statutory dues with the appropriate authorities. According to the information and explanation given to us no undisputed arrears of statutory dues were outstanding as at 31.03.2010 for a period of more than six months from the date they became payable.

b. According to the information and explanations given to us, the details of disputed statutory dues which have not been deposited is as given below:

Name of the statute	Period to which amount relates	Nature of demand	Amount disputed (Rs. in lakhs)	Forum where dispute is pending
APST	2005 - 06 to 2007 - 08	Sales Tax	43.99	Sales Tax Appellate Tribunal, Hyderabad

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

For **SRIKISHEN & CO. (004009 S)**  
Chartered Accountants

Place: Coimbatore  
Date : 17th May 2010

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

**BALANCE SHEET AS AT 31st MARCH 2010**

AS AT 31.03.2009 Rs.	PARTICULARS	SCHEDULE	AS AT 31.03.2010 Rs.
<b>I. SOURCES OF FUNDS</b>			
	1.SHAREHOLDERS' FUNDS		
67,375,000	(a) Share Capital	"A"	67,375,000
57,250,000	(b) Reserves & Surplus	"B"	<u>57,250,000</u>
			124,625,000
	2. LOAN FUNDS		
388,233,877	(a) Secured	"C"	519,397,310
213,368,450	(b) Unsecured	"D"	<u>311,236,611</u>
			830,633,921
<u>726,227,327</u>	TOTAL		<u>955,258,921</u>
<b>II. APPLICATION OF FUNDS</b>			
	1. FIXED ASSETS	"E"	
424,129,224	(a) Gross Block		426,167,463
<u>88,435,550</u>	(b) Less: Depreciation		<u>109,460,629</u>
335,693,674	(c) Net Block		<u>316,706,834</u>
<u>47,500,000</u>	(d) Capital Work in Progress		<u>47,500,000</u>
383,193,674			364,206,834
32,483,219	2. DEFERRED TAX ASSET		22,466,219
	3. CURRENT ASSETS, LOANS & ADVANCES		
183,256,451	(a) Inventories	"F"	517,312,146
9,883,702	(b) Sundry Debtors	"G"	10,840,916
4,613,409	(c) Cash and Bank Balances	"H"	12,214,947
<u>45,087,196</u>	(d) Loans & Advances	"I"	<u>63,081,692</u>
242,840,758			<u>603,449,701</u>
	LESS: CURRENT LIABILITIES AND PROVISIONS		
57,714,004	(a) Current Liabilities	"J"	130,844,684
<u>5,169,790</u>	(b) Provisions	"K"	<u>6,329,744</u>
<u>62,883,794</u>			<u>137,174,428</u>
179,956,964	NET CURRENT ASSETS		466,275,273
130,593,470	4. PROFIT & LOSS ACCOUNT		102,310,595
<u>726,227,327</u>	TOTAL		<u>955,258,921</u>

As per our report of even date  
For **Srikishen & Co (0040009 S)**  
Chartered Accountants

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

**R. Varadarajan**  
Director

**Rajshree Pathy**  
Managing Director

Place: Coimbatore  
Date : 17th May 2010

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010**

31.03.2009 Rs.	PARTICULARS	SCHEDULE	31.03.2010 Rs.
<b>I. INCOME</b>			
831,968,725	Gross Sales		621,234,769
60,912,495	LESS: Excise Duty		25,299,652
771,056,230	Net Sales		595,935,117
7,153,173	Other Income	"L"	8,504,390
(120,045,755)	Increase / (Decrease) in Stock	"M"	326,281,539
658,163,648	TOTAL		930,721,046
<b>II. EXPENDITURE</b>			
422,149,001	Raw material Consumed	"N"	702,976,732
64,838,954	Manufacturing Expenses	"O"	51,209,049
34,063,618	Employee Cost	"P"	34,314,267
65,925,584	Interest	"Q"	67,192,230
8,856,263	Administrative Expenses	"R"	10,618,218
20,731,849	Depreciation		21,025,097
616,565,269	TOTAL		887,335,593
41,598,379	Profit for the year		43,385,453
684,268	Add: Excess provision of earlier years reversed		-
42,282,647	Profit Before Tax		43,385,453
-	LESS: Prior period income reversed (Refer Note No.12)		325,354
22,699	Income Tax paid / (Refund) of Prior Year		30,224
3,275,000	LESS: Provision for - Income Tax		4,730,000
5,542,781	- Deferred Tax (Net)		10,017,000
200,000	- Fringe Benefit Tax		-
33,242,167	Profit after tax		28,282,875
(163,835,637)	ADD: Balance b/f from the previous year		(130,593,470)
(130,593,470)	Balance Carried Over		(102,310,595)
4.93	Basic / Diluted Earnings per Share of Rs. 10/- each		4.20

