

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
Wholetime Director

Ms. RAJSHREE PATHY
Chairperson and Managing Director

Auditors

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

Chief Financial Officer

Mr. A. Sathyamurthy

Company Secretary

Mr. R. S. Gowdhaman

Registered Office

'The Uffizi'
338 Avanashi Road
Peelamedu
Coimbatore 641 004

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

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

**Factory Unit II
Sugar & Cogeneration**

Mundiyampakkam PO
PIN 605 601
Villupuram Taluk & District

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

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 25th Annual Report with the audited financial statements for the year ended 31st March 2011.

FINANCIAL HIGHLIGHTS	2010-11 ₹.	2009-10 ₹.
Total Income	6,414,697,369	5,521,644,992
Profit before Interest, Depreciation and exceptional items	590,722,540	1,393,295,061
Less: Interest	536,026,340	474,797,050
Depreciation	230,308,569	226,900,946
Exceptional items	250,000,000	35,400,629
Profit before Tax	(425,612,369)	656,196,436
Direct taxes	250,000	113,588,000
Deferred taxes	(58,594,000)	109,653,000
Income tax of prior years	1,907,085	1,261,756
Profit after Tax	(369,175,454)	431,693,680
i) Transfer to General Reserve	-	50,000,000
ii) Proposed Dividend	-	68,075,100
iii) Provision for dividend tax	-	11,569,363
Basic Earnings per Share of ₹.10/- each before extraordinary items	(5.18)	19.02
Basic Earnings per Share of ₹.10/- each after extraordinary items	(16.04)	19.02
Diluted Earnings per Share of ₹.10/- each after extraordinary items (after considering allotment of 1,100,000 warrants) for the previous year	-	18.14

DIVIDEND

Since the Company has incurred loss during the year 2010-11, the Board of Directors has not recommended dividend for the year ended 31.3.2011.

FINANCIAL PERFORMANCE

Your Company earned an income of ₹.641.47 crores in the year 2010-11 as against ₹.552.16 crores during the previous year. The Company incurred a net loss of ₹.36.92 crores as against the net profit of ₹.43.17 crores during the previous year.

The above net loss includes one time expenditure of ₹.25 crores towards out of court settlement of the Derivative disputes with Axis Bank Ltd. With reference to the operations, lesser sugar price realizations coupled with increased raw materials cost added to the loss in operations during the year under review.

OPERATIONAL PERFORMANCE

Sugar Division

The sugarcane crushing in 2010-11 has increased substantially over the previous year on account of adequate sugarcane planting in the command area of the factories. The sugarcane crushed during the year 2010-11 was as follows:

	Sugarcane crushed (MT)	
	2010-11	2009-10
Unit I	230,453	234,187
Unit II	912,733	717,988
Unit III	581,953	475,757
Total	1,725,139	1,427,932

Your company has produced 168,743 MT of sugar (including 14,084 MT of sugar processed from raw sugar) as against 174,472 MT of sugar (including 44,429 MT of sugar processed from raw sugar) in the previous year. The company has sold 165,452 MT of Sugar as against 166,476 MT during the previous year. The company has exported 17,212 MT of sugar during the year under review to benefit from the higher price prevailing in the International market.

Distillery Division

The Company produced 6,087,978 litres of Alcohol in 2010-11 as against 10,326,903 litres of Alcohol in the previous year on account of lesser cane crushed in the Unit 1. The company sold 61,179 tons of molasses in the year 2010-11 as against 25,271 tons of molasses sold during 2009-10. In view of higher conversion cost of operations of Distillery unit with externally sourced biomass fuel (due to lesser availability of cane), your company sold molasses to take advantage of the higher margin.

Cogeneration of Power

The Cogeneration plants in Unit I, II and III generated 226.33 million units of electricity in 2010-11, as against 190.95 million units of power generated during the previous year. After captive consumption, 158.03 million units of power were exported to TNEB as against 127.98 million units exported in the previous year. The company has received 110,696 units of carbon credits during the year ended 31st March 2011 which has been accounted during the year under review.

Operations of subsidiary company

There has been substantial improvement in the performance of the wholly owned subsidiary Company, Trident Sugars Limited, which crushed 396,506 MT of sugarcane during the financial year 2010-11 as against 310,632 MT in the previous year. The company produced 41,100 MT of sugar and sold 44,879 MT of Sugar during the financial year as against 30,702 MT of production and 21,600 MT of sales in the previous year. The annual accounts of the subsidiary company is enclosed alongwith the accounts of the Company.

Allotment of equity shares

Pursuant to the special resolution passed by the shareholders at the Extraordinary General Meeting held on 28th May 2009, your Company has allotted 1,100,000 Equity Shares at ₹.10/- each at a price of ₹.62/- each including a premium of ₹.52/- per share to Ms.Rajshree Pathy, Chairperson and Managing Director on 9th December 2010 on receipt of the entire payment, on exercise of the rights attached to the share warrants. The said 1,100,000 equity shares are subject to lock-in for 3 years upto 9th December 2013.

After this allotment, the paid-up capital has increased to ₹.237,917,000/-. The share premium account has also gone up by ₹.57,200,000/-.

FUTURE OUTLOOK

Sugarcane crushing for 2010-11 season is expected to be better than the crushing season of 2009-10 on account of increase in cane planting and better monsoon. The Unit II at Mundiampakkam has recorded the highest cane planting in Tamilnadu, thereby ensuring better cane availability for the subsequent year as well.

With this improvement in cane crushing, the value addition from the Cogeneration and Distillery is expected to be better during the current year.

Your company has commenced construction activities for 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, Villupuram District in Tamil Nadu. The molasses produced from Unit II & Unit III will be the feedstock for conversion into alcohol in the new Distillery. We expect to commission the plant by the end of this financial year.

DIRECTORS

Dr.P.Surularayanasami and Mr.R.C.H.Reddy, Directors retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for reappointment.

Mr.R.Varadarajan has been reappointed as Wholetime Director for a further period of 3 years from 5th June 2011 by the Board of Directors in its meeting held on 18th May 2011 subject to approval of the shareholders at the ensuing Annual General Meeting of the company.

The Board in its meeting held on 18th May 2011 also approved the re-appointment of Ms.Rajshree Pathy, Chairperson and Managing Director for a further term of 3 years from 16th March 2012 subject to approval of the shareholders at the ensuing Annual General Meeting of the company and the Central Government.

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 Section 224(1B) of the Companies Act, 1956.

COMPANY SECRETARY

Mr.R.Anand, General Manager (Finance) & Company Secretary resigned from the services of the company on 31st January 2011. The company has appointed Mr.R.S.Gowdhaman as Company Secretary and he has joined your company on 13th May 2011.

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 entered into an out-of-court settlement of ₹.25 crores on account of dispute pertaining to the Derivative transactions with Axis Bank Ltd. Consequent on such settlement, both the parties have withdrawn all actions initiated by each of them and necessary final orders have been obtained from the Madras High Court.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, your Directors' confirms that in the preparation of annual accounts for the financial year ended 31.03.2011 :

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

Place :Coimbatore
Date : 18th May 2011

RAJSHREE PATHY
Chairperson and Managing Director

ANNEXURE 1 TO DIRECTORS' REPORT

Statement under sub section 2A of section 217 of the Companies Act, 1956

S.No.	Name of the Employee	Designation	Remuneration for the year 2010-11	Qualification & Experience	Date of commencement of employment	Age	Last employment
1	Ms.Rajshree Pathy	Chairperson and Managing Director	₹.15,009,360/-	B.Com 35 years	16.03.1989	55 years	General Manager Ganga Textiles 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-I)

- i) During the lower crushing rate, the 200HP preleveller motor was stopped, and as a result, 0.7 units of power saved per tonne of cane crushed.
- ii) Instead of running two nos. of 180 HP pumps for pumping boiler feed water pump, one no of 180HP pump and another of 100 HP pump have been used. This resulted in power saving of 720 units per day.
- iii) A 40 HP pump was installed instead of 150 HP pump for cooling FR-2 Turbine alternator water, which resulted in saving of 2,100 units of power per day.
- iv) During low crushing rates, one no of 35 HP water pump is stopped, to save 582 units of power per day.
- v) Existing flash heat recovery system modified and the flash heat available is used in heating boiler feed water, which saves 6 tonnes of steam per day.
- vi) Boiler vent, drain & Turbine drain class 800 valves replaced with class 1500 valve, which saves 5 tonnes of steam per day.

At Mundiampakkam (Unit-II)

- vii) Imbibition hot water pump is operated in VFD Mode, which saves 336 units of power per day.
- viii) Stopped molasses pump of weighing scale by installing molasses flow meter, which saves about 189 units of power per day.
- ix) Stopped hot water spray pump of vacuum filter by utilising the hot water from cigar, which saves about 120 units of power per day.

At Semmedu (Unit-III)

- x) Steam consumption % to cane crushing has been reduced from 41.99% to 38.41% by debottlenecking the capacity issues and implementation of Automation control.
- xi) Power/MT of cane has been reduced from 27.23Kwh/Mt to 25.69Kwh/MT
- xii) Raw Water consumption has been reduced to zero by installing hot water cooling towers and utilized sugar condensate for process.

The Company has also invested ₹. 364.31 lakhs in automation of sugar factory at Semmedu (Unit-III).

The impact of the above measures are expected to reduce the consumption of energy substantially and consequently the cost of production.

Form A

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

a. Power and Fuel Consumption

Particulars	Units	Sugar Division	Distillery Division	Co-generation Division
1. Electricity				
a. Purchased	KWH	1,104,230 (9,47,053)	56,510 (63,650)	938,600 (967,417)
Total amount	₹. in lakhs	94.82 (81.61)	4.71 (5.00)	90.22 (88.57)
Rate per unit	₹.	8.59 (8.62)	8.33 (7.86)	9.61 (9.16)
b. Own Generation				
i) Through Diesel Gensets Qty. Produced	KWH	17,508 (23,223)	1,950 (4,990)	15,422 (25,431)
Units per ltr of Diesel		2.34 (1.86)	2.37 (1.66)	1.70 (1.37)
Cost per unit	₹.	17.07 (19.25)	16.74 (21.98)	23.57 (26.12)
ii) Through steam turbine (Co-generation) Qty. consumed	KWH	41,709,555 (38,015,470)	844,700 (1,530,530)	23,490,945 (22,150,380)
Units per MT of steam		161 (149)	94 (93)	169 (156)
Cost/unit		Steam produced from own bagasse (Steam produced from own bagasse)		
2. Coal				
Quantity Consumed	MT	NIL (NIL)	NIL (NIL)	23,465 (10,453)
Total Value	₹. in lakhs	NIL (NIL)	NIL (NIL)	776.23 (151.86)
Average rate per unit	₹.	NIL (NIL)	NIL (NIL)	3,308 (1,453)

Particulars	Units	Sugar Division	Distillery Division	Co-generation Division
3 LIGNITE				
Quantity Consumed	MT	NIL (NIL)	NIL (NIL)	NIL (3,874)
Total Value	₹. in lakhs	NIL (NIL)	NIL (NIL)	NIL (123.65)
Average rate per unit	₹.	NIL (NIL)	NIL (NIL)	NIL (3,192)
4 FURNACE OIL	Not Used			
5 FIRE WOOD				
Quantity Consumed	MT	NIL (NIL)	NIL (NIL)	35,509 (67,498)
Total value	₹. in lakhs	NIL (NIL)	NIL (NIL)	845.10 (1601.50)
Average Rate	₹.	NIL (NIL)	NIL (NIL)	2,380 (2,373)
6 COCONUT HUSK				
Quantity Consumed	MT	NIL (NIL)	NIL (NIL)	435 (Nil)
Total value	₹. in lakhs	NIL (NIL)	NIL (NIL)	2.89 (Nil)
Average Rate	₹.	NIL (NIL)	NIL (NIL)	664 (Nil)
7 CORN COBS				
Quantity Consumed	MT	NIL (NIL)	NIL (NIL)	72 (Nil)
Total value	₹. in lakhs	NIL (NIL)	NIL (NIL)	1.00 (Nil)
Average Rate	₹.	NIL (NIL)	NIL (NIL)	1400 (Nil)
8 OTHERS/INTERNAL GENERATION	Not Used			

b. Consumption per unit of production

Product	Per Quintal of White Crystal Sugar	Per Litre of Alcohol
Electricity (KWH)	25.38 (30.03)	0.15 (0.15)

B. TECHNOLOGY ABSORPTION :

FORM B

(Research and development and technology absorption)

Research and development

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

- a) Varietal improvements Program at Unit-I and Unit-II.
Identification of high yielding and high sugar varieties suitable for our command area in coordination with Leading research Institutions in the country

Benefits derived: Varieties from AICRP (S), Co-ordinated Agronomic Experiments (CAE) and Sadhana Agritech Private Services were evaluated for yield and quality parameters .The selected clones with higher yield & CCS% were identified for future multiplication.

- b) Tissue culture Technology at Unit-I
Production of yellow mosaic disease (YLD) free and grassy shoot disease (GSD) free seedling through tissue culture for rejuvenation of Co 86032.

Benefits derived: The first batch of YLD and GSD free seedlings developed by our R&D was used as mother culture for the breeder nursery program.

- c) Pest and disease surveillance at Unit-I, II and III.
Production and supply of Trichogramma sp for the control of inter node borer and Pest survey in our command area.

Benefits derived: Random pest and disease survey was done in all the units.

- d) Bio products development at Unit-I
Development and production of Bio Fertilizers, Bio pesticides which are Eco friendly

Benefits derived: Trichogramma sp produced in our R&D distributed to our cane growers

2. Future plan of action:

- a) Establishment of R&D centre with soil, sugar and bio-control laboratories at Unit-II.
b) Fertility mapping of our command area and random soil analysis in all the units.
c) Development of nutrient and fertigation schedules for Drip Irrigation at all the units
d) Multiplication of superior clones from Sadhana Agritech Private Services, AICRP (S), Co-ordinated Agronomic Experiments (CAE) at Unit-I and Unit-II.
e) Establishing production facility for other Bio control agents like Tetrastichus for inter node borer control at Unit-II.
f) Recruitment and training of Cane cultivation and extension team at all the units.

3. Expenditure on R & D

(a) Capital	₹. Nil
(b) Recurring	₹. 5,288,120/-
(c) Total	₹. 5,288,120/-
(d) Total R & D expenditure as a percentage of total turnover	- 0.09%

Technology absorption, adaptation and innovation

- (1) Efforts in brief towards technology absorption, adaptation and innovation.
(a) Sugar cane Harvester Imported and suitable technology on crop Agronomy modifications evolved at Unit-II.

Benefits derived: Mitigation of labour problems and cost reduction in harvest charges.

(b) Hi-tech drip irrigation technology promotion at all the units.

Benefits derived: Savings in fertilizers application and water.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total foreign exchange used and earned
 Foreign exchange earned : ₹. 942,252,253/-
 Foreign exchange outgo : ₹. 882,794,389/-

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

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

2. Board of Directors

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

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

Attendance of Directors at Board meetings and Annual General meeting during the year 2010-11:

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 (₹.)
Ms.Rajshree Pathy	5	Yes	14	--	--
Mr. R.Varadarajan	6	Yes	5	--	--
Mr. G.R.Karthikeyan	4	Yes	4	--	90,000
Dr. P.Surulinarayanasami	2	Yes	1	--	20,000
Mr. Raja M.J.Abdeen	6	Yes	13	--	110,000
Mr. R.C.H. Reddy	6	Yes	6	2	120,000
Mr. G.S.V.Subba Rao	5	Yes	--	--	90,000
Dr. K.Mohan Naidu	4	Yes	--	--	40,000

6 Board meetings were held during the year on 17th May 2010, 29th July 2010, 20th September 2010, 12th November 2010, 9th December 2010 and 7th February 2011.

3. Audit Committee

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

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

** Appointed as a member of the Audit Committee at the meeting held on 7th February 2011.

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 2010-11, 5 audit committee meetings were held on 17th May 2010, 29th July 2010, 20th September 2010, 12th November 2010 and 7th February 2011. Members' attendance at the meetings was as follows:

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

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, one meeting of the Remuneration Committee was conducted on 24th November 2010. Members' attendance at the meeting was as follows:

Name of the Member	Meeting attended
Mr. G.R. Karthikeyan	1
Mr.Raja M.J.Abdeen	--
Mr.R.C.H.Reddy	1

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

The remuneration paid to Executive Directors for the year 2010-2011 was as follows (in ₹.):

Managerial remuneration:	Ms. Rajshree Pathy	Mr. R.Varadarajan
Salary	15,009,360	3,556,027
Commission	--	--
Perquisites	--	1,206,723
Total	15,009,360	4,762,750

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.Surulinarayanasami	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	Nil
Dr.K.Mohan Naidu	Nil

5. Shareholders / Investors Grievance Committee

The Shareholders / Investors Grievance Committee is headed by Mr.Raja M.J.Abdeen, Non-Executive Director. Mr.R.Anand was the Compliance Officer upto 31st January 2011. Mr.R.Varadarajan, Wholetime Director has been the Compliance Officer from 1st February 2011 till 13th May 2011.