As per our report of even date  
For **Srikishen & Co (0040009 S)**  
Chartered Accountants

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

**R. Varadarajan**  
Director

**Rajshree Pathy**  
Managing Director

Place: Coimbatore  
Date : 17th May 2010

**SCHEDULES FORMING PART OF ACCOUNTS AS AT 31st MARCH 2010**

31.03.2009 Rs.	PARTICULARS	31.03.2010 Rs.
	<b>SCHEDULE "A"</b>	
	<b>SHARE CAPITAL</b>	
	<b>AUTHORISED</b>	
100,000,000	10,000,000 Equity Shares of Rs.10/- each	100,000,000
	<b>ISSUED, SUBSCRIBED &amp; PAID UP:</b>	
67,375,000	6,737,500 Shares of Rs.10/- each fully paid-up in cash	67,375,000
	The entire share capital of the company is held by the holding company M/s. Rajshree sugars & Chemicals Limited, and its nominees	
	<b>SCHEDULE "B"</b>	
	<b>RESERVES &amp; SURPLUS</b>	
	<b>RESERVES</b>	
57,250,000	General Reserve	57,250,000
	<b>SCHEDULE "C"</b>	
	<b>SECURED LOANS</b>	
	<b>1. TERM LOANS</b>	
199,696,095	From Banks	239,497,556
	<b>2. CASH CREDIT</b>	
188,537,782	From Banks	279,899,754
388,233,877		519,397,310
	<b>SCHEDULE "D"</b>	
	<b>UNSECURED LOANS</b>	
213,368,450	Inter corporate deposit from holding company	311,236,611

**SCHEDULE "E" - FIXED ASSETS**

ASSET HEADS	GROSS BLOCK (Rs.)				DEPRECIATION (Rs.)				NET BLOCK (Rs.)	
	As on 31.03.2009	Additions for the Period	Deletions for the Period	As on 31.03.2010	Up to 31.03.2009	For the Year	Written Back	Upto 31.03.2010	As on 31.03.2010	As on 31.03.2009
Land	7,031,877	-	-	7,031,877	-	-	-	-	7,031,877	7,031,877
Buildings	55,745,984	-	-	55,745,984	10,186,947	1,635,481	-	11,822,428	43,923,556	45,559,037
Plant & Machinery	355,746,724	1,229,863	-	356,976,587	75,596,452	18,784,105	-	94,380,557	262,596,030	280,150,272
Data Processing Equip	1,727,436	46,286	40,000	1,733,722	1,050,521	279,629	18	1,330,132	403,590	676,915
Office Equipments	153,899	80,220	-	234,119	29,532	8,959	-	38,491	195,628	124,367
Furniture	1,643,649	128,958	-	1,772,607	640,440	107,165	-	747,605	1,025,002	1,003,209
Vehicles	2,079,655	592,912	-	2,672,567	931,658	209,758	-	1,141,416	1,531,151	1,147,997
<b>Total</b>	<b>424,129,224</b>	<b>2,078,239</b>	<b>40,000</b>	<b>426,167,463</b>	<b>88,435,550</b>	<b>21,025,097</b>	<b>18</b>	<b>109,460,629</b>	<b>316,706,834</b>	<b>335,693,674</b>
Work in Progress									47,500,000	47,500,000
2008-09	409,468,205	14,661,019	-	424,129,224	67,703,701	20,731,849	-	88,435,550	335,693,674	341,764,504