During the year 2010-11, 18 complaints were received and all of them were resolved to the satisfaction of the shareholders. As of 31st March 2011, 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
2007-08	AGM	Conference Hall, Indian Chamber of Commerce & Industry, Coimbatore.	29.09.2008	10.15 AM	3
2008-09	AGM	--as above--	23.09.2009	3.00 PM	--
2009-10	AGM	--as above--	20.09.2010	3.00 PM	--

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

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 during the year 2009-10 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. Constitution of Remuneration Committee as per the Non-mandatory requirement has been complied with.

**As required under Schedule XIII of the Companies Act, 1956 - Appointment of Managerial Personnel
Remuneration package of the managerial person**

Ms. Rajshree Pathy

The present term of office of Ms.Rajshree Pathy, Managing Director expires on 15th March 2012. Ms.Rajshree Pathy was reappointed as Managing Director for a period of 3 years by the Board of Directors with effect from 16th March 2012.

Remuneration to be calculated at 5% of the net profits of the Company.

In the event of loss or inadequacy of profit, the remuneration shall be as follows.

Salary ₹. 1,250,000/- per month

Perquisites Contribution to Provident Fund, Superannuation Fund and Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

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

Provision of Company's car with driver for official purposes.

No Stock option is extended.

Mr.R.Varadarajan

Mr.R.Varadarajan was reappointed as Wholetime Director for a period of 3 years by the Board of Directors with effect from 5th June 2011.

Salary ₹. 400,000/- per month

Perquisites Leave travel allowance of ₹. 200,000/- per annum.

Encashment of earned leave not exceeding one month's salary per annum at the end of the tenure.

Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

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

Provision of company's car with driver for official purposes

Provision of a mobile phone and telephone at his residence for official use.

In the event of loss or inadequacy of profit, the remuneration will be restricted to as specified in Paragraph C of Section II, Part II of Schedule XIII to the Companies Act, 1956."

No Stock option is extended.

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, shareholding pattern, etc. in the Company's Website www.rajshreesugars.com. The company has also complied with the requirements of Clause 54 of the Listing Agreement at the Company's Website.

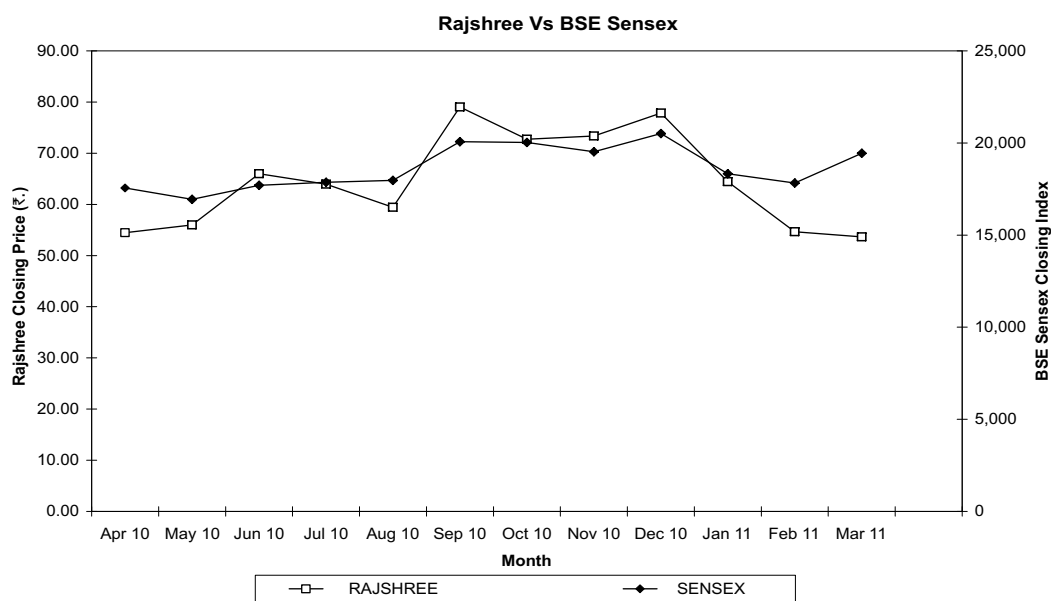
9. General shareholder information

i. AGM Date, time and venue	10th August 2011 at 11.00 A.M Chamber Hall, Indian Chamber of Commerce and Industry, Avanashi Road, Coimbatore 641 018.
ii. Financial calender 2011-12 First quarterly results Second quarterly results Third quarterly results Audited yearly results	Before 15th August 2011 Before 15th November 2011 Before 15th February 2012 Before end of May 2012
iii. Book Closure Date	3rd August 2011 to 10th August 2011
iv. Listing on Stock Exchange	Bombay Stock Exchange Limited National Stock Exchange of India Limited
v. Stock Code Bombay Stock Exchange Limited National Stock Exchange of India Limited	500354 RAJSREESUG

vi. Market Price Data High/Low during each month of the Financial Year 2010-11 (Bombay Stock Exchange)

Month	High (₹.)	Low (₹.)
April	60.00	49.00
May	57.75	49.10
June	68.00	53.70
July	71.90	62.50
August	67.50	58.80
September	83.00	59.15
October	80.30	71.05
November	86.80	69.00
December	82.45	67.00
January	82.00	60.65
February	69.80	53.30
March	59.45	53.00

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



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

x. Distribution of shareholding as on 31st March 2011

No. of equity shares held	No. of Folios	No. of shares held	% of shareholding
Upto 5000	23,615	3,361,661	14.13
5001 to 10000	1,316	1,082,504	4.55
10001 to 20000	571	868,446	3.65
20001 to 30000	182	475,260	2.00
30001 to 40000	79	291,696	1.23
40001 to 50000	78	370,975	1.56
50001 to 100000	117	891,673	3.75
100001 and above	92	16,449,485	69.13
Total	26,050	23,791,700	100.00

xi. Distribution of shareholding as on 31st March 2011

Category	No. of Folios	No. of shares held	% of share-holding
Promoters	3	8,555,660	35.96
Directors and their relatives	7	3,364,666	14.14
Mutual funds and UTI	15	624,127	2.62
Banks, Financial institutions and insurance companies	6	11,530	0.05
Corporate bodies	518	2,457,046	10.33
Indian public	25,364	8,470,644	35.60
NRIs and OCBs	137	308,027	1.30
GDRs	0	0	0
Total	26,050	23,791,700	100.00

xii. Dematerialisation of shareholding and liquidity	81.08% of total equity share capital is held in dematerialized form with NSDL and CDSL.
xiii. Outstanding GDR/ADR/ Warrants or any convertible instruments, conversion date and impact on equity	1,100,000 Equity Shares were allotted at ₹.10/- each at a price of ₹.62/- each including a premium of ₹.52/- per share to Ms.Rajshree Pathy, Chairperson and Managing Director of the Company on 9th December 2010 on receipt of the entire payment. After this allotment, the number of equity shares in the issued, subscribed and paid-up capital has increased to 2,37,91,700 from 2,26,91,700. The said 1,100,000 equity shares are subject to lock-in for 3 years upto 9th December 2013.

	This had the impact of increasing the issued, subscribed and paid-up capital equity capital by ₹. 11,000,000/- and share premium account by ₹. 57,200,000/-.
xiv. Plant locations	<p><u>Unit I - Sugar, Cogeneration & Distillery</u> Varadaraj Nagar PO, PIN 625 562. Periakulam Taluk, Theni District</p> <p><u>Unit II - Sugar & Cogeneration</u> Mundiampakkam PO PIN 605 601. Villupuram Taluk & District</p> <p><u>Unit III - Sugar, Cogeneration & Distillery under construction</u> Semmedu Village, Gingee Taluk, PIN 604 153. Villupuram District</p>
xv. Address for correspondence	"The Uffizi", 338 Avanashi Road Peelamedu, Coimbatore 641 004. Email ID: investor@rajshreesugars.com rscl@rajshreesugars.com

xvi. 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
13.09.2004	2003-2004	12.09.2011
30.09.2005	2004-2005	29.09.2012
06.09.2006	2005-2006	05.09.2013
10.09.2007	2006-2007	09.09.2014
23.09.2009	2008-2009	22.09.2016
20.09.2010	2009-2010	19.09.2017

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.

Compliance to Clause 5A of the Listing Agreement

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

(i) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year;	NA
(ii) Number of shareholders who approached issuer for transfer of shares from suspense account during the year;	NA
(iii) Number of shareholders to whom shares were transferred from suspense account during the year;	NA

(iv) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year;	26 Shareholders 8,390 Shares
(v) That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares	Yes

CEO/CFO Certification

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

Declaration under clause 49 of Listing Agreement by the Managing Director

The Shareholders,

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

Place :Coimbatore
Date : 18th May 2011

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 31.3.2011, 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.

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, 2011, 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: 18th May 2011

K.Murali Mohan
Auditors, Proprietor
Membership No.14328

MANAGEMENT DISCUSSION & ANALYSIS

Industry Scenario & Development

The sugar industry is one of the world's major agro-based industries. Around 75% of the global sugar production comes from the top 10 producers, of which the top three (Brazil, India and the European Union) contribute 40% of the total.

World Sugar Production for 2010-11 is down, consumption is up & prices have recently started showing upward movement due to South Brazil crop which produce two-third of the total Global raw sugar requirement, is entirely rain-fed and a record rainfall in Australia. Surplus production earlier estimated is down from a forecast 6.20 million tons to around 3 million tons. World Sugar Production for the 2010-11 marketing year is estimated at 161.90 million tons (153.40 million tons in 2009-10), while the demand /consumption is pegged at 158.2 million tons in 2010-11 (154.09 million tons in 2009-10).

World market sugar prices reached a 30-year high in November 2010 and 2011 will be the third year that global production/consumption has been in deficit.

In India, sugar industry is the second largest industry after textiles. The country is the second largest sugar producer in the world (accounting 13% of the world's sugar production). The sub-tropical region (Uttar Pradesh & Maharashtra) contributes almost 60% of India's total sugar production, while the balance comes from the tropical region, mainly from Tamil Nadu, Karnataka and Andhra Pradesh.

As per Indian Sugar Mills Association (ISMA), India's output for 2010-11 season is likely to touch 25 million tons as against 18.92 million tons in the previous season. The total expected sugar production of 25 million tons in India includes 9.40 million tons from Maharashtra, 5.85 million tons from Uttar Pradesh, 3.60 million tons from Karnataka, 1.60 million tons from Tamilnadu and 1.30 million tons from Gujarat.

With India's sugar demand likely seen at around 22 million tons and with production at 25 million tons, extra sugar of around 3 million tons (not including the 2010-11 carryover stocks at around 4.98 million tons) is likely. As globally there is a thin surplus left out, India will continue to dominate in the global sugar industry.

Domestic sugar price hovered around ₹. 26,000/- per ton level throughout major part of the year 2010-11.

During the year, Government of India took important measures such as allowing re-export of previously imported raw sugar, increase in levy price, allowing OGL exports etc. We look forward for more such facilitation measures.

Risks & concerns

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

Sugarcane availability

Sugarcane is the main raw material in sugar mills. Factors like adverse climatic conditions, scarcity of harvest labour, lower sugarcane realisations or cane payment arrears to growers, availability of attractive competitive/alternate crops will have a direct impact on cane availability and affect our business.

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

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

Sugar price Realisation risk

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

Risk mitigation: To survive the adverse cyclical nature of the sugar business, the Company has adopted an integrated business model in Unit I (Varadarajnagar) and engaged in the co-generation of power in other 2 Units. The Company is also focusing on improving direct sales to institutional customers.

Regulatory risk

The sugar industry is closely regulated by both central and state governments by way of reservation of cane area, fixing sugarcane price, monthly release order mechanism for sugar trade, Levy obligation at a lower price etc.

Risk response: The Company, in close association with ISMA and SISMA, is in the process of developing a common strategy to place appropriate policies and reduce governmental influence in the sugar sector and help decontrol the sugar industry.

Financial liquidity risk

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

Risk response: As the Company has a good relationship with the Banks and Financial Institutions, the Company constantly strives to work on different financing options at economical & better cost of debt.

Segment wise performance

The segments for the purpose of reporting are Sugar, Co-generation, Distillery and Property development. The Sugar segment achieved a sales turnover of ₹. 570.62 crores as against ₹. 478.54 crores in the previous year; Co-generation segment achieved a sales turnover of ₹. 95.67 crores as against ₹. 77.32 crores and while the Distillery segment recorded a turnover of ₹. 16.20 crores as against ₹. 32.82 crores recorded in the previous year. The decline in distillery revenue is because of the fact that the company decided to sell molasses due to higher realization price of molasses than the sale realization prices of industrial alcohol.

The sugar segment incurred a loss of ₹. 9.24 crores as against the profit before interest & taxes of ₹. 81.20 crores earned in the previous year, co-generation segment earned ₹. 48.31 crores as against ₹. 30.42 crores in the previous year while the Distillery division earned ₹. 5.91 crores as against ₹. 12.41 crores earned during the previous year. The loss on sugar segment during the year under review, is largely contributed by higher cane price coupled with lower realisation compared to the previous year. The operational performance of the segments are given under the Directors' Report.

Derivative transaction

The company entered into an out-of-court settlement of ₹. 25 crores on account of dispute pertaining to the Derivative transactions with Axis Bank Ltd. Consequent on such settlement, both the parties have withdrawn all actions initiated by each of them and necessary final orders have been obtained from the Madras High Court.

Internal control systems and their adequacy

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

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

Financial performance and operational performance

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

Cautionary statement

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

AUDITOR'S REPORT

To

The Members of M/s Rajshree Sugars & Chemicals Limited

1. We have audited the attached Balance Sheet of M/s Rajshree Sugars & Chemicals Limited as at 31st March 2011 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 31st March 2011, 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, 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 2011
 - ii. in the case of the Profit and Loss Account, of the Loss 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 : 18th May 2011

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. 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 ₹.331,236,611/- and the year end balance is ₹.301,549,832/-. 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 31.03.2011 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us, the details of disputed statutory dues which have not been deposited is as given below:

Name of the statute	Period to which amount relates	Nature of demand	Amount disputed (₹. in lakhs)	Forum where dispute is pending
TNGST	1995-96 to 1997-98	Interest on sales tax	42.50	High Court, Chennai
Service Tax		Penalty	21.00	Commissioner (Appeals)
TNGST	2000-01 to 2004 - 05	Sales tax	256.82	1st Appellate Authority

- x) There are no accumulated losses at the end of the financial year 31.03.2011. The Company has incurred cash loss during the financial year covered by our audit. The Company has not incurred cash loss in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, 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 out of the funds raised on short term basis during the year, an amount of ₹. 17,283,291/- has been used for long term investments by way of part financing the acquisition of fixed assets.
- xviii) The Company has made preferential allotment of shares to one party covered in the Register maintained under section 301 of the Companies Act, 1956. The price at which such shares have been issued is not prejudicial to the interest of the Company.
- 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

Place : Coimbatore
Date : 18th May 2011

K.Murali Mohan
Auditors, Proprietor
Membership No.14328

BALANCE SHEET AS AT 31st MARCH 2011

31.03.2010 ₹.	PARTICULARS	SCHEDULE	31.03.2011 ₹.
I. SOURCES OF FUNDS			
1.SHAREHOLDERS' FUNDS			
226,917,000	(a) Share Capital	"A"	237,917,000
17,050,000	Share Application Money (Refer Note No. 23)		-
1,285,782,559	(b) Reserves & Surplus	"B"	973,807,105
2. LOAN FUNDS			
4,319,151,252	(a) Secured	"C"	4,990,696,493
18,456,000	(b) Unsecured	"D"	8,320,000
3.DEFERRED TAX			
513,120,123			454,526,123
<u>6,380,476,934</u>	TOTAL		<u>6,665,266,721</u>
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
4,953,460,320	(a) Gross Block	"E"	5,526,108,768
<u>1,118,099,214</u>	(b) Less: Depreciation		<u>1,347,202,979</u>
3,835,361,106	(c) Net Block		4,178,905,789
<u>28,438,497</u>	(d) Capital Work in Progress		<u>216,811,540</u>
3,863,799,603			4,395,717,329
476,336,768	2. INVESTMENTS	"F"	476,446,728
3. CURRENT ASSETS, LOANS & ADVANCES			
1,718,485,506	(a) Inventories	"G"	1,307,647,522
244,156,472	(b) Sundry Debtors	"H"	315,442,796
315,354,581	(c) Cash and Bank Balances	"I"	180,889,095
<u>902,969,715</u>	(d) Loans & Advances	"J"	<u>1,076,060,691</u>
3,180,966,274			2,880,040,104
LESS: CURRENT LIABILITIES AND PROVISIONS			
909,009,006	(a) Current Liabilities	"K"	934,674,478
<u>231,616,705</u>	(b) Provisions	"L"	<u>152,262,962</u>
1,140,625,711			1,086,937,440
<u>2,040,340,563</u>	NET CURRENT ASSETS		<u>1,793,102,664</u>
<u>6,380,476,934</u>	TOTAL		<u>6,665,266,721</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
Wholetime Director