31.03.2009 Rs.	PARTICULARS		
	<b>SCHEDULE "F"</b>		
	<b>INVENTORIES</b>		
	As certified by the Managing Director and valued		
158,885,749	Finished Goods at cost	496,813,672	
624,000	Stock in Process at cost	3,124,000	
23,746,702	Stores & Spares at cost	17,374,474	
<u>183,256,451</u>			<u>517,312,146</u>
	<b>SCHEDULE "G"</b>		
	<b>SUNDRY DEBTORS</b>		
	<b>UNSECURED &amp; CONSIDERED GOOD</b>		
291,297	Outstanding for more than six months	588,249	
9,592,405	Others	10,252,667	
<u>9,883,702</u>			<u>10,840,916</u>
	<b>SCHEDULE "H"</b>		
	<b>CASH &amp; BANK BALANCES</b>		
154,456	Cash on hand	159,476	
	<u>with Scheduled Banks</u>		
4,352,443	In Current Account	12,002,689	
	<u>with Other Banks</u>		
106,510	Andra Pradesh Gramina Vikas Bank - Current Account	52,782	
	( Maximum balance due at any time during the year		
<u>4,613,409</u>	Rs. 13,110,642/- Previous year Rs. 18,194,567/-)		<u>12,214,947</u>
	<b>SCHEDULE "I"</b>		
	<b>LOANS &amp; ADVANCES</b>		
	Recoverable in cash or in kind		
	Unsecured considered good		
40,226,877	Advances to Ryots, Staff and others	50,914,464	
1,603,755	Earnest, Security & Other Deposits	1,822,586	
1,833,005	Excise deposits including Cenvat credits	1,442,375	
189,047	Advance Income Tax, TDS, FBT	7,544,990	
1,234,512	Prepaid expenses	1,357,277	
<u>45,087,196</u>			<u>63,081,692</u>
	<b>SCHEDULE "J"</b>		
	<b>CURRENT LIABILITIES</b>		
	Sundry Creditors		
-	Due to micro, small and medium enterprises	-	
31,858,975	Due to others for purchases	76,142,993	
4,402,914	Due to others for expenses	8,849,187	
6,048,617	Due for Other finances	10,358,870	
-	Due to Holding Company	377,825	
4,061,823	Advances received from customers	9,627,750	
11,341,675	Excise Duty payable - Finished Goods stock	25,488,059	
<u>57,714,004</u>			<u>130,844,684</u>

31.03.2009 Rs.	PARTICULARS	31.03.2010 Rs.
<b>SCHEDULE "K"</b>		
<b>PROVISIONS</b>		
3,475,000	Provision for Tax	4,730,000
1,694,790	Provision for Leave Salary	1,599,744
<u>5,169,790</u>		<u>6,329,744</u>
<b>SCHEDULE "L"</b>		
<b>OTHER INCOME</b>		
62,258	Interest Income (TDS Rs. 5,943/-)	59,432
6,371,583	Sale of Scrap & Waste material	7,808,003
719,332	Insurance claim receipts	636,955
<u>7,153,173</u>		<u>8,504,390</u>
<b>SCHEDULE "M"</b>		
<b>STOCK DIFFERENTIAL</b>		
286,130,112	Opening stock of Finished goods	158,885,749
6,560,021	Opening stock in process	624,000
158,885,749	Closing stock of Finished goods	496,813,672
624,000	Closing stock in process	3,124,000
<u>(133,180,384)</u>		<u>340,427,923</u>
13,134,629	<b>Add</b> : Excise Duty on Increase/(Decrease)	(14,146,384)
<u>(120,045,755)</u>	in stocks of Finished Goods	<u>326,281,539</u>
<b>SCHEDULE "N"</b>		
<b>RAW MATERIAL CONSUMED</b>		
400,838,832	Purchase of Raw materials	651,398,206
21,310,169	Purchase Tax	18,637,940
-	Cane Transport charges	32,940,586
<u>422,149,001</u>		<u>702,976,732</u>
<b>SCHEDULE "O"</b>		
<b>MANUFACTURING EXPENSES</b>		
38,249,474	Consumption of Stores	25,899,217
12,819,182	Consumption of Packing Materials	12,853,300
91,920	Other Manufacturing Expenses	88,010
2,170,277	Power & Fuel	2,265,032
<b>Repairs &amp; Maintenance</b>		
675,361	Building	1,061,348
6,298,496	Machinery	5,096,147
696,420	Vehicles	725,077
3,837,824	Others	3,220,918
<u>64,838,954</u>		<u>51,209,049</u>
<b>SCHEDULE "P"</b>		
<b>EMPLOYEE COST</b>		
30,048,061	Salaries, Wages & Bonus	30,320,535
1,409,418	Welfare Expenses	1,386,220
2,606,139	Contribution to P F & Other funds	2,607,512
<u>34,063,618</u>		<u>34,314,267</u>

31.03.2009 Rs.	PARTICULARS	31.03.2010 Rs.
	<b>SCHEDULE "Q"</b>	
	<b>INTEREST &amp; FINANCIAL CHARGES</b>	
21,655,863	On Term Loan	14,653,527
44,269,721	On Others	52,538,703
<u>65,925,584</u>		<u>67,192,230</u>
	<b>SCHEDULE "R"</b>	
	<b>ADMINISTRATIVE EXPENSES</b>	
597,818	Licence Fees & Tax	426,301
1,660,459	Insurance Premium	1,217,203
828,656	Selling Expenses	1,096,166
336,507	Brokerage & Commission	-
	<u>Auditor's remuneration</u>	
100,000	- Statutory Audit fees	100,000
33,708	- Taxation matters	30,000
23,441	- Certification	6,309
25,000	Cost Audit fees	25,000
65,515	Ground Rent	65,702
20,000	Charity & Donation (Refer Note No.18)	500,000
5,165,159	Other Expenses	7,151,537
<u>8,856,263</u>		<u>10,618,218</u>



**SCHEDULE - S**

**SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

(Annexed to and forming part of Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended on that date)

**1. SIGNIFICANT ACCOUNTING POLICIES:**

**(a) Accounting Convention**

The financial statements are prepared under historical costing convention on a going concern basis, with revenue recognized and expenses accounted on accrual concept (including provisions and adjustments) and in accordance with the applicable accounting standards.

**(b) Fixed Assets**

Fixed Assets are stated at their Purchase cost less accumulated depreciation. Cost includes attributable expenses, pre-operational expenses, financing costs during the period of construction for qualifying assets and excludes Cenvat and Service Tax benefit enjoyed, if any.

**(c) Preoperative expenses**

Expenditure (including financing cost relating to the borrowed funds for construction and acquisition of qualifying fixed assets) incurred on projects under implementation are treated as pre-operative expense pending allocation to the assets and are shown under "Capital Work in Progress".

**(d) Depreciation**

Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956

**(e) Inventories**

Inventories are valued as under:

- |                     |  |
|---------------------|--|
| i) Raw Materials    | - At actual cost on FIFO basis                       |
| ii) Stores & Spares | - At Cost on weighted average basis                  |
| iii) By-products    | - At net realisable value                            |
| iv) Finished Goods  | - At Cost or net realisable value whichever is lower |
| v) Work-in-Process  | - At Cost or net realisable value whichever is lower |

**(f) Employee Benefits**

Contribution to Provident Fund made to appropriate authorities is charged to revenue. In respect of Gratuity, the company's contribution, calculated on actuarial basis, to the Group Gratuity Scheme of Life Insurance Corporation of India is charged to revenue. Amount payable towards leave encashment benefit as at the close of this year has been provided for in its entirety.

**(g) Excise Duty**

Excise duty payable on finished products/by-products held as stock at the year-end has been provided for as expenditure for the year and included in the valuation of Closing Stock.

**(h) Taxation**

Tax expenses for the year comprising current tax and deferred tax are considered in determining the net profit for the year. Provision is made for the Current Tax based on tax liability computed in accordance with relevant tax rates and tax laws. Provision is made for deferred tax for all timing differences arising between taxable income and accounting income at currently enacted tax rates. Deferred tax assets are recognized only if there is a reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

**(i) Earning Per Share**

The earnings for the purpose of ascertaining the Company's EPS, comprises the net profit/(loss) after tax and includes the post tax effect of any extraordinary items. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

**(j) Impairment of Assets**

Impairment is ascertained at each Balance Sheet date in respect of cash generating units and impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on their appropriate discount factor.

**(k) Provisions and Contingent Liability**

Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

**(l) Income and Expenditure Recognition**

Revenue on sales transactions is recognized as and when the property in goods sold is transferred to the buyers for a definite consideration. Income & Expenditure are recognized on accrual basis.