Rajshree Pathy
Chairperson and Managing Director

Place: Coimbatore
Date : 18th May 2011

A. Sathyamurthy
Chief Financial Officer

R.S. Gowdhaman
Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

31.03.2010 ₹.	PARTICULARS	SCHEDULE	31.03.2011 ₹.
I. INCOME			
5,418,290,617	Gross Sales		6,350,872,313
<u>178,639,598</u>	LESS: Excise Duty		<u>201,986,507</u>
5,239,651,019	Net Sales		6,148,885,806
60,575,549	Other Income	"M"	23,849,148
42,778,826	Interest Income	"M"	39,975,908
469,871,480	Increase / (Decrease) in Stock	"N"	(198,496,433)
<u>5,812,876,874</u>	TOTAL		<u>6,014,214,429</u>
II. EXPENDITURE			
3,510,166,767	Raw material consumed	"O"	4,442,494,154
517,924,504	Manufacturing Expenses	"P"	521,248,217
211,465,681	Employee Cost	"Q"	242,191,242
474,797,050	Interest	"R"	536,026,340
180,024,861	Administrative Expenses	"S"	217,558,276
226,900,946	Depreciation		230,308,569
<u>5,121,279,809</u>	TOTAL		<u>6,189,826,798</u>
691,597,065	Profit before Exceptional items and Tax		(175,612,369)
620,653	ADD: Compensation on acquisition - Surplus		-
36,021,282	LESS: Prior period Expense - Sales tax / Expenses Extraordinary item - refer note No. 28		250,000,000
656,196,436	Profit before tax		(425,612,369)
113,388,000	LESS: Provision for - Tax		-
109,653,000	- Deferred Tax Liability / (Asset)		(58,594,000)
200,000	- Wealth Tax		250,000
1,261,756	Income Tax paid / (Refund) of Prior Year		1,907,085
431,693,680	Profit / (Loss) after tax		(369,175,454)
183,733,342	ADD : Balance b/f from the previous year		485,782,559
50,000,000	LESS: Transfer to General Reserve		-
68,075,100	Proposed Dividend		-
11,569,363	Tax on Dividend		-
<u>485,782,559</u>	Balance Carried Over		<u>116,607,105</u>
19.02	Basic Earnings per Share of ₹.10/- each		(16.04)
18.14	Diluted Earnings per Share of ₹.10/- each		(16.04)

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

K. Murali Mohan
Auditors, Proprietor
Membership No. 14328

R. Varadarajan
Wholetime Director

Rajshree Pathy
Chairperson and Managing Director

Place: Coimbatore
Date : 18th May 2011

A. Sathyamurthy
Chief Financial Officer

R.S. Gowdhaman
Company Secretary

SCHEDULES FORMING PART OF ACCOUNTS AS AT 31st MARCH 2011

31.03.2010 ₹.	PARTICULARS	31.03.2011 ₹.
	SCHEDULE "A"	
	SHARE CAPITAL	
	AUTHORISED	
300,000,000	30,000,000 Equity Shares of ₹.10/- each	300,000,000
	ISSUED, SUBSCRIBED & PAID UP	
226,917,000	23,791,700 Equity shares of ₹.10/- each fully paid-up (Previous year 22,691,700 Equity shares)	237,917,000
	SCHEDULE "B"	
	RESERVES & SURPLUS	
	RESERVES	
	General Reserve	
750,000,000	Balance brought forward	800,000,000
50,000,000	Transfer from Profit & Loss account	-
800,000,000		800,000,000
485,782,559	Balance in Profit & Loss account	116,607,105
1,285,782,559		916,607,105
-	Securities Premium account	57,200,000
1,285,782,559		973,807,105
	SCHEDULE "C"	
	SECURED LOANS	
	1. TERM LOANS	
347,195,000	A. From Financial institutions & SDF	302,215,000
1,244,729,809	B. From Banks	1,948,539,414
-	C. From Others	11,599,506
1,350,288,818	D. ECB from Banks	1,370,643,163
	2. CASH CREDIT	
1,376,937,625	From Banks	1,357,699,410
4,319,151,252		4,990,696,493
	SCHEDULE "D"	
	UNSECURED LOANS	
18,456,000	Fixed Deposit	8,320,000

SCHEDULE "E" - FIXED ASSETS

PARTICULARS	GROSS BLOCK (₹.)				DEPRECIATION (₹.)				NET BLOCK (₹.)	
	As on 31.03.2010	Additions	Deletions (refer note)	As on 31.03.2011	As on 1.4.2010	For the Year	Withdrawn	Upto 31.03.2011	As on 31.03.2011	As on 31.03.2010
Land	81,952,281	-	-	81,952,281	-	-	-	-	81,952,281	81,952,281
Buildings	985,748,270	120,739,853	-	1,106,488,123	137,490,104	29,354,868	-	166,844,972	939,643,151	848,258,166
Plant & Machinery	3,744,172,612	437,904,080	6,047,973	4,176,028,719	925,432,346	191,879,603	21,982	1,117,289,967	3,058,738,752	2,818,740,266
Office Equipments	12,431,699	1,501,519	5,550	13,927,668	4,717,536	579,780	5,550	5,291,766	8,635,902	7,714,163
Furniture	11,413,947	1,738,006	-	13,151,953	4,561,189	665,175	-	5,226,364	7,925,589	6,852,758
Vehicles	55,363,785	15,693,192	3,515,389	67,541,588	22,727,522	4,981,586	1,177,272	26,531,836	41,009,752	32,636,263
Electrical Equipments	47,278,375	1,337,301	-	48,615,676	16,923,126	2,163,774	-	19,086,900	29,528,776	30,355,249
Tools & Equipments	7,910,074	904,662	-	8,814,736	4,170,191	310,138	-	4,480,329	4,334,407	3,739,883
Lab Equipments	7,189,277	2,398,747	-	9,588,024	2,077,200	373,645	-	2,450,845	7,137,179	5,112,077
Total	4,953,460,320	582,217,360	9,568,912	5,526,108,768	1,118,099,214	230,308,569	1,204,804	1,347,202,979	4,178,905,789	3,835,361,106
Work in Progress									216,811,540	28,438,497
Previous year	4,999,512,701	68,554,953	114,607,334	4,953,460,320	894,062,157	226,900,946	2,863,889	1,118,099,214	3,835,361,106	4,105,450,544

Note : 1) Addition includes ₹.4468.11 lacs adjusted on account of foreign exchange fluctuations on the ECB loan restatement

2) Deletion includes ₹.54.83 lacs refund from TNEB relating to temporary supply excess payment made by the company during construction period

31.03.2010 ₹.	PARTICULARS	31.03.2011 ₹.
	SCHEDULE "F"	
	INVESTMENTS	
	- Investment - Unquoted - non-trade	-
	- Investment in Post office deposit	10,000
	Investment in Subsidiary Company	
	Trident Sugars Limited	
476,336,768	6,737,500 Equity shares of ₹.10/- each at cost	476,336,768
	Rajshree Power Private Limited	
	49,980 Equity shares of ₹.10/- each at cost ₹.2/- per share paidup	99,960
		<u>476,446,728</u>
	SCHEDULE "G"	
	INVENTORIES	
	As certified by the Managing Director and valued	
210,729,545	Raw materials at cost	-
1,303,837,991	Finished Goods at cost at net realisable value	1,073,025,677
35,370,512	Stock in Process at cost	46,535,358
117,532,200	Stores & Spares at cost	133,997,688
51,015,258	Immovable Property at cost (Refer Note 19)	54,088,799
<u>1,718,485,506</u>		<u>1,307,647,522</u>
	SCHEDULE "H"	
	SUNDRY DEBTORS	
	UNSECURED & CONSIDERED GOOD	
149,561	Outstanding for a period exceeding six months	829,232
244,006,911	Other Debts	314,613,564
<u>244,156,472</u>		<u>315,442,796</u>
	SCHEDULE "I"	
	CASH & BANK BALANCES	
907,725	Cash on hand	3,038,280
	<u>with Scheduled Banks</u>	
284,566,790	In Current Account	113,351,687
18,457,921	In Deposit Account	51,027,505
9,294,799	In Unpaid Dividend Account	10,351,964
2,127,346	In Current Account with MDCC bank	3,119,659
	<i>(Maximum balance due at any time during the year</i>	
	<i>₹.2,745,282/- Previous year ₹.2,495,740/-)</i>	
<u>315,354,581</u>		<u>180,889,095</u>
	SCHEDULE "J"	
	LOANS & ADVANCES	
	Recoverable in cash or in kind	
	Unsecured considered good	
204,558,929	Advances to Ryots, Staff and others	309,932,184
18,252,235	Advances for Capital expenditure	132,352,765
311,614,436	Advances to Subsidiary company - Trident Sugars Limited	307,502,572
11,060,000	Earnest, Security & Other Deposits	17,163,170
163,227,838	Excise deposits including Cenvat credits	118,639,873
167,101,370	Advance Income Tax	174,556,789
27,154,907	Prepaid expenses	15,913,338
<u>902,969,715</u>		<u>1,076,060,691</u>

31.03.2010 ₹.	PARTICULARS	31.03.2011 ₹.
	SCHEDULE "K"	
	CURRENT LIABILITIES	
	Sundry Creditors	
-	Due to micro, small and medium enterprises	-
677,156,208	Due to others for purchases	714,100,331
82,026,406	Due to others for expenses	86,389,040
20,494,963	Due for Other finances	23,708,004
2,575,336	Advance received from customers	6,797,192
60,097,625	Excise Duty payable - Finished Goods Stock	41,910,823
9,294,799	Investor Education and Protection fund shall be credited by the unpaid dividends *	10,351,964
57,363,669	Interest accrued but not due	51,417,124
<u>909,009,006</u>		<u>934,674,478</u>
	* The figures reflect the position as at March 31, 2011. The actual amount to be transferred to the Investors Education and Protection fund in this respect shall be determined on the due dates.	
	SCHEDULE "L"	
	PROVISIONS	
151,972,242	Provision for Taxes	152,000,022
11,569,363	Corporate Tax on Dividend	262,940
68,075,100	Proposed Dividend	-
<u>231,616,705</u>		<u>152,262,962</u>
	SCHEDULE "M"	
	INTEREST INCOME	
139,161	Interest on security & other deposits	203,930
	Interest received from Subsidiary Company (TDS ₹.3,547,035/-)	35,470,350
31,321,886	Interest on Term deposits (TDS ₹.130,050/-)	3,161,609
9,083,464	Interest on Income tax refund	1,140,019
2,234,315		
<u>42,778,826</u>		<u>39,975,908</u>
	OTHER INCOME	
48,435,635	Profit on sale of assets	38,650
7,069,683	Miscellaneous Income	4,581,155
-	Exchange rate fluctuation	10,414,407
4,070,536	Sale of scrap and waste material	4,993,943
999,695	Insurance claim receipts	3,820,993
<u>60,575,549</u>		<u>23,849,148</u>
	SCHEDULE "N"	
	STOCK DIFFERENTIAL	
833,893,189	Opening stock of Finished goods	1,303,837,991
27,650,251	Opening stock in process	35,370,512
51,015,258	Opening property stock in trade	51,015,258
1,303,837,991	Closing stock of Finished goods	1,073,025,677
35,370,512	Closing stock in process	46,535,358
51,015,258	Closing property stock in trade	54,088,799
<u>477,665,063</u>		<u>(216,573,927)</u>
	(Add) / Less: Excise Duty on (Increase) / Decrease in stocks of Finished Goods	(18,077,494)
7,793,583		
<u>469,871,480</u>		<u>(198,496,433)</u>

31.03.2010 ₹.	PARTICULARS	31.03.2011 ₹.
SCHEDULE "O"		
RAW MATERIAL CONSUMED		
33,506,664	Opening stock - raw materials	210,729,545
2,271,091,513	Purchase of raw materials	3,184,450,807
1,265,394,045	Raw sugar purchases	806,234,237
58,263,990	Transport Charges	126,566,713
85,569,867	Purchase Tax	105,958,789
<u>7,070,233</u>	Cess	<u>8,554,063</u>
3,720,896,312		4,442,494,154
LESS:		
<u>210,729,545</u>	Closing stock - raw materials including raw sugar	<u>-</u>
<u>3,510,166,767</u>		<u>4,442,494,154</u>
SCHEDULE "P"		
MANUFACTURING EXPENSES		
210,670,539	Consumption of Stores	221,336,730
6,726,569	Other Manufacturing Expenses	8,790,865
19,535,904	Excise duty expenses	7,479,969
165,653,514	Power & Fuel	138,628,474
Repairs & Maintenance		
6,055,829	Building	13,535,700
81,883,512	Machinery	98,767,944
11,057,829	Vehicles	12,556,667
<u>16,340,808</u>	Others	<u>20,151,868</u>
517,924,504		521,248,217
SCHEDULE "Q"		
EMPLOYEE COST		
173,609,442	Salaries, Wages & Bonus	188,527,942
23,729,063	Welfare Expenses	26,015,313
<u>14,127,176</u>	Contribution to P F & Other funds	<u>27,647,987</u>
211,465,681		242,191,242
SCHEDULE "R"		
INTEREST & FINANCIAL CHARGES		
284,238,046	On Term Loan	296,630,954
1,174,626	On Fixed Deposit	1,024,635
166,589,513	On Other loans	199,405,486
<u>22,794,865</u>	Bank charges	<u>38,965,265</u>
474,797,050		536,026,340
SCHEDULE "S"		
ADMINISTRATIVE EXPENSES		
4,742,547	Building rent	9,112,074
11,137,971	Licence Fees & Taxes	10,566,954
12,585,713	Insurance Premium	14,693,021
7,450,965	Selling Expenses / Export expenses	67,511,428
885,284	Brokerage & Commission	15,235,561
36,242,295	Managerial remuneration	19,772,110
360,000	Directors sitting fees	470,000
Auditor's remuneration		
505,500	- Statutory Audit fees	400,000
-	- Taxation matters	200,000
45,500	- Certification	146,000
66,000	Cost Audit fees	75,000
44,512	Loss on Sale of Assets	1,031,006
9,340,000	Charity & Donation	1,228,000
26,258,432	Exchange rate fluctuations	-
<u>70,360,142</u>	Other Expenses	<u>77,117,122</u>
180,024,861		217,558,276

SCHEDULE "T"**NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2011****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 AS 11) and net of specific subsidies, cenvat credit, if any and depreciation.

Preoperative expenses

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

iv) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are initially recorded at the exchange rate at which the transaction is carried out. Gains or losses on the settlement of these transactions, if any, within the same accounting year are recognized in the 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 alongwith 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 ₹.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
			2010-2011	2009-2010	
Sugar	N.A	11000 TCD	168,743*	174,472*	MT
Molasses	N.A	N.A	82,388	68,566	MT
Bagasse	N.A	N.A	475,227	399,505	MT
Industrial Alcohol	45 KLPD	45 KLPD	6,087,978	10,326,903	Lit
Electricity	N.A	54.5 MW	226,329,330	190,953,400	KWH
Organic Manure	N.A	30 T/Day	3,684	4,970	MT

* Including sugar produced from raw sugar

3. QUANTITATIVE PARTICULARS
A) RAW MATERIAL CONSUMED

(Value ₹. in Lakhs)

PRODUCT	UNIT	2010 - 2011		2009 - 2010	
		QTY.	VALUE	QTY.	VALUE
Sugarcane	MT	1,725,139	34,255.30	1,427,932	24,219.96
Molasses	MT	53,384	--	44,456	--
Bagasse	MT	469,161	--	391,406	--
Raw sugar	MT	14,767	4,578.25*	46,721	10,835.72

* Excluding 19,500 MTs of raw sugar re-exported.

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

(Value ₹. in Lakhs)

PRODUCT	UNIT	OPENING STOCK		CLOSING STOCK		SALES	
		QTY	VALUE	QTY	VALUE	QTY	VALUE
Sugar	MT	55,028 (47,032)	12,535.78 (7,759.64)	41,108 (55,028)	10,372.91 (12,535.78)	182,664 (166,476)	46,869.23 (43,762.79)
Molasses	MT	11,517 (13,062)	319.30 (353.31)	6,795 (11,517)	142.20 (319.30)	61,179 (25,271)	1,176.76 (492.74)
Bagasse	MT	1,689 (2,000)	3.73 (3.20)	3,359 (1,689)	8.66 (3.73)	-- (--)	-- (--)
Industrial Alcohol	LIT	874,792 (1,561,420)	148.45 (236.40)	1,094,540 (874,792)	173.92 (148.45)	5,868,230 (11,008,087)	1,545.12 (3,144.55)
Electricity(*)	KWH	-- (--)	-- (--)	-- (--)	-- (--)	158,025,524 (127,981,140)	5,919.24 (4,744.58)
Organic Manure	MT	4,098 (1,557)	31.12 (38.31)	3,545 (4,098)	32.56 (31.12)	4,230 (5,207)	98.64 (136.19)

* excluding captive consumption and carbon credit sales

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

(Value ₹. in lakhs)

PRODUCT	UNIT	OPENING STOCK		CLOSING STOCK		PURCHASES		SALES	
		QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
Property	Nos	6 (6)	510.15 (510.15)	6 (6)	540.89 (510.15)	- (-)	30.74* (-)	- (-)	- (-)

* Refer Note No. 19

4. Estimated amount of contracts pending to be executed on capital account as on 31.03.2011 is ₹.7,452.29 lakhs (previous year : ₹.284.38 lakhs)

5. 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 ₹.4,249,634/- (Previous year: ₹.4,249,634/-)

- b. The Company has provided a corporate guarantee of ₹. 32.34 crores to the Banks in respect of Term loans and cash credit facilities sanctioned to the subsidiary company Trident Sugars Limited. (Previous year ₹.51.94 crores)
- c. 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.
- d. The Commissioner of Central Excise (Appeals) has upheld the order of the Central Excise department imposing a penalty of ₹.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.
- e. Electricity generation tax demand for ₹. 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.
- f. The company has subscribed 49,980 equity shares of ₹.10/- each in Rajshree Power Private Limited (a subsidiary company), of which ₹. 2/- per share has been paid-up and the balance of ₹. 8/- per share is payable.
- g. In respect of additional demand of Sales tax received for the years 2000-2001 to 2004-2005 aggregating to ₹. 345.49 lakhs, no provision has been made in the accounts as the demand has been disputed before the first Appellate Authority. The amount of ₹. 69.36 lakhs paid towards statutory amount deposited before filing of appeal has been included under advance sales tax.

6. SECURED LOANS

- 1) Term loan of ₹.12 Crores from State Bank India is secured by:
 - a) 1st pari passu charge on the fixed & immovable assets of Sugar & Cogeneration plants of Unit-III situated at Semmedu.
 - b) Exclusive 1st charge on 5.19 acres of land with buildings thereon situated at Vilankurichi village, Coimbatore District.
- 2) Term loan of ₹.30 Crores from State Bank of India is secured by 1st pari passu charge on the current assets of the Company. The loan account is fully settled and closed during the year.
- 3) Term loan of ₹.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.
- 4) Term loan of ₹. 51.90 Crores and Term loan of ₹. 40.83 Crores from State Bank of India are secured by:
 - a) Exclusive 1st charge over the fixed assets purchased / created out of the Bank finance shared among lender banks for the Distillery project at Unit-III, Semmedu.
 - b) 2nd charge over the sugar & cogen division assets of Unit-III at Semmedu.
- 5) Term loan of ₹. 90 Crores from State Bank of India is secured by:
 - a) Exclusive 1st Charge on Cogen receivables of Unit-II at Mundiampakkam and Unit-III at Gingee.
 - b) Exclusive 1st charge on the cogen assets (including immovable properties) of Unit-II at Mundiampakkam.
- 6) Term loan of ₹. 5 Crores from State Bank of Hyderabad is secured by:
 - a) 1st pari passu charge on the current assets of the Company ; and
 - b) 1st pari passu charge on the fixed assets of sugar plant of Unit-II at Mundiampakkam.
- 7) Term loan of ₹.13 Crores from State Bank of Hyderabad is secured by:
 - a) 1st pari passu charge on the current assets of the Company
 - b) 1st pari passu charge on fixed & immovable assets of Unit-I at Varadarajnagar.
- 8) Term loan of ₹. 20 Crores from State Bank of Hyderabad is secured by:
 - a) 1st pari passu charge on the current assets of the Company
 - b) 1st pari passu charge on fixed & immovable assets of sugar mill of Unit-II at Mundiampakkam.

- 9) Term loan of ₹. 10 Crores from State Bank of Mysore is secured by:
 - a) 1st paripassu charge on the fixed & immovable assets of Sugar & Cogeneration plants of Unit-III at Semmedu.
 - b) 2nd paripassu charge on the fixed assets of Unit-I at Varadarajnagar.
 - c) 3rd paripassu charge on co-generation assets of Unit II at Mundiampakkam.
 - d) 4th paripassu charge on sugar mill assets of Unit II at Mundiampakkam.
- 10) Term loan of ₹. 15 Crores from Bank of India is secured by:
 - a) 1st paripassu charge on Fixed & movable properties of Unit-I at Varadarajnagar.
 - b) Exclusive 1st charge on land and buildings of the Company at Golf Links, New Delhi.
- 11) Term loan of ₹. 2 Crores from Bank of India is secured by 1st paripassu charge on the fixed & immovable assets of Sugar & Cogeneration plants of Unit-III at Semmedu.
- 12) Term loan of ₹. 7 Crores from Bank of India is secured by:
 - a) 1st paripassu charge on the current assets of the Company
 - b) 1st paripassu charge on fixed & immovable assets of sugar plant of Unit-II at Mundiampakkam.
- 13) Term loans aggregating to ₹. 28.40 Crores (State Bank of India ₹. 12.25 Crores, State Bank of Mysore ₹. 4.90 Crores, Bank of India ₹. 4.90 Crores, UCO Bank ₹.3.90 Crores and State Bank of Hyderabad ₹.2.45 Crores) received under the Scheme for Extending Financial Assistance to Sugar Undertakings are secured by:
 - a) Residual paripassu charge on the fixed assets of Unit-I at Varadarajnagar.
 - b) Residual paripassu charge on fixed assets of Unit-II at Mundiampakkam.
- 14) ECB loan of 30 Million USD equivalent to ₹. 125.15 Crores is secured by:
 - a) 1st paripassu charge on the fixed & immovable assets of Sugar & Cogeneration plants of Unit-III at Semmedu.
 - b) 2nd paripassu charge on the current assets of sugar and co-generation plants of Unit-III at Semmedu, which is subservient to the 1st charge in favour of working capital lenders of Unit-III.
- 15) Term loan of ₹. 17.49 Crores from Sugar Development Fund, Government of India is secured by way of exclusive 2nd charge on movable and immovable properties of Sugar & Cogeneration plants of Unit-II at Mundiampakkam.
- 16) Term loan of ₹. 21.10 Crores from Sugar Development Fund, Government of India is secured by way of 1st paripassu charge on movable and immovable properties of Sugar & Cogeneration plants of Unit-III at Semmedu.
- 17) Short Term Cane Development Loan of ₹. 4 Crores from Sugar Development Fund has been collaterally secured by issue of bank guarantee amounting to ₹. 4.40 crores availed from Federal Bank Limited which is secured by creation of 2nd paripassu charge on the current assets of the Company.
- 18) Term loan of ₹. 22 Crores from Axis Bank Limited is secured by:
 - a) 2nd charge on land and buildings of the Company at Golf links, New Delhi.
 - b) Subservient charge on the entire movable fixed assets of the company.
- 19) Term loan of ₹. 1.57 Crores from Sundaram Finance Limited is secured by way of Exclusive 1st charge on Cane Harvester Machine at Unit-II, Mundiampakkam.
- 20) Working capital limit of ₹. 191 Crores from consortium of bankers are secured by:
 - a) 1st paripassu charge on the current assets of the Company
 - b) 2nd paripassu charge on the fixed & immovable assets of Unit-I at Varadarajnagar.
 - c) 3rd paripassu charge on the fixed & immovable assets of cogeneration plant of Unit-II at Mundiampakkam.
 - d) 4th paripassu charge on the fixed & immovable assets of sugar plant of Unit-II at Mundiampakkam.
- 21) Short term financial assistance of ₹. 35 Crores from Yes Bank Limited is secured by:
 - a) 1st paripassu charge on the entire current assets of the Company.
 - b) Exclusive 1st charge on 80 cents of land of the Company at Pappanaickenpalayam, Coimbatore.

7. MANAGERIAL REMUNERATION

Particulars	2010-2011 (₹)	2009-2010 (₹)
Salary	18,546,667	18,246,154
Commission	-	17,140,388
Company's contribution to Provident Fund	18,720	18,720
Other Perquisites	1,206,723	837,033
	19,772,110	36,242,295

Computation of Net Profit under section 198/349 of the Companies Act, 1956

Profit before taxation	(425,612,369)	656,196,436
Add: Depreciation as per books	230,308,569	226,900,946
Loss on sale of assets	1,031,006	44,512
Remuneration - Managing Director	15,009,360	32,189,348
Remuneration - Whotetime Director	4,762,750	4,052,943
Directors' sitting fees	470,000	360,000
	(174,030,684)	919,744,185

Less: Depreciation u/s 350	230,308,569	226,900,946
Profit on sale of assets	38,650	48,435,635
Compensation on aquisition - Surplus	-	620,653
	230,347,219	275,957,234

Net Profit / (Loss) for the year	(404,377,903)	643,786,951
Less: Carried forward loss as per last Balance Sheet	--	--
Net profit / (Loss)	(404,377,903)	643,786,951
Remuneration @ 5% of the above to the Managing Director	--	32,189,348

8. There were no transactions entered into with Micro, Small and Medium Enterprises (MSME) during the year or in the earlier year. Accordingly, no amount is due to Micro, Small and Medium Enterprises in respect of sundry creditors. Further, no interest has been paid or is accrued and payable to MSME under the circumstances either in this year or the earlier year.

	2010-11 ₹.	2009-10 ₹.
9. CIF Value of Imports		
a) Raw materials-Raw sugar	685,303,820	1,265,394,045
b) Capital Goods	14,880,539	-
c) Consumable spares	-	14,932,217
10. Earnings in Foreign Exchange		
a) Export of goods calculated on FOB basis	879,364,857	-
b) Sale of carbon credits	62,887,396	-
11. Expenditure in Foreign Currency		
a) Professional, Agency & Consultation Services	1,707,165	4,335,654
b) Interest payments	115,321,101	140,060,152
c) Others	5,750,164	3,688,000
12. Consumption		
a) Raw materials		
i) Imported	126,164,720 (3.00%)	1,083,572,093 (30.87%)
ii) Indigenous	3,757,190,334 (97.00%)	2,426,594,674 (69.13%)

	2010-11 ₹.	2009-10 ₹.
b) Stores & spares		
i) Imported	-	14,932,217 (7.09%)
ii) Indigenous	221,336,730 (100%)	195,738,322 (92.91%)
13. a) Amount of Dividend remitted during the year in Foreign Exchange currencies	3,435,810	1,145,270
b) Number of Non-resident shareholders	127	141
c) Number of shares held by the above persons	2,443,623	2,478,111
14. Tax deducted at source on interest income	3,677,085	8,275,153
Tax deducted at source on rental income	13,428	20,538
Tax deducted at source on compensation	-	69,115
Tax deducted at source on others	7,700	-
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	8,902,936	(9,269,238)
Employer's Contribution to Superannuation Fund	4,773,441	(4,825,943)

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 (₹.)

	31.03.2011	31.03.2010
Defined Benefit obligation at beginning of the year	65,009,764	60,961,045
Current service cost	4,380,689	4,390,014
Interest cost	5,363,306	4,876,884
Benefits paid	7,115,254	5,755,803
Actuarial (gain)/loss	8,194,677	(10,973,982)
Defined Benefit obligation at year end	75,833,190	65,009,764

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

Fair value of plan assets at beginning of the year	35,612,240	33,040,086
Expected return on plan assets	3,332,301	5,013,063
Employer contribution	4,000,000	4,000,000
Benefits paid	7,115,254	(9,212,174)
Actuarial (gain)/loss	112,130	2,771,265
Fair value of plan assets at year end	35,941,417	35,612,240

	31.03.2011	31.03.2010
c. Reconciliation of fair value of assets and obligations (₹.)		
Fair value of plan assets as at 31 st March 2011	35,941,417	35,612,240
Present value of obligation as at 31 st March 2011	75,833,190	65,009,764
Amount recognized in Balance Sheet	(39,891,773)	(29,397,524)
d. Expenses recognized during the year (₹.)		
Current Service Cost	4,380,689	4,390,014
Interest Cost	5,363,306	4,876,884
Expected return on plan assets	3,332,301	5,013,063
Actuarial (gain) / loss	8,194,677	(2,771,265)
Net Cost	14,606,371	1,482,570
e. Investment details (₹.)		
L.I.C. Group Gratuity policy	16,615,920	19,673,937
HDFC Group Gratuity policy	19,325,497	15,938,303
f. Actuarial assumptions		
Mortality Table (L.I.C)	1994-96	1994-96
Discount rate (per annum)	8.25%	8%
Expected rate of return on plan assets (per annum)	8.625%	8%
Rate of escalation in salary (per annum)	7.50%	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 ₹. 41,910,823/- (Previous year : ₹. 60,097,625/-).
17. Borrowing costs capitalized during the year is ₹. 1,795,614/- Previous year : ₹. 835,297/-). Borrowing cost included in Capital Work in progress- ₹. 10,775,604/- (Previous year ₹. 464,984/-)
18. Foreign currency loan (ECB) liability has been restated on 31.3.2011. The exchange difference arising on restatement of the above loan amounting to ₹. 3,579.26 lakhs has been capitalized during the year.
19. Building repair and maintenance includes ₹. 3,073,541/- (Previous year ₹. Nil) being the cost of renovation of the property held under Property Development Division and accordingly the closing inventory value of the immovable property is restated.
20. Interest paid on Fixed deposits include ₹. 338,270 /- (Previous year - ₹. 679,660/-) paid to Ms.Rajshree Pathy, Chairperson and Managing Director in respect of fixed deposits held by her.
21. 110,696 Nos. of Carbon Emission Reductions (CERs) were sold during the year for an value of ₹. 62,887,396/-
22. In terms of AS-28, the company has carried out an exercise to ascertain the impairment, if any, in the carrying values of its Fixed assets. The exercise has not revealed any impairment of assets during the year 2010-11.
23. 1,100,000 Equity Shares at ₹.10/- each at a price of ₹.62/- each including a premium of ₹.52/- per share have been allotted to Ms. Rajshree Pathy, Chairperson and Managing Director on 9th December 2010 on receipt of the entire payment, on exercise of the rights attached to the share warrants. The said 1,100,000 equity shares are subject to lock-in for 3 years upto 9th December 2013.

24. In respect of the property at Delhi wherein the 1st and 2nd 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 ₹.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 ₹.11,250,000/-.

25. During the current financial year, the company held Five properties on lease for operating purpose and the future minimum lease payments are as under:

	(₹. in Lakhs)	
	2010-2011	2009-2010
Not later than one year	40.59	45.77
Later than 1 year and not later than 5 years	68.59	109.04
Later than 5 years	94.88	103.75

26. Company during the year ended 31.3.2007 had been awarded a compensation of ₹.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 ₹.1,183,051/- is due from the State Government.

27. Company during the year ended 31.3.2009 had been awarded a compensation of ₹.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 ₹.563,750/- is yet due from the State Government.

28. The company entered into an out-of-court settlement by payment of ₹.25 crores on account of dispute pertaining to the Derivative transactions with Axis Bank Ltd. The same is written off in the Profit and Loss Account under extraordinary items. Consequent on such settlement, both the parties have withdrawn all actions initiated by each of them and necessary final orders have been obtained.

29. The Company has during the year fulfilled the export obligation of 4500 MTs of white sugar on account of import of raw sugar under advance license scheme.