**2. Licenced and installed capacity and production**

Product	Licensed	Installed	Production		Unit
			2009-10	2008-09	
Sugar	NA	3,000 TCD	30,702.00	35,694.50	MT
Molasses	NA	--	14,860.00	18,205.90	MT

**3. Quantitative Particulars:**

**A. Raw material Consumed**

(Value : Rs. in Lakhs)

Product	Unit	2009-10		2008-09	
		Qty	Value	Qty	Value
Sugarcane	MT	310,632	7,029.77	355,169	4,221.49

**B. Particulars in respect of stock and sale of goods manufactured**

(Value : Rs. in Lakhs)

Product	Unit	Opening Stock		Closing Stock		Sales	
		Qty	Value	Qty	Value	Qty	Value
Sugar	MT	10,444.20 (18,989.70)	1,512.85 (2,662.56)	19,545.20 (10,444.20)	4,582.70 (1,512.85)	21,600.60 (44,240.00)	5,576.36 (6,764.88)
Molasses	MT	2,322.67 (8,745.30)	76.01 (198.74)	9,822.40 (2,322.67)	321.44 (76.01)	7,360.27 (24,628.53)	350.18 (815.73)

4. Estimated amount of contracts remaining to be executed on Capital Account not provided for as on 31st March 2010 is Rs. Nil (Previous year Rs. Nil)

5. Contingent Liabilities not provided for :

(Rs in lakhs)

	<b>31.03.2010</b>	<b>31.03.2009</b>
(a) Bank Guarantees outstanding	Nil	Nil
(b) Sales Tax	44.45*	30.13*

\* Appeal is pending before the Sales Tax Appellate Tribunal for the financial year 2005-06 to 2007-08.

**6. Secured Loans**

- a) Term loans from Banks are secured by pari passu first charge on the Company's immovable properties and fixed assets at Madhunagar, Medak District and pari passu third charge on entire current assets of the company.
- b) Working capital loan from banks are secured by pari passu first charge on Company's current assets and pari passu third charge on Company's immovable properties and fixed assets at Madhunagar, Medak District.
- c) The term loans and working capital limits are further secured by a corporate guarantee from Rajshree Sugars & Chemicals Ltd, the holding company.
- d) Term loan sanctioned under SEFASU, 2007 is secured by residual charge on the fixed assets at Madhunagar, Medak District.

7. The Company is engaged in manufacturing and sale of sugar, which as per Accounting Standard AS-17 is considered only reportable business segment. The geographical segment is not relevant as there are no exports.
8. No amount is due to Micro, Small and Medium Enterprises in respect of sundry creditors. This is as per the information available with the company about the status of the parties concerned.
9. Quantum of Excise duty included in closing stock of finished goods is Rs. 25,488,059/- (Previous year Rs. 11,341,675/-).
10. Borrowing costs capitalized during the year is Rs. 12,137/- (Previous Year Rs Nil/-).
11. Interest charges is net of amount due Rs.Nil (Previous Year - Rs. 2,198,902/-) from Directorate of Sugar, Government of India towards buffer stock interest subsidy claim. This amount will be disbursed by them progressively.
12. Prior period income reversed during the year amounting to Rs. 3.25 lakhs represents short receipt of buffer subsidy pertaining to financial year 2007-08.
13. Contributions towards Gratuity scheme has been made upto date as per the demands received from Life Insurance Corporation of India, based on actuarial valuation.

The disclosures required under Accounting Standard 15 “Employee Benefits” are as follows:

**Defined Contribution Plan:**

Contributions to Defined contribution plan, recognized and charged off for the year is as under:

Employer's contribution to Provident Fund    Rs. 2,298,936/- (Rs.2,298,699/-)  
 Defined Benefit Plan:

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

a. Reconciliation of opening and closing balances of Defined Benefit obligation (Rs)	31.03.2010	31.03.2009
Defined benefit obligation at beginning of the year	5,294,064	4,557,826
Current service cost	463,309	364,626
Interest Cost	423,525	446,917
Actuarial (gain)/loss	944,352	477,228
Benefits paid	(345,822)	(552,533)
Defined benefit obligation at end of the year	6,779,428	5,294,064
b. Reconciliation of opening and closing balances of fair value of plan assets (Rs)		
Fair value of plan assets at beginning of the year	7,897,827	7,757,311
Expected return on plan assets	708,834	693,049
Actuarial (gain)/ loss	NIL	NIL
Employer contribution	NIL	NIL
Benefits paid	(345,822)	(552,533)
Fair value of plan assets at year end	8,260,839	7,897,827
Actual return on plan assets	708,834	693,049