30. Deferred tax workings:

(₹. in Lakhs)

Particulars	Opening balance	Addition / (Reversal)	Closing balance
Deferred tax liabilities			
Depreciation	7,317.99	893.50	8,211.49
Total - A	7,317.99	893.50	8,211.49
Deferred tax assets			
Unabsorbed Depreciation and losses	1,224.00	1,443.45	2,667.45
Disallowance u/s 43 B	168.87	36.00	204.87
Total - B	1,392.87	1,479.45	2,872.32
Net Deferred tax liability (A-B)	5,925.12	(585.94)	5,339.17
MAT Credit (C)	793.92	-	793.92
Net Deferred tax liability (A-B-C)	5,131.20	(585.94)	4,545.26

31. Information about Segments: Primary segment - Business segments

(₹. in Thousands)

Particulars	Sugar	Cogen	Distillery	Total
REVENUE				
External Sales	5,534,022	654,811	162,039	6,350,872
Inter-segment Sales	172,246	301,902	-	474,148
Total Revenue	5,706,268	956,713	162,039	6,825,020

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

(₹. in Thousands)

Particulars	Sugar	Cogen	Distillery	Total
RESULT				
Segment result	(92,356)	483,083	59,087	449,814
Unallocated corporate expenses				89,400
Operating Profit				360,414
Interest Expense				536,026
Interest Income				-
Income Taxes				(56,437)
Profit from ordinary activities				(119,175)
Extraordinary Loss				(250,000)
Net Profit				(369,175)
OTHER INFORMATION				
Segment assets	5,307,585	1,895,792	72,380	7,275,757
Unallocated corporate assets				476,447
Total Assets				7,752,204
Segment Liabilities	4,595,163	1,338,378	150	5,933,691
Unallocated Corporate Liabilities				152,263
Total Liabilities				6,085,954
Capital Expenditure				-
Depreciation	111,377	113,906	5,026	230,309
Non-cash expenses other than depreciation				-

Notes:

- The Company has identified business segments as primary segments. The reportable business segments are based on segment results.
- Composition of the business segments and types of products in each of them is as under :

Sugar	White Crystal Sugar
Cogeneration	Cogeneration of Electricity
Distillery	Rectified Spirit, Denatured Spirit, Anhydrous Alcohol & Organic Manure
Others	Property Development
- Inter Segment revenues are recognised at net realisable price as on the date of transaction and are eliminated in consolidation.
- The Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.
- Secondary Segment:

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

Domestic Sales	₹. 5,051,873,553/-
Export Sales including carbon credit	₹. 1,097,012,253/-
Total	₹. 6,148,885,806/-

32. RELATED PARTY DISCLOSURE

Transactions with related parties

(Value in ₹.)

Particulars	Subsidiaries	Key Management Personnel	Relatives of key Management personnel	Other Related Parties	Total
Remuneration	- (-)	19,772,110 (36,242,295)	- (-)	- (-)	19,772,110 (36,242,295)
Purchase of Goods	- (-)	- (-)	104,376 (321,074)	2,262,475 (2,014,199)	2,366,851 (2,335,273)
Sale of goods	232,124 (-)	- (-)	- (13,500)	- (268,460)	232,124 (281,960)
Purchase of Assets/ Accessories	- (-)	- (-)	- (-)	7,618,519 (4,602,665)	7,618,519 (4,602,665)
Sale of Assets / Accessories	323,482 (323,482)	- (-)	- (-)	- (-)	323,482 (323,482)
Rendering of Services	- (-)	- (-)	- (-)	- (112,207)	- (112,207)
Receiving of Services	- (-)	- (-)	- (-)	294,306 (422,669)	294,306 (422,669)
Finance - Loans Given	135,731,309 (177,810,652)	- (-)	- (-)	- (-)	135,731,309 (177,810,652)
Finance - Equity Contribution Received	- (-)	51,150,000 (17,050,000)	- (-)	- (-)	51,150,000 (17,050,000)
Finance - Equity Contribution Made	99,960 (-)	- (-)	- (-)	- (-)	99,960 (-)
Finance - Fixed Deposits Repaid	- (-)	12,000,000 (-)	- (-)	1,374,000 (-)	13,374,000 (-)
Finance - Fixed Deposits Received	- (-)	- (12,000,000)	- (-)	1,000,000 (-)	1,000,000 (12,000,000)
Interest paid	- (-)	338,270 (679,660)	- (-)	118,928 (132,091)	457,198 (811,751)
Interest received	35,470,350 (31,321,886)	- (-)	- (-)	- (-)	35,470,350 (31,321,886)
Guarantee on behalf of Subsidiary company	323,360,263 (519,397,310)	- (-)	- (-)	- (-)	323,360,263 (519,397,310)
Lease Rent Paid	- (-)	- (-)	- (-)	502,386 (193,960)	502,386 (193,960)
Outstandings					
Payable	399,840 (-)	- (12,000,000)	625,167 (-)	2,609,980 (1,569,316)	3,634,987 (13,569,316)
Receivable	307,502,572 (311,614,436)	- (-)	- (40,250)	2,483 (150,938)	307,505,055 (311,805,624)

Note:

Names of related parties and description of relationship

1. Holding Companies
None

2. Subsidiaries
Trident Sugars Limited
Rajshree Power Private Limited

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

33.	Earnings per share	31.03.2011 ₹.	31.03.2010 ₹.
	a) Net profit / (Loss) after tax	(369,175,454)	431,693,680
	b) Weighted average number of equity shares of ₹.10/-each outstanding during the year	23,032,248	22,691,700
	c) Basic earnings per share of ₹. 10/- each before extraordinary items	(5.18)	19.02
	d) Basic earning per share of ₹. 10/- each after extraordinary items	(16.04)	19.02
	e) Diluted earnings per share of ₹. 10/- each after extraordinary items (after considering allotment of 1,100,000 warrants)	-	18.14

The number of shares used in computing Earnings Per Share is the weighted average number of shares outstanding during the year.

34. 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
Wholetime Director

Rajshree Pathy
Chairperson and Managing Director

Place: Coimbatore
Date : 18th May 2011

A. Sathyamurthy
Chief Financial Officer

R.S. Gowdhaman
Company Secretary

Cash Flow Statement for the Year ended	31.03.2011	31.03.2010
	₹.	₹.
A. Cash Flow from Operating activities:		
Net Profit before taxation & extraordinary items	(175,612,369)	691,597,065
Adjustment for:		
Depreciation	230,308,569	226,900,946
Loss / (Profit) on sale of Fixed Assets	992,356	(48,391,123)
Interest paid	536,026,340	474,797,050
Interest received	<u>(39,975,908)</u>	<u>(42,778,826)</u>
Operating profit before working capital changes	551,738,988	1,302,125,112
Adjustments for:		
Trade and other receivables	(236,921,881)	(197,299,001)
Inventories	410,837,984	(672,743,615)
Trade payables	<u>25,665,472</u>	<u>(127,373,786)</u>
Cash generated from Operations	751,320,563	304,708,710
Direct taxes (paid) / Refund	<u>(9,584,724)</u>	<u>(92,831,798)</u>
Cashflow before extraordinary items	741,735,839	211,876,912
Extraordinary items	<u>(250,000,000)</u>	<u>(36,021,282)</u>
Net cash from operating activities	491,735,839	175,855,630
B. Cash flow from investing activities		
Purchase of Fixed Assets	(407,180,177)	(92,488,503)
Investment in Subsidiary company / Post office Deposit	(109,960)	-
Sale of Fixed Assets - including compensation received on acquisition	1,888,076	65,794,039
Interest received	<u>39,975,908</u>	<u>42,778,826</u>
Net Cash used in investing activities	(365,426,153)	16,084,362
C. Cash Flow from financing activities		
Proceeds from issue of Share Capital	51,150,000	17,050,000
Proceeds from / (Repayment of) long term borrowings	322,720,906	12,893,896
Proceeds from / (Repayment of) short term borrowings	(19,238,215)	428,147,728
Interest paid	(536,026,340)	(474,797,050)
Dividend paid including tax on dividend	<u>(79,381,523)</u>	<u>(26,548,154)</u>
Net Cash used in Financing Activities	(260,775,172)	(43,253,580)
Net Increase / (Decrease) in Cash and Cash Equivalents	(134,465,486)	148,686,412
Cash and cash equivalent as at the beginning of the Year	315,354,581	166,668,169
Cash and cash equivalent as at the close of the Year	180,889,095	315,354,581

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

K. Murali Mohan
Auditors, Proprietor
Membership No. 14328

R. Varadarajan
Wholetime Director

Rajshree Pathy
Chairperson and Managing Director

Place: Coimbatore
Date : 18th May 2011

A. Sathyamurthy
Chief Financial Officer

R.S. Gowdhaman
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-2011

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

Public Issue : NIL Rights Issue : NIL
Bonus Issue : NIL Private placement : 11,000

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

Total Liabilities : 6,665,267 Total Assets : 6,665,267

Sources of Funds

Paid-up Capital : 237,917 Reserves & Surplus : 973,807
Secured Loans : 4,990,696 Unsecured Loans : 8,320
Deferred Tax : 454,526

Application of Funds

Net fixed assets : 4,395,717 Investments : 476,447
Net current assets : 1,793,103 Misc. Expenditure : --
Accumulated losses : --

IV Performance of the Company (Amount in ₹. thousands)

Total Income : 6,212,711 Total Expenditure : 6,638,323
Profit Before Tax : (425,612) Profit after tax : (369,175)
Earnings per share (₹.) : (16.04) Dividend Rate : --

V Generic Names of three principal products/services of the 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
Wholetime Director

Rajshree Pathy
Chairperson and Managing Director

Place: Coimbatore
Date : 18th May 2011

A. Sathyamurthy
Chief Financial Officer

R.S. Gowdhaman
Company Secretary

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

01	Name of the Subsidiary	Trident Sugars Limited
02	Financial year of the subsidiary	31 st March 2011
03	Shares of the subsidiary held by Rajshree Sugars & Chemicals Limited and extent of holding as on 31 st March 2011	
	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 ₹.)	
	a) Dealt within the accounts of Rajshree Sugars & Chemicals Limited for the year ended 31 st March 2011	NIL
	b) Not dealt within the accounts of Rajshree Sugars & Chemicals Limited for the year ended 31 st March 2011	33,497,267/-
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 ₹.)	
	a) Dealt within the accounts of Rajshree Sugars & Chemicals Limited for the year ended 31 st March 2011	Not Applicable
	b) Not dealt within the accounts of Rajshree Sugars & Chemicals Limited for the year ended 31 st March 2011	(95,785,721/-)

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

K. Murali Mohan
Auditors, Proprietor
Membership No. 14328

R. Varadarajan
Wholetime Director

Rajshree Pathy
Chairperson and Managing Director

Place: Coimbatore
Date : 18th May 2011

A. Sathyamurthy
Chief Financial Officer

R.S. Gowdhaman
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 2011, 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, M/s. Trident Sugars Limited, whose financial statements reflect total assets of ₹.940,523,361/- as at 31st March 2011 and total revenues of ₹.1,226,214,703/- and the net cash outflows amounting to ₹.5,903,521/- for the year then ended as considered in the Consolidated financial statements.

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 2011;
- 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 : 18th May 2011

K.Murali Mohan
Auditors, Proprietor
Membership No.14328

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2011

31.03.2010 ₹.	PARTICULARS	SCHEDULE	31.03.2011 ₹.
I. SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
226,917,000	(a) Share Capital	"A" 237,917,000	
17,050,000	Share Application Money (Refer Note No.14)	"B" -	
1,156,499,570	(b) Reserves & Surplus	"B" <u>878,021,383</u>	1,115,938,383
2. LOAN FUNDS			
4,838,548,562	(a) Secured	"C" 5,354,021,756	
18,456,000	(b) Unsecured	"D" <u>8,320,000</u>	5,362,341,756
490,653,904	3. DEFERRED TAX		434,646,904
<u>6,748,125,036</u>	TOTAL		<u>6,912,927,043</u>
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
5,704,367,157	(a) Gross Block	"E" 6,287,312,680	
<u>1,227,559,843</u>	(b) Less: Depreciation	"E" <u>1,477,971,998</u>	
4,476,807,314	(c) Net Block	"E" <u>4,809,340,682</u>	
<u>75,938,497</u>	(d) Capital Work in Progress	"E" <u>269,222,711</u>	5,078,563,393
4,552,745,811			
-	2. INVESTMENTS	"F" -	109,960
3. CURRENT ASSETS, LOANS & ADVANCES			
2,235,797,652	(a) Inventories	"G" 1,706,512,171	
254,997,388	(b) Sundry Debtors	"H" 375,276,945	
327,569,528	(c) Cash and Bank Balances	"I" 187,200,521	
<u>654,436,971</u>	(d) Loans & Advances	"J" <u>829,475,984</u>	
3,472,801,539		"J" <u>3,098,465,621</u>	
LESS: CURRENT LIABILITIES AND PROVISIONS			
1,041,075,609	(a) Current Liabilities	"K" 1,101,548,969	
<u>236,346,705</u>	(b) Provisions	"L" <u>162,662,962</u>	
1,277,422,314		"L" <u>1,264,211,931</u>	
2,195,379,225	NET CURRENT ASSETS		1,834,253,690
<u>6,748,125,036</u>	TOTAL		<u>6,912,927,043</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
Wholetime Director

Rajshree Pathy
Chairperson and Managing Director

Place: Coimbatore
Date : 18th May 2011

A. Sathyamurthy
Chief Financial Officer

R.S. Gowdhaman
Company Secretary

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

31.03.2010 ₹.	PARTICULARS	SCHEDULE	31.03.2011 ₹.
I. INCOME			
6,039,525,386	Gross Sales		7,631,496,903
<u>203,939,250</u>	LESS: Excise Duty		<u>260,525,086</u>
5,835,586,136	Net Sales		7,370,971,817
69,020,507	Other Income	"M"	27,911,741
11,516,372	Interest Income	"M"	4,571,657
<u>796,153,019</u>	Increase / (Decrease) in Stock	"N"	<u>(313,829,851)</u>
<u>6,712,276,034</u>	TOTAL		<u>7,089,625,364</u>
II. EXPENDITURE			
4,213,143,499	Raw material Consumed	"O"	5,277,912,469
569,133,553	Manufacturing Expenses	"P"	594,519,469
245,779,948	Employee Cost	"Q"	288,060,727
510,667,394	Interest	"R"	569,212,247
190,643,079	Administrative Expenses	"S"	234,697,390
<u>247,926,043</u>	Depreciation		<u>251,616,959</u>
<u>5,977,293,516</u>	TOTAL		<u>7,216,019,261</u>
734,982,518	Profit before Exceptional items and Tax		(126,393,897)
620,653	ADD: Compensation on acquisition - Surplus		-
36,021,282	LESS: Prior period Expense-Sales tax / Expenses		-
-	Extraordinary item		250,000,000
325,354	Prior year income reversed		-
699,256,535	Profit before tax		(376,393,897)
118,118,000	LESS: Provision for - Tax		10,400,000
119,670,000	- Deferred Tax Liability / (Asset)		(56,007,000)
200,000	- Wealth Tax		250,000
1,291,980	Income Tax paid / (Refund) of Prior Year		4,641,290
459,976,555	Profit / (Loss) after tax		(335,678,187)
26,167,478	ADD: Balance b/f from the previous year		356,499,570
50,000,000	Transfer to General Reserve		-
68,075,100	Proposed Dividend		-
<u>11,569,363</u>	Tax on Dividend		<u>-</u>
<u>356,499,570</u>	Balance Carried Over		<u>20,821,383</u>
20.27	Basic Earnings per Share of ₹.10/- each		(14.58)
19.33	Diluted Earnings per Share of ₹.10/- each		(14.58)

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

K. Murali Mohan
Auditors, Proprietor
Membership No. 14328

R. Varadarajan
Wholetime Director

Rajshree Pathy
Chairperson and Managing Director

Place: Coimbatore
Date : 18th May 2011

A. Sathyamurthy
Chief Financial Officer

R.S. Gowdhaman
Company Secretary

SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS AS AT 31st MARCH 2011

31.03.2010 ₹.	PARTICULARS	31.03.2011 ₹.
	SCHEDULE "A"	
	SHARE CAPITAL	
	AUTHORISED	
300,000,000	30,000,000 Equity shares of ₹.10/- each	300,000,000
	ISSUED, SUBSCRIBED & PAID UP:	
226,917,000	23,791,700 Equity shares of ₹.10/- each fully paid-up (Previous year 22,691,700 Equity shares)	237,917,000
	SCHEDULE "B"	
	RESERVES & SURPLUS	
	RESERVES	
	General Reserve	
750,000,000	Balance brought forward	800,000,000
50,000,000	Transfer from Profit & Loss account	-
800,000,000		800,000,000
356,499,570	Balance in Profit & Loss A/c	20,821,383
1,156,499,570		820,821,383
-	Securities Premium account	57,200,000
1,156,499,570		878,021,383
	SCHEDULE "C"	
	SECURED LOANS	
	1. TERM LOANS	
347,195,000	A. From Financial institutions & SDF	342,180,000
1,484,227,365	B. From Banks	2,004,211,770
-	C. From others	11,599,506
-	Interest Accrued & Due	-
1,350,288,818	C. ECB from Banks	1,370,643,163
	2. CASH CREDIT	
1,656,837,379	From Banks	1,625,387,317
4,838,548,562		5,354,021,756
	SCHEDULE "D"	
	UNSECURED LOANS	
18,456,000	Fixed Deposit	8,320,000