c. Reconciliation of fair value of assets and obligations (Rs)	31.03.2010	31.03.2009
Fair value of plan assets as at 31 <sup>st</sup> March 2010	8,260,839	7,897,827
Present value of obligation as at 31 <sup>st</sup> March 2010	6,779,428	5,294,064
Amount recognized in Balance Sheet	(1,481,411)	(2,603,763)
d. Expenses during the year (Rs)		
Current service cost	463,309	446,917
Interest cost	423,525	364,626
Expected return on plan assets	(708,834)	(693,049)
Actuarial (gain)/loss	944,352	477,228
Net cost	1,122,352	595,722
e. Investment details:		
L.I.C. Group gratuity policy		
f. Actuarial assumptions		
Mortality table ( L.I.C )	1994-96	1994-96
Discount rate (per annum)	8%	8%
Expected rate of return on plan assets (p.a)	8%	8%
Rate of escalation in salary (p.a)	5%	5%

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

**14. Related Party Disclosures (where transactions have taken place)**

- (i) Key Managerial Personnel  
    Ms. Rajshree Pathy
- (ii) Holding company: Rajshree Sugars & Chemicals Limited
- (iii) The following transactions were carried out with the related parties in the ordinary course of business:

(Rs. in lakhs)

Nature of Transaction	Parties referred to in (i) above		Parties referred to in (ii) above	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Purchase of Fixed Assets	--	--	3.23	--
Purchase of Stores & Consumables	--	--	0.25	--
Sale of Stores & Consumables	--	--	--	28.85
Interest Paid	--	--	313.22	141.05
Finance				
Loan taken	--	--	1,778.10	1,722.99
Loan repaid	--	--	1,050.00	47.50
(Payable) Receivable	--	--	(3,116.14)	(2,133.69)

15. Break up of deferred tax liability/ assets and reconciliation of current year deferred tax charges:

(Rs. In Lakhs)

Particulars	Opening balance	Charge/Credit for the year	Closing balance
<b>Deferred tax Assets</b>			
Unabsorbed Depreciation/losses	791.14	(133.51)	657.63
Expenses charged to Profit & Loss account but allowable in Income Tax on payment basis	8.66	0.09	8.75
<b>Total A</b>	<b>799.80</b>	<b>(133.42)</b>	<b>666.38</b>
<b>Deferred tax Liability</b>			
Tax impact of difference between amount of fixed assets in the financial statements and the Income Tax Return	474.97	39.15	514.12
<b>Total B</b>	<b>474.97</b>	<b>39.15</b>	<b>514.12</b>
Add: MAT Credit C	-	72.40	72.40
<b>Total A-B-C</b>	<b>324.83</b>	<b>(100.17)</b>	<b>224.66</b>

16. Earnings/(loss) per Share:	Year ended 31.03.2010	Year ended 31.03.2009
a) Net Profit/(loss) attributable to Shareholders (Rs)		
(i) before extra ordinary items	28,282,875	33,242,167
(ii) after extra ordinary items	28,282,875	33,242,167
b) Weighted Average No. of Equity Shares	6,737,500	6,737,500
c) Basic Earnings/(loss) per Share of Rs.10/- each(Rs)		
(i) Before extraordinary items	4.20	4.93
(ii) After extraordinary items	4.20	4.93

The Company does not have any outstanding dilutive potential equity shares. Consequently the basic and diluted earnings per share of the Company remain the same.

17. Remuneration paid to Whole Time Director Rs. Nil (Rs Nil)
18. Donation paid to Chief Minister's Relief Fund is Rs. 500,000/-. In this regard, the company has in accordance with the provisions of Sec 293(1)(e) of the Companies Act, 1956 obtained the consent of the members at the Extraordinary General Meeting held on 5th October 2009.
19. In the opinion of Board of Directors, the Current Assets, Loans & Advances have a value on realisation equal to the amounts at which they are stated in the Balance Sheet, in the ordinary course of business.
20. Balances under Current Liabilities and Loans & Advances are subject to the confirmation. However the management does not expect any material revenue impact in this regard.
21. Raw materials and Stores & spare parts consumed are 100% indigenous.
22. CIF value of imports during the year is Rs. Nil (Previous year Rs. Nil)
23. Expenditure in Foreign currency Rs. Nil ( Previous year Rs. Nil)
24. Earnings in Foreign currency Rs. Nil ( Previous year Rs. Nil)
25. Previous year figures have been regrouped wherever necessary to conform to current year's classification. Paise are rounded off to the nearest rupee.

As per our report of even date  
For **Srikishen & Co (0040009 S)**  
Chartered Accountants

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

**R. Varadarajan**  
Director

**Rajshree Pathy**  
Managing Director

Place: Coimbatore  
Date : 17th May 2010

**Cash Flow Statement for the Year ended**

**31.03.2010**  
Rs.

31.03.2009  
Rs.

**Cash Flow Statement for the Year ended**

**A. Cash Flow from Operating activities:**

Net Profit before taxation & extraordinary items 43,385,453 41,598,379

**Adjustment for:**

Depreciation 21,025,097 20,731,849

Interest paid 67,192,230 65,925,584

Interest received (59,432) (62,258)

Operating profit before working capital changes 131,543,348 128,193,554

**Adjustments for:**

Trade and other receivables (18,951,710) (14,998,960)

Inventories (334,055,695) 133,155,769

Trade payables 69,560,634 (286,430,079)

Cash generated from Operations (151,903,423) (40,079,716)

Direct taxes (paid) / Refund (30,224) (22,699)

Cashflow before extraordinary items (151,933,647) (40,102,415)

Extraordinary items (325,354) -

Net cash from operating activities (152,259,001) (40,102,415)

**B. Cash flow from investing Activities**

Purchase of Fixed Assets (2,078,239) (9,542,506)

Sale of Fixed Assets 39,982 -

Interest received 59,432 62,258

Net Cash used in Investing Activities (1,978,825) (9,480,248)

**C. Cash Flow from Financing Activities**

Proceeds from / (Repayment of) long term borrowings 320,393,566 120,184,877

Proceeds from / (Repayment of) short term borrowings (91,361,972) (950,018)

Interest paid (67,192,230) (65,925,584)

Dividend paid including tax on dividend - -

Net Cash used in Financing Activities 161,839,364 53,309,275

Net Increase / (Decrease) in Cash and Cash Equivalents 7,601,538 3,726,612

Cash and cash equivalent as at the beginning of the Year 4,613,409 886,797

Cash and cash equivalent as at the close of the Year 12,214,947 4,613,409

As per our report of even date  
For **Srikishen & Co (0040009 S)**  
Chartered Accountants

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

**R. Varadarajan**  
Director

**Rajshree Pathy**  
Managing Director

Place: Coimbatore  
Date : 17th May 2010

**Information required as per Part IV of Schedule VI of the Companies Act, 1956.  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I Registration Details**

Registration No . : U15424TZ2002PLC013368 State Code : 18  
Balance Sheet date : 31-March-2010

**II Capital raised during the year (Amount in Rs. thousands)**

Public Issue : Nil Rights Issue : NIL  
Bonus Issue : Nil Private placement : NIL

**III Position of mobilisation and deployment of funds (Amount in Rs. thousands)**

Total Liabilities : 955,259 Total Assets : 955,259

Sources of Funds

Paid-up Capital : 67,375 Reserves & Surplus : 57,250  
Secured Loans : 519,397 Unsecured Loans : 311,237

Application of Funds

Net fixed assets : 364,207 Investments : -  
Net current assets : 466,275 Deferred Tax Asset : 22,466  
Accumulated losses : 102,311 Misc. Expenditure : -

**IV Performance of Company (Amount in Rs. thousands)**

Total Income : 930,721 Total Expenditure : 887,336  
Profit Before Tax : 43,385 Profit after tax : 28,283  
Earnings per share (Rs.) : 4.20 Dividend Rate % : -

**V Generic Names of three principal products/services of Company  
(as per monetary terms)**

Item Code No. (ITC Code) : 17011100  
Product Description : White Crystal Sugar

As per our report of even date  
For **Srikishen & Co (0040009 S)**  
Chartered Accountants

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

**R. Varadarajan**  
Director

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Managing Director

Place: Coimbatore  
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