SCHEDULE "E" - FIXED ASSETS

PARTICULARS	GROSS BLOCK (₹.)				DEPRECIATION (₹.)				NET BLOCK (₹.)	
	As on 31.03.2010	Additions	Deletions (refer note)	As on 31.03.2011	As on 1.4.2010	For the Year	Withdrawn	Upto 31.03.2011	As on 31.03.2011	As on 31.03.2010
Goodwill	324,739,375	-	-	324,739,375	-	-	-	-	324,739,375	324,739,375
Land	88,984,158	-	-	88,984,158	-	-	-	-	88,984,158	88,984,158
Buildings	1,041,494,254	123,345,961	-	1,164,840,215	149,312,530	30,996,672	-	180,309,202	984,531,013	892,181,724
Plant & Machinery	4,101,457,920	444,269,899	6,047,973	4,539,679,846	1,021,143,032	211,108,729	21,982	1,232,229,779	3,307,450,067	3,080,314,888
Office Equipments	12,665,818	1,588,439	5,550	14,248,707	4,756,028	594,188	5,550	5,344,666	8,904,041	7,909,790
Furniture	13,186,555	1,812,629	-	14,999,184	5,308,792	780,487	-	6,089,279	8,909,905	7,877,763
Vehicles	58,036,351	16,856,797	3,515,389	71,377,759	23,868,943	5,289,326	1,177,272	27,980,997	43,396,762	34,167,408
Electrical Equipments	48,703,376	1,337,301	-	50,040,677	16,923,126	2,163,774	-	19,086,900	30,953,777	31,780,250
Tools & Equipments	7,910,074	904,662	-	8,814,736	4,170,187	310,138	-	4,480,325	4,334,411	3,739,887
Lab Equipments	7,189,276	2,398,747	-	9,588,023	2,077,205	373,645	-	2,450,850	7,137,173	5,112,071
Total	5,704,367,157	592,514,435	9,568,912	6,287,312,680	1,227,559,843	251,616,959	1,204,804	1,477,971,998	4,809,340,682	4,476,807,314
Work in Progress									269,222,711	75,938,497
Previous year	5,748,381,300	70,633,191	114,647,334	5,704,367,157	982,497,707	247,926,043	2,863,907	1,227,559,843	4,476,807,314	4,765,883,593

Note : 1) Addition includes ₹. 4468.11 lacs adjusted on account of foreign exchange fluctuations on the ECB loan restatement.

2) Deletion includes ₹. 54.83 lacs refund from TNEB relating to temporary supply excess payment made by the company during construction period.

31.03.2010 ₹.	PARTICULARS	31.03.2011 ₹.
	SCHEDULE "F"	
	INVESTMENTS	
-	Investment - Un quoted - non-trade	-
-	Investment in Post office deposit	10,000
-	Investment in Subsidiary Company Rajshree Power Private Limited 49,980 Equity shares of ₹.10/- each at cost ₹. 2/- per share paid up	<u>99,960</u>
		<u>109,960</u>
	SCHEDULE "G"	
	INVENTORIES	
	As certified by the Managing Director and valued	
210,729,545	Raw materials at cost	-
1,800,651,663	Finished Goods at Cost / at net realisable value	1,443,253,518
38,494,512	Stock in Process at cost	55,529,421
134,906,674	Stores & Spares at cost	153,640,433
51,015,258	Immovable Property at cost	<u>54,088,799</u>
<u>2,235,797,652</u>		<u>1,706,512,171</u>
	SCHEDULE "H"	
	SUNDRY DEBTORS	
	UNSECURED & CONSIDERED GOOD	
737,810	Outstanding for a period exceeding six months	829,232
254,259,578	Other Debts	<u>374,447,713</u>
<u>254,997,388</u>		<u>375,276,945</u>
	SCHEDULE "I"	
	CASH & BANK BALANCES	
1,067,201	Cash on hand	3,572,595
	with Scheduled Banks	
296,569,479	In Current Account	117,985,276
18,457,921	In Deposit Account	52,027,505
9,294,799	In Unpaid Dividend Account	10,351,964
2,180,128	In Current Account with MDCC bank **	<u>3,263,181</u>
<u>327,569,528</u>	** (Maximum balance due at any time during the year ₹. 2,745,282/- Previous year ₹. 2,495,740/-)	<u>187,200,521</u>
	SCHEDULE "J"	
	LOANS & ADVANCES	
	Recoverable in cash or in kind	
	Unsecured considered good	
269,598,264	Advances to Ryots, Staff and others	359,023,333
4,127,364	Advances for Capital expenditure	132,352,765
12,882,586	Earnest, Security & Other Deposits	18,990,656
164,670,213	Excise deposits including Cenvat credits	119,933,874
174,646,360	Advance Income Tax	182,143,517
28,512,184	Prepaid expenses	<u>17,031,839</u>
<u>654,436,971</u>		<u>829,475,984</u>

31.03.2010 ₹.	PARTICULARS	31.03.2011 ₹.
	SCHEDULE "K"	
	CURRENT LIABILITIES	
	Sundry Creditors	
-	Due to Micro, small and medium enterprises	-
753,299,201	Due to others for purchases	829,915,213
92,475,337	Due to others for expenses	107,636,879
30,853,833	Due for Other finances	32,199,501
12,203,086	Advance received from customers	6,797,192
85,585,684	Excise Duty payable - Finished Goods Stock	61,847,099
9,294,799	Investor Education and Protection fund shall be	
57,363,669	credited by the unpaid dividends*	10,351,964
	Interest accrued but not due	52,801,121
<u>1,041,075,609</u>		<u>1,101,548,969</u>
	<i>* The figures reflect the position as at March 31,2011. The actual amount to be transferred to the Investor Education and Protection fund in this respect shall be determined on the due dates.</i>	
	SCHEDULE "L"	
	PROVISIONS	
156,702,242	Provision for Taxes	162,400,022
11,569,363	Corporate Tax on Dividend	262,940
68,075,100	Proposed Dividend	-
<u>236,346,705</u>		<u>162,662,962</u>
	SCHEDULE "M"	
	INTEREST INCOME	
198,593	Interest on security & other deposits	266,187
9,083,464	Interest on Term deposits TDS ₹.135,993/-	3,165,451
2,234,315	Interest on Income tax refund	1,140,019
<u>11,516,372</u>		<u>4,571,657</u>
	OTHER INCOME	
48,435,635	Profit on sale of assets	38,650
7,069,683	Miscellaneous Income	4,668,351
-	Exchange rate fluctuation	10,414,407
11,878,539	Sale of scrap and waste material	8,729,547
1,636,650	Insurance claim receipts	4,060,786
<u>69,020,507</u>		<u>27,911,741</u>
	SCHEDULE "N"	
	STOCK DIFFERENTIAL	
992,778,938	Opening stock of Finished goods	1,800,651,663
28,274,251	Opening stock in process	38,494,512
51,015,258	Opening property stock in trade	51,015,258
1,800,651,663	Closing stock of Finished goods	1,443,253,518
38,494,512	Closing stock in process	55,529,421
51,015,258	Closing property stock in trade	54,088,799
818,092,986		(337,289,695)
(21,939,967)	(Add) / Less: Excise Duty on (Increase)	
<u>796,153,019</u>	/Decrease in stocks of Finished Goods	<u>(23,459,844)</u>
		<u>(313,829,851)</u>

31.03.2010 ₹.	PARTICULARS	31.03.2011 ₹.
	SCHEDULE "O"	
	RAW MATERIAL CONSUMED	
33,506,664	Opening stock - raw materials	210,729,545
2,922,489,719	Purchase of Raw materials	3,954,586,906
1,265,394,045	Raw sugar purchases	806,234,237
91,204,576	Transport Charges	168,058,592
104,207,807	Purchase Tax	129,749,126
7,070,233	Cess	8,554,063
<u>4,423,873,044</u>		<u>5,277,912,469</u>
	LESS:	
210,729,545	Closing stock - raw materials including raw sugar	-
<u>4,213,143,499</u>		<u>5,277,912,469</u>
	SCHEDULE "P"	
	MANUFACTURING EXPENSES	
441,881,419	Consumption of Stores	275,724,613
6,814,579	Other Manufacturing Expenses	8,876,881
19,535,904	Excise duty expenses	7,479,969
24,842,127	Power & Fuel	141,348,014
	Repairs & Maintenance	
5,941,629	Building	17,045,065
38,773,263	Machinery	105,320,893
11,782,906	Vehicles	13,422,870
19,561,726	Others	25,301,164
<u>569,133,553</u>		<u>594,519,469</u>
	SCHEDULE "Q"	
	EMPLOYEE COST	
166,788,490	Salaries, Wages & Bonus	226,545,148
62,307,485	Welfare Expenses	30,739,641
16,683,973	Contribution to P F & Other funds	30,775,938
<u>245,779,948</u>		<u>288,060,727</u>
	SCHEDULE "R"	
	INTEREST & FINANCIAL CHARGES	
310,635,928	On Term Loan	305,844,750
1,174,626	On Fixed Deposit	1,024,635
174,149,540	On Other loans	221,469,198
24,707,300	Bank charges	40,873,664
<u>510,667,394</u>		<u>569,212,247</u>

31.03.2010 ₹.	PARTICULARS	31.03.2011 ₹.
SCHEDULE "S"		
<u>ADMINISTRATIVE EXPENSES</u>		
4,742,547	Building rent	11,512,074
11,564,272	Licence Fees & Taxes	11,465,848
13,802,916	Insurance Premium	15,903,523
7,661,847	Selling Expenses / Export expenses	70,361,451
885,284	Brokerage & Commission	16,468,765
36,242,295	Managerial remuneration	19,772,110
360,000	Directors sitting fees	470,000
<u>Auditor's remuneration</u>		
500,000	- Statutory Audit fees	500,000
180,000	- Taxation matters	280,000
42,309	- Certification	162,000
91,000	Cost Audit fees	100,000
44,512	Loss on Sale of Assets	1,031,006
9,840,000	Charity & Donation	1,383,000
26,258,432	Exchange rate Fluctuation	-
78,427,665	Other Expenses	85,287,613
<u>190,643,079</u>		<u>234,697,390</u>

SCHEDULE "T"**NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31.03.2011****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.
- iv) The subsidiary company considered in the Company financial statement are as follows

Name of the Company	Country of incorporation	% of voting power held	Proportion of ownership interest as on 31.3.2011 & 31.3.2010
Trident Sugars Limited	India	100%	100%
- v) The accounts of the subsidiary company M/s Rajshree Power Private Limited, a Company incorporated on 12.08.2010 in India has not been considered for consolidation as there is no operation during the year in the said Company.

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 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 AS 11) and net of specific subsidies, cenvat credit, if any and depreciation.

Preoperative Expenses

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

iv) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are initially recorded at the exchange rate at which the transaction is carried out. Gains or losses on the settlement of these transactions, if any, within the same accounting year are recognized in the 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 ₹. 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 AS-28.

3. Estimated amount of contracts pending to be executed on capital account as on 31.3.2011 is ₹.7,890.79 lakhs. (Previous year ₹. 284.38 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 ₹.4,249,634/- (Previous year: ₹.4,249,634/-)
- b) The Company has provided a corporate guarantee of ₹.32.34 crores to the Banks in respect of Term loans and cash credit facilities sanctioned to the subsidiary company Trident Sugars Limited. (previous year ₹.51.94 crores)
- c) 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.
- d) The Commissioner of Central Excise (Appeals) has upheld the order of the Central Excise department imposing a penalty of ₹.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.
- e) Electricity generation tax demand for ₹.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.
- f) The company has subscribed 49,980 equity shares of ₹.10/- each in Rajshree Power Private Limited (a subsidiary company), of which ₹. 2/- per share has been paid-up and the balance of ₹. 8/- per share is payable.
- g) In respect of additional demand of Sales tax received for the years 2000-2001 to 2004-2005 aggregating to ₹.345.49 lakhs, no provision has been made in the accounts as the demand has been disputed before the first Appellate Authority. The amount of ₹.69.36 lakhs paid towards statutory amount deposited before filing of appeal has been included under advance sales tax.
- h) With respect to the subsidiary company viz. Trident Sugars Ltd, sales tax appeal is pending before Sales Tax Appellate Tribunal for the financial year 2005-2006 to 2007-2008.

5. SECURED LOANS

Rajshree Sugars & Chemicals Limited

- 1) Term loan of ₹.12 Crores from State Bank India is secured by:
 - a) 1st pari passu charge on the fixed & immovable assets of Sugar & Cogeneration plants of Unit-III situated at Semmedu.
 - b) Exclusive 1st charge on 5.19 acres of land with buildings thereon situated at Vilankurichi village, Coimbatore District.
- 2) Term loan of ₹.30 Crores from State Bank of India is secured by 1st pari passu charge on the current assets of the Company. The loan account is fully settled and closed during the year.
- 3) Term loan of ₹.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 at Mundiampakkam.
- 4) Term loan of ₹.51.90 Crores and Term loan of ₹.40.83 Crores from State Bank of India are secured by:
 - a) Exclusive 1st charge over the fixed assets purchased / created out of the Bank finance shared among lender banks for the Distillery project at Unit-III, Semmedu.
 - b) 2nd charge over the sugar & cogen division assets of Unit-III at Semmedu.
- 5) Term loan of ₹.90 Crores from State Bank of India is secured by:
 - a) Exclusive 1st Charge on Cogen receivables of Unit-II at Mundiampakkam and Unit-III at Gingee.
 - b) Exclusive 1st charge on the cogen assets (including immovable properties) of Unit-II at Mundiampakkam.
- 6) Term loan of ₹.5 Crores from State Bank of Hyderabad is secured by:
 - a) 1st pari passu charge on the current assets of the Company ; and
 - b) 1st pari passu charge on the fixed assets of sugar plant of Unit-II at Mundiampakkam.
- 7) Term loan of ₹.13 Crores from State Bank of Hyderabad is secured by:
 - a) 1st pari passu charge on the current assets of the Company
 - b) 1st pari passu charge on fixed & immovable assets of Unit-I at Varadarajnagar.
- 8) Term loan of ₹.20 Crores from State Bank of Hyderabad is secured by:
 - a) 1st pari passu charge on the current assets of the Company
 - b) 1st pari passu charge on fixed & immovable assets of sugar mill of Unit-II at Mundiampakkam.
- 9) Term loan of ₹.10 Crores from State Bank of Mysore is secured by:
 - a) 1st pari passu charge on the fixed & immovable assets of Sugar & Cogeneration plants of Unit-III at Semmedu.
 - b) 2nd pari passu charge on the fixed assets of Unit-I at Varadarajnagar.
 - c) 3rd pari passu charge on co-generation assets of Unit II at Mundiampakkam.
 - d) 4th pari passu charge on sugar mill assets of Unit II at Mundiampakkam.
- 10) Term loan of ₹.15 Crores from Bank of India is secured by:
 - a) 1st pari passu charge on Fixed & movable properties of Unit-I at Varadarajnagar.
 - b) Exclusive 1st charge on land and buildings of the Company at Golf Links, New Delhi.
- 11) Term loan of ₹.2 Crores from Bank of India is secured by 1st pari passu charge on the fixed & immovable assets of Sugar & Cogeneration plants of Unit-III at Semmedu.
- 12) Term loan of ₹.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 & immovable assets of sugar plant of Unit-II at Mundiampakkam.

- 13) Term loans aggregating to ₹.28.40 Crores (State Bank of India ₹.12.25 Crores, State Bank of Mysore ₹.4.90 Crores, Bank of India ₹.4.90 Crores, UCO Bank ₹.3.90 Crores and State Bank of Hyderabad ₹.2.45 Crores) received under the Scheme for Extending Financial Assistance to Sugar Undertakings are secured by:
 - a) Residual paripassu charge on the fixed assets of Unit-I at Varadarajnagar.
 - b) Residual paripassu charge on fixed assets of Unit-II at Mundiampakkam.
 - 14) ECB loan of 30 Million USD equivalent to ₹.125.15 Crores is secured by:
 - a) 1st paripassu charge on the fixed & immovable assets of Sugar & Cogeneration plants of Unit-III at Semmedu.
 - b) 2nd charge on the current assets of sugar and co-generation plants of Unit-III at Semmedu, which is subservient to the 1st charge in favour of working capital lenders of Unit-III.
 - 15) Term loan of ₹.17.49 Crores from Sugar Development Fund, Government of India is secured by way of exclusive 2nd charge on movable and immovable properties of Sugar & Cogeneration plants of Unit-II at Mundiampakkam.
 - 16) Term loan of ₹.21.10 Crores from Sugar Development Fund, Government of India is secured by way of 1st paripassu charge on movable and immovable properties of Sugar & Cogeneration plants of Unit-III at Semmedu.
 - 17) Short Term Cane Development Loan of ₹.4 Crores from Sugar Development Fund has been collaterally secured by issue of bank guarantee amounting to ₹.4.40 crores availed from Federal Bank Limited which is secured by creation of 2nd paripassu charge on the current assets of the Company.
 - 18) Term loan of ₹.22 Crores from Axis Bank Limited is secured by:
 - a) 2nd charge on land and buildings of the Company at Golf links, New Delhi.
 - b) Subservient charge on the entire movable fixed assets of the company.
 - 19) Term loan of ₹.1.57 Crores from Sundaram Finance Limited is secured by way of Exclusive 1st charge on Cane Harvester Machine located at Unit-II, Mundiampakkam.
 - 20) Working capital limit of ₹.191 Crores from consortium of bankers are secured by:
 - a) 1st paripassu charge on the current assets of the Company
 - b) 2nd paripassu charge on the fixed & immovable assets of Unit-I at Varadarajnagar.
 - c) 3rd paripassu charge on the fixed & immovable assets of cogeneration plant of Unit-II at Mundiampakkam.
 - d) 4th paripassu charge on the fixed & immovable assets of sugar plant of Unit-II at Mundiampakkam.
 - 21) Short term financial assistance of ₹.35 Crores from Yes Bank Limited is secured by:
 - a) 1st paripassu charge on the entire current assets of the Company.
 - b) Exclusive 1st charge on 80 cents of land of the Company at Pappanaickenpalayam, Coimbatore .
- (II) Trident Sugars Limited
- a) Term loans from Banks are secured by paripassu first charge on the Company's immovable properties and fixed assets at Madhunagar, Medak District, Andhra Pradesh 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 current assets of sugar factory at Madhunagar, Medak District and paripassu third charge on 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 paripassu charge on the fixed assets at Madhunagar, Medak District.
 - e) Term loan from Sugar Development Fund, Government of India is secured by Exclusive 2nd charge on all the assets of Sugar factory 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 ₹.61,847,099/- (Previous year ₹. 85,585,684/-).
9. Borrowing costs capitalized during the year is ₹. 14,479,643/- (Previous year ₹. 1,312,418/-).

10. Deferred tax workings

(₹. in Lakhs)

Particulars	Opening balance	Addition / (Reversal)	Closing balance
Deferred tax liabilities			
Depreciation	7,832.12	876.70	8,708.82
Total	7,832.12	876.70	8,708.82
Deferred tax assets			
Unabsorbed depreciation/losses	1,881.63	1,273.38	3,155.01
Expenses charged to Profit & Loss A/c but allowable in Income Tax on payment basis	177.63	34.76	212.39
Total	2,059.26	1,308.14	3,367.40
Net Deferred tax liability	5,772.86	(431.44)	5,341.42
Less: MAT Credit	866.32	128.64	994.96
Net Deferred Tax Liability	4,906.54	(302.80)	4,346.46

11. The Company has during the year fulfilled the export obligation of 4500 MTs of white sugar on account of import of raw sugar under advance license scheme.

12. Information about Segments: Primary segment - Business segments

(₹. in Thousands)

Particulars	Sugar	Cogen	Distillery	Total
REVENUE				
External Sales	6,814,647	654,811	162,039	7,631,497
Inter-segment Sales	172,246	301,902		474,148
Total Revenue	6,986,893	956,713	162,039	8,105,645
RESULT				
Segment result	25,518	483,083	59,087	567,688
Unallocated corporate expenses				124,870
Operating Profit				442,818
Interest Expense				569,212
Interest Income				-

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

(₹. in Thousands)

Particulars	Sugar	Cogen	Distillery	Total
Income Taxes/Deferred Tax				(40,716)
Profit from ordinary activities				(85,678)
Extraordinary Item				(250,000)
Net Profit				(335,678)
OTHER INFORMATION				
Segment assets	6,208,857	1,895,792	72,380	8,177,029
Unallocated corporate assets				110
Total Assets				8,177,139
Segment Liabilities	5,125,363	1,338,378	150	6,463,891
Unallocated Corporate Liabilities				162,663
Total Liabilities				6,626,554
Capital Expenditure				-
Depreciation	132,685	113,906	5,026	251,617
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:

Sugar	White Crystal Sugar
Cogeneration	Cogeneration of Electricity
Distillery	Rectified Spirit, Denatured Spirit, Anhydrous Alcohol & Organic Manure
Others	Property Development
- c. Inter Segment revenues are recognised at net realisable price and are eliminated in consolidation.
- d. The Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.
- e. Secondary Segment:
 Geographical segment has been identified as secondary segment based on segment revenue.

Domestic Sales	₹. 6,273,959,564/-
Export Sales including carbon credit sales	₹. 1,097,012,253/-
Total	<u>₹. 7,370,971,817/-</u>

13. Transactions with related parties

(Value in ₹.)

Particulars	Key Management Personnel	Relatives of key Management personnel	Other Related Parties	Total
Remuneration	19,772,110 (36,242,295)	- (-)	- (-)	19,772,110 (36,242,295)
Purchase of Goods	- (-)	104,376 (321,074)	2,262,475 (2,014,199)	2,366,851 (2,335,273)
Sale of goods	- (-)	- (13,500)	- (268,460)	- (281,960)
Purchase of Assets/ Accessories	- (-)	- (-)	7,618,519 (4,602,665)	7,618,519 (4,602,665)
Rendering of Services	- (-)	- (-)	- (112,207)	- (112,207)
Receiving of Services	- (-)	- (-)	294,306 (422,669)	294,306 (422,669)
Finance - Equity Contribution Received	51,150,000 (17,050,000)	- (-)	- (-)	51,150,000 (17,050,000)
Finance - Fixed Deposits Repaid	12,000,000 (-)	- (-)	1,374,000 (-)	13,374,000 (-)
Finance - Fixed Deposits Received	- (12,000,000)	- (-)	1,000,000 (-)	1,000,000 (12,000,000)
Interest paid	338,270 (679,660)	- (-)	118,928 (132,091)	457,198 (811,751)
Lease Rent Paid	- (-)	- (-)	502,386 (193,960)	502,386 (193,960)
OUTSTANDINGS AS AT 31.3.2011				
Payable	- (12,000,000)	625,167 (-)	2,609,980 (1,569,316)	3,235,147 (13,569,316)
Receivable	- (-)	- (40,250)	2,483 (150,938)	2,483 (191,188)

Note:

Names of Related parties and description of relationship

1. Holding Companies
N.A
2. Subsidiaries
N.A
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.Aishwarya Pathy
 - Mr Aditya Krishna Pathy
7. Other Related Parties
 - a. RSCL Properties Pvt Ltd
 - b. Prana Ayurveda (Coimbatore) Pvt Ltd
 - c. Argead Enterprises Pvt Ltd
 - d. CAI Industries Ltd.
 - e. Rajshree Automotive Pvt Ltd.
 - f. Aloha Tours & Travels (India) Pvt Ltd
 - g. Rajshree Spinning Mills Ltd
 - h. Raj Fabrics and Accessories (Cbe) Ltd
 - i. Greenplus Manures Pvt Ltd
14. 1,100,000 Equity Shares at ₹. 10/- each at a price of ₹.62/- each including a premium of ₹.52/- per share have been allotted to Ms. Rajshree Pathy, Chairperson and Managing Director on 9th December 2010 on receipt of the entire payment, on exercise of the rights attached to the share warrants. The said 1,100,000 equity shares are subject to lock-in for 3 years upto 9th December 2013.
15. 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
Wholetime Director

Rajshree Pathy
Chairperson and Managing Director

Place: Coimbatore
Date : 18th May 2011

A. Sathyamurthy
Chief Financial Officer

R.S. Gowdhaman
Company Secretary

Consolidated Cash Flow Statement for the Year ended	31.03.2011	31.03.2010
	₹.	₹.
A. Cash Flow from Operating activities:		
Net Profit before taxation & extraordinary items	(126,393,897)	734,982,518
Adjustment for:		
Depreciation	251,616,959	247,926,043
Loss / (Profit) on sale of Fixed Assets	992,356	(48,391,123)
Interest paid	569,212,247	510,667,394
Interest received	(4,571,657)	(9,282,057)
Operating profit before working capital changes	<u>690,856,008</u>	<u>1,435,902,775</u>
Adjustments for:		
Trade and other receivables	(295,318,570)	(206,208,795)
Inventories	529,285,481	(1,006,799,311)
Trade payables	60,473,360	(54,715,977)
Cash generated from Operations	<u>985,296,279</u>	<u>168,178,692</u>
Direct taxes (paid) / Refund	(9,593,510)	(8,132,952)
Cashflow before extraordinary items	<u>975,702,769</u>	<u>160,045,740</u>
Extraordinary items	<u>(250,000,000)</u>	<u>(35,725,983)</u>
Net cash from operating activities	<u>725,702,769</u>	<u>124,319,757</u>
B. Cash flow from investing activities		
Purchase of Fixed Assets	(422,388,423)	(94,566,741)
Investment in Subsidiary company / Post office Deposit	(109,960)	-
Sale of Fixed Assets - including compensation received on acquisition	1,888,076	160,174,550
Interest received	4,571,657	9,282,057
Net Cash used in investing activities	<u>(416,038,650)</u>	<u>74,889,866</u>
C. Cash Flow from financing activities		
Proceeds from issue of Share Capital	51,150,000	17,050,000
Proceeds from / (Repayment of) long term borrowings	178,860,706	(42,265,825)
Proceeds from / (Repayment of) short term borrowings	(31,450,062)	519,509,700
Interest paid	(569,212,247)	(510,667,394)
Dividend paid including tax on dividend	(79,381,523)	(26,548,154)
Net Cash used in Financing Activities	<u>(450,033,126)</u>	<u>(42,921,673)</u>
Net Increase / (Decrease) in Cash and Cash Equivalents	(140,369,007)	156,287,950
Cash and cash equivalent as at the beginning of the Year	327,569,528	171,281,578
Cash and cash equivalent as at the close of the Year	187,200,521	327,569,528

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

K. Murali Mohan
Auditors, Proprietor
Membership No. 14328

R. Varadarajan
Wholetime Director

Rajshree Pathy
Chairperson and Managing Director

Place: Coimbatore
Date : 18th May 2011

A. Sathyamurthy
Chief Financial Officer

R.S. Gowdhaman
Company Secretary

BOARD OF DIRECTORS

Ms. RAJSHREE PATHY
Managing Director

Mr. R. VARADARAJAN
Director

Mr. R. ANNADURAI**
Director

Dr. K. MOHAN NAIDU #
Additional Director

** Resigned on 18.5.2011

Appointed as an Additional Director on 18.5.2011

Auditors

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

Registered Office

'The Uffizi'
338 Avanashi Road
Peelamedu
Coimbatore 641 004

Factory

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 9th Annual Report with the audited financial statements for the year ended 31st March 2011.

Financial highlights

		(₹.in Lakhs)
		2009-10
Total Income	12847.53	6297.39
Profit before Interest and depreciation	1391.83	1316.02
Interest	686.56	671.92
Depreciation	213.08	210.25
Prior period income reversed	--	(3.25)
Profit before tax	492.18	430.60
Provision for taxation	104.00	47.30
Provision for deferred tax	25.87	100.17
Income tax of prior period	27.34	0.30
Profit after tax	334.97	282.83

Dividend

The Board of Directors have not recommended dividend for the year 2010-11.

Financial performance

The Company has earned a net profit of ₹.334.97 lakhs during 2010-11 as against a net profit of ₹.282.83 lakhs in the previous year.

Operations

During the year under review, the factory has crushed 396,506 MT of sugarcane as against 310,632 MT crushed in the previous year.

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 company plans to enhance the capacity to 3500 TCD and the work is in progress.

Directors

Mr.R.Varadarajan, Director retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for reappointment.

Mr.R.Annadurai had resigned from the Board of Directors with effect from 18th May 2011. Your Directors wish to place on record their appreciation of the contribution made by him to the growth of the Company during his tenure.

Dr.K.Mohan Naidu was appointed as Additional Director on 18th May 2011 and he hold office upto the ensuing Annual General Meeting. Notice has been received from a shareholder proposing his candidature for the office of Directorship which will be 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 Section 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

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, your Directors' confirms that in the preparation of annual accounts for the financial year ended 31.03.2011 :

- I. the applicable accounting standards have been followed;
- II. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the 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 : 18th May 2011

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	2010-11	2009-10
1	a) Electricity purchased	KWH	478,415	422,614
	Total amount	₹.	2,691,004	2,239,105
	Rate per unit	₹.	5.62	5.30
	b) Own generation			
	i) Through Diesel Generators	KWH	132,976	115,195
	Units per Ltr of Diesel		3.94	4.44
	Cost per unit	₹.	10.43	9.59
	ii) Through steam turbine	KWH	9,547,750	6,253,200
	Units per MT of Bagasse		96	72
	Cost per unit	₹.	Own Bagasse	Own Bagasse
2	Coal consumed		Nil	Nil
3	Furnace Oil consumed		Nil	Nil
4	Firewood consumed	MT	Nil	Nil

b. Consumption per unit of production

Product	White crystal sugar 2010-11	White crystal sugar 2009-10
Electricity (units per Qtl of sugar)	24.72	22.02

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

Varietal improvements Program:

Identification of high yielding and high sugar varieties suitable for our command area in coordination with Leading research Institutions in the country

Benefits derived: Varieties from AICRP (S), Co-ordinated Agronomic Experiments (CAE) and Sadhana Agritech Private Services were evaluated for yield and quality parameters .The selected clones with higher yield & CCS% were identified for future multiplication.

2. Future plan of action:

- i. Establishment of R&D centre with soil, sugar and bio-control laboratories.
- ii. Fertility mapping of our command area and random soil analysis.
- iii. Development of nutrient and fertigation schedules for Drip Irrigation.
- iv. Multiplication of superior clones from Sadhana Agritech Private Services, AICRP (S), Co-ordinated Agronomic Experiments (CAE).
- v. Establishing production facility for other Bio control agents like Tetrastichus for inter node borer control.

3. Expenditure on R & D

(a) Capital	₹. Nil
(b) Recurring	₹. Nil
(c) Total	₹. 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	:	₹. Nil
Foreign exchange outgo	:	₹. 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 31st March 2011 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 31st March 2011, 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 31st March 2011
 - 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 : 18th May 2011

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 ₹. 331,236,611/- and the year end balance is ₹.301,549,832/- .
- b. The Company has not granted any loans to the Companies, firms or other parties 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 31.03.2011 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us, the details of disputed statutory dues which have not been deposited is as given below:

Name of the statute	Period to which amount relates	Nature of demand	Amount disputed (₹. in lakhs)	Forum where dispute is pending
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 short term funds raised to the tune of ₹.11,362,567/- has been utilized for part financing the acquisition of fixed assets .
- 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 : 18th May 2011

K. Murali Mohan
Auditors, Proprietor
Membership No:14328

BALANCE SHEET AS AT 31st MARCH 2011

31.03.2010 ₹.	PARTICULARS	SCHEDULE	31.03.2011 ₹.
I. SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
67,375,000	(a) Share Capital	"A"	67,375,000
57,250,000	(b) Reserves & Surplus	"B"	57,250,000
			124,625,000
2. LOAN FUNDS			
519,397,310	(a) Secured	"C"	363,325,263
311,236,611	(b) Unsecured	"D"	301,549,832
			664,875,095
955,258,921	TOTAL		789,500,095
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
426,167,463	(a) Gross Block	"E"	436,464,538
109,460,629	(b) Less: Depreciation		130,769,019
316,706,834	(c) Net Block		305,695,519
47,500,000	(d) Capital Work in Progress		52,411,170
364,206,834			358,106,689
22,466,219	2. DEFERRED TAX ASSET		19,879,219
3. CURRENT ASSETS, LOANS & ADVANCES			
517,312,146	(a) Inventories	"F"	398,864,649
10,840,916	(b) Sundry Debtors	"G"	72,875,010
12,214,947	(c) Cash and Bank Balances	"H"	6,311,426
63,081,692	(d) Loans & Advances	"I"	104,365,587
603,449,701			582,416,672
LESS: CURRENT LIABILITIES AND PROVISIONS			
130,844,684	(a) Current Liabilities	"J"	228,057,882
6,329,744	(b) Provisions	"K"	11,657,931
137,174,428			239,715,813
466,275,273	NET CURRENT ASSETS		342,700,859
102,310,595	4. PROFIT & LOSS ACCOUNT		68,813,328
955,258,921	TOTAL		789,500,095

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

Rajshree Pathy
Managing Director

Place: Coimbatore
Date : 18th May 2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

31.03.2010 ₹.	PARTICULARS	SCHEDULE	31.03.2011 ₹.
I. INCOME			
621,234,769	Gross Sales		1,280,624,590
<u>25,299,652</u>	LESS: Excise Duty		<u>58,538,579</u>
595,935,117	Net Sales		1,222,086,011
8,504,390	Other Income	"L"	4,128,692
<u>326,281,539</u>	Increase / (Decrease) in Stock	"M"	<u>(115,333,418)</u>
<u>930,721,046</u>	TOTAL		<u>1,110,881,285</u>
II. EXPENDITURE			
702,976,732	Raw material Consumed	"N"	835,418,315
51,209,049	Manufacturing Expenses	"O"	73,271,252
34,314,267	Employee Cost	"P"	45,869,485
67,192,230	Interest	"Q"	68,656,257
10,618,218	Administrative Expenses	"R"	17,139,114
<u>21,025,097</u>	Depreciation		<u>21,308,390</u>
<u>887,335,593</u>	TOTAL		<u>1,061,662,813</u>
43,385,453	Profit for the year		49,218,472
-	Add: Excess provision of earlier years reversed		-
43,385,453	Profit Before Tax		49,218,472
325,354	LESS: Prior period income reversed		-
30,224	Income Tax paid / (Refund) of Prior Year		2,734,205
4,730,000	LESS: Provision for - Income Tax		10,400,000
<u>10,017,000</u>	- Deferred Tax (Net)		<u>2,587,000</u>
28,282,875	Profit after tax		33,497,267
<u>(130,593,470)</u>	ADD: Balance b/f from the previous year		<u>(102,310,595)</u>
<u>(102,310,595)</u>	Balance Carried Over		<u>(68,813,328)</u>
4.20	Basic / Diluted Earnings per Share of ₹. 10/- each		4.97

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

Rajshree Pathy
Managing Director

Place: Coimbatore
Date : 18th May 2011

SCHEDULES FORMING PART OF ACCOUNTS AS AT 31st MARCH 2011

31.03.2010 ₹.	PARTICULARS	31.03.2011 ₹.
	SCHEDULE "A" SHARE CAPITAL AUTHORISED	
<u>100,000,000</u>	10,000,000 Equity shares of ₹.10/- each	<u>100,000,000</u>
	ISSUED, SUBSCRIBED & PAID UP:	
<u>67,375,000</u>	6,737,500 Equity shares of ₹.10/- each fully paid-up in cash The entire share capital of the company is held by the holding company M/s. Rajshree Sugars & Chemicals Limited, and its nominees	<u>67,375,000</u>
	SCHEDULE "B" RESERVES & SURPLUS RESERVES	
<u>57,250,000</u>	General Reserve	<u>57,250,000</u>
	SCHEDULE "C" SECURED LOANS	
	1. TERM LOANS	
-	From Sugar Development Fund	39,965,000
239,497,556	From Banks	55,672,356
	2. CASH CREDIT	
<u>279,899,754</u>	From Banks	<u>267,687,907</u>
<u>519,397,310</u>		<u>363,325,263</u>
	SCHEDULE "D" UNSECURED LOANS	
<u>311,236,611</u>	Inter corporate deposit from holding company	<u>301,549,832</u>

SCHEDULE "E" - FIXED ASSETS

ASSET HEADS	GROSS BLOCK (₹.)				DEPRECIATION (₹.)				NET BLOCK (₹.)	
	As on 31.03.2010	Additions for the Period	Deletions for the Period	As on 31.03.2011	Up to 31.03.2010	For the Year	Written Back	Upto 31.03.2011	As on 31.03.2011	As on 31.03.2010
Land	7,031,877	-	-	7,031,877	-	-	-	-	7,031,877	7,031,877
Buildings	55,745,984	2,606,108	-	58,352,092	11,822,428	1,641,804	-	13,464,232	44,887,860	43,923,556
Plant & Machinery	356,976,587	5,931,439	-	362,908,026	94,380,557	18,938,800	-	113,319,357	249,588,669	262,596,030
Data Processing Equip	1,733,722	434,380	-	2,168,102	1,330,132	290,326	-	1,620,458	547,644	403,590
Office Equipments	234,119	86,920	-	321,039	38,491	14,408	-	52,899	268,140	195,628
Furniture	1,772,607	74,623	-	1,847,230	747,605	115,312	-	862,917	984,313	1,025,002
Vehicles	2,672,567	1,163,605	-	3,836,172	1,141,416	307,740	-	1,449,156	2,387,016	1,531,151
Total	426,167,463	10,297,075	-	436,464,538	109,460,629	21,308,390	-	130,769,019	305,695,519	316,706,834
Work in Progress									52,411,170	47,500,000
2009-10	424,129,224	2,078,239	40,000	426,167,463	88,435,550	21,025,097	18	109,460,629	316,706,834	335,693,674

31.03.2010 ₹.	PARTICULARS		31.03.2011 ₹.
SCHEDULE "F"			
INVENTORIES			
As certified by the Managing Director and valued			
496,813,672	Finished Goods at cost	370,227,841	
3,124,000	Stock in Process at cost	8,994,063	
17,374,474	Stores & Spares at cost	19,642,745	
<u>517,312,146</u>			<u>398,864,649</u>
SCHEDULE "G"			
SUNDRY DEBTORS			
UNSECURED & CONSIDERED GOOD			
588,249	Outstanding for a period exceeding six months	-	
10,252,667	Others	72,875,010	
<u>10,840,916</u>			<u>72,875,010</u>
SCHEDULE "H"			
CASH & BANK BALANCES			
159,476	Cash on hand	534,315	
<u>with Scheduled Banks</u>			
12,002,689	In Current Account	4,633,589	
-	In Deposit Account	1,000,000	
<u>with Other Banks</u>			
52,782	Andra Pradesh Gramina Vikas Bank - Current Account	143,522	
<u>12,214,947</u>	(Maximum balance due at any time during the year ₹.13,110,642/- Previous year ₹.13,110,642/-)		<u>6,311,426</u>
SCHEDULE "I"			
LOANS & ADVANCES			
Recoverable in cash or in kind			
Unsecured considered good			
50,914,464	Advances to Ryots, Staff and others	92,538,871	
1,822,586	Earnest, Security & Other Deposits	1,827,486	
1,442,375	Excise deposits including Cenvat credits	1,294,001	
7,544,990	Advance Income Tax, TDS & FBT	7,586,728	
1,357,277	Prepaid expenses	1,118,501	
<u>63,081,692</u>			<u>104,365,587</u>
SCHEDULE "J"			
CURRENT LIABILITIES			
Sundry Creditors			
-	Due to micro, small and medium enterprises	-	
76,142,993	Due to others for purchases	170,078,594	
8,849,187	Due to others for expenses	21,373,905	
10,358,870	Due for Other finances	8,491,497	
377,825	Due to Holding Company	5,952,740	
9,627,750	Advances received from customers	2,224,870	
<u>25,488,059</u>	Excise Duty payable - Finished Goods stock	19,936,276	
<u>130,844,684</u>			<u>228,057,882</u>

31.03.2010 ₹.	PARTICULARS		31.03.2011 ₹.
SCHEDULE "K"			
PROVISIONS			
4,730,000	Provision for Tax	10,400,000	
1,599,744	Provision for Leave Salary	1,257,931	
<u>6,329,744</u>			<u>11,657,931</u>
SCHEDULE "L"			
OTHER INCOME			
59,432	Interest Income (TDS ₹. 5,943/-)	66,099	
7,808,003	Sale of Scrap & Waste material	3,822,800	
636,955	Insurance claim receipts	239,793	
<u>8,504,390</u>			<u>4,128,692</u>
SCHEDULE "M"			
STOCK DIFFERENTIAL			
158,885,749	Opening stock of Finished goods	496,813,672	
624,000	Opening stock in process	3,124,000	
496,813,672	Closing stock of Finished goods	370,227,841	
3,124,000	Closing stock in process	8,994,063	
<u>340,427,923</u>		<u>(120,715,768)</u>	
(14,146,384)	Add : Excise Duty on Increase/(Decrease) in stocks of Finished Goods	5,382,350	
<u>326,281,539</u>			<u>(115,333,418)</u>
SCHEDULE "N"			
RAW MATERIAL CONSUMED			
651,398,206	Purchase of Raw materials	770,136,099	
18,637,940	Purchase Tax	23,790,337	
32,940,586	Cane Transport charges	41,491,879	
<u>702,976,732</u>			<u>835,418,315</u>
SCHEDULE "O"			
MANUFACTURING EXPENSES			
25,899,217	Consumption of Stores	35,424,772	
12,853,300	Consumption of Packing Materials	18,963,111	
88,010	Other Manufacturing Expenses	86,016	
2,265,032	Power & Fuel	2,719,540	
Repairs & Maintenance			
1,061,348	Building	3,509,365	
5,096,147	Machinery	6,552,949	
725,077	Vehicles	866,203	
3,220,918	Others	5,149,296	
<u>51,209,049</u>			<u>73,271,252</u>
SCHEDULE "P"			
EMPLOYEE COST			
30,320,535	Salaries, Wages & Bonus	39,737,832	
1,386,220	Welfare Expenses	2,617,972	
2,607,512	Contribution to P F & Other funds	3,513,681	
<u>34,314,267</u>			<u>45,869,485</u>

31.03.2010 ₹.	PARTICULARS		31.03.2011 ₹.
	SCHEDULE "Q"		
	INTEREST & FINANCIAL CHARGES		
14,653,527	On Term Loan	9,213,796	
<u>52,538,703</u>	On Others	<u>59,442,461</u>	
<u>67,192,230</u>			<u>68,656,257</u>
	SCHEDULE "R"		
	ADMINISTRATIVE EXPENSES		
426,301	Licence Fees & Tax	898,894	
-	Building Rent	2,400,000	
1,217,203	Insurance Premium	1,210,502	
1,096,166	Selling Expenses	2,850,023	
-	Brokerage & Commission	1,233,204	
	<u>Auditor's remuneration</u>		
100,000	- Statutory Audit fees	100,000	
30,000	- Taxation matters	80,000	
6,309	- Certification	16,000	
25,000	Cost Audit fees	25,000	
65,702	Ground Rent	-	
500,000	Charity & Donation	155,000	
<u>7,151,537</u>	Other Expenses	<u>8,170,491</u>	
<u>10,618,218</u>			<u>17,139,114</u>

SCHEDULE - S

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

(Annexed to and forming part of Balance Sheet as at 31st March, 2011 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
			2010-11	2009-10	
Sugar	NA	3,000 TCD	41,100	30,702	MT
Molasses	NA	--	18,340	15,257	MT

3) Quantitative Particulars:
A. Raw material Consumed

(Value : ₹. in Lakhs)

Product	Unit	2010-11		2009-10	
		Qty	Value	Qty	Value
Sugarcane	MT	396,506	8,354.18	310,632	7,029.77

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

(Value : ₹. in Lakhs)

Product	Unit	Opening Stock		Closing Stock		Sales	
		Qty	Value	Qty	Value	Qty	Value
Sugar	MT	19,545.20 (10,444.20)	4,582.70 (1,512.85)	15,766.50 (19,545.20)	3,482.06 (4,582.70)	44,878.70 (21,600.60)	11,608.46 (5,576.36)
Molasses	MT	9,822.40 (2,322.67)	321.44 (76.01)	7,644.98 (9,822.40)	154.62 (321.44)	20,517.02 (7,360.27)	474.89 (350.18)

4) Estimated amount of contracts remaining to be executed on Capital Account not provided for as on 31st March 2011 is ₹. 438.50 lakhs (Previous year ₹. Nil)

5) Contingent Liabilities not provided for :

(₹. in lakhs)

	31.03.2011	31.03.2010
(a) Bank Guarantees outstanding	Nil	Nil
(b) Sales Tax	44.45	44.45*

* Appeal is pending before the Sales Tax Appellate Tribunal for the financial years 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, Andhra Pradesh 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 current assets of sugar factory at Madhunagar, Medak District and pari passu third charge on 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 pari passu charge on the fixed assets at Madhunagar, Medak District.
- (e) Term loan from Sugar Development Fund, Government of India is secured by Exclusive 2nd charge on all the assets of Sugar factory 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) There are no transactions entered into with Micro small and medium Enterprise (MSME) during the year or in the earlier year. Accordingly no amount is due to such parties in respect of sundry creditors. Further, no interest has been paid or is accrued and payable to MSME under the circumstance either in this year or the earlier year 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 ₹.19,936,276/- (Previous year ₹. 25,488,059/-).

10) Borrowing costs capitalized during the year is ₹. Nil (Previous Year ₹.12,137/-). Borrowing Cost included in work in progress is ₹. 1,908,425/- (Previous year ₹. Nil)

11) During the current financial year, the Company has taken one property on lease for operating purpose and future minimum lease payments are as under (Amount in ₹.)

	2010-11	2009-10
Not later than one year	36,00,000	-
Later than 1 year and not later than 5 years	48,00,000	-

12) Contributions towards Gratuity scheme has been made up to 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 ₹.2,874,923/- (Previous year : ₹. 2,298,936/-)

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 (₹.)	31.03.2011	31.03.2010
Defined benefit obligation at beginning of the year	6,779,428	5,294,064
Current service cost	593,504	463,309
Interest Cost	542,354	423,525
Actuarial (gain)/loss	(521,811)	944,352
Benefits paid	(751,732)	(345,822)
Defined benefit obligation at end of the year	7,685,365	6,779,428
b. Reconciliation of opening and closing balances of fair value of plan assets (₹.)		
Fair value of plan assets at beginning of the year	8,260,839	7,897,827
Expected return on plan assets	723,293	708,834
Actuarial (gain)/ loss	-	-
Employer contribution	-	-
Benefits paid	(751,732)	(345,822)
Fair value of plan assets at year end	8,232,400	8,260,839
c. Reconciliation of fair value of assets and obligations (₹.)		
Fair value of plan assets	8,232,400	8,260,839
Present value of obligation	7,685,365	6,779,428
Amount recognized in Balance Sheet	--	--
d. Expenses during the year (₹.)		
Current service cost	593,504	463,309
Interest cost	542,354	423,525
Expected return on plan assets	723,293	(708,834)
Actuarial (gain)/loss	(521,811)	944,352
Net cost	1,296,354	1,122,352
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 (per annum)	8%	8%
Rate of escalation in salary (per annum)	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.

13) 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:

(₹. in lakhs)

Nature of Transaction	Parties referred to in (i) above		Parties referred to in (ii) above	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Purchase of Fixed Assets	--	--	3.23	3.23
Purchase of Stores & Consumables	--	--	2.32	0.25
Sale of Stores & Consumables	--	--	--	--
Interest Paid	--	--	354.70	313.22
Finance				
Loan taken	--	--	1,357.33	1,778.10
Loan repaid	--	--	1,758.69	1,050.00
(Payable) / Receivable	--	--	(3,075.03)	(3,116.14)

14) Break up of deferred tax liability/ assets and reconciliation of current year deferred tax charges: (₹. in Lakhs)

Particulars	Opening balance	Additions / (Reversal)	Closing balance
Deferred tax Assets			
Unabsorbed Depreciation/losses	657.63	(170.07)	487.56
Expenses charged to Profit & Loss account but allowable in Income Tax on payment basis	8.75	(1.24)	7.51
Total A	666.38	(171.31)	495.07
Deferred tax Liability			
Tax impact of difference between amount of fixed assets in the financial statements and the Income Tax Return	514.12	(16.80)	497.32
Total B	514.12	(16.80)	497.32
Add: MAT Credit C	72.40	128.64	201.04
Total A-B-C	224.66	(25.87)	198.79

15) Earnings/(loss) per Share:	Year ended 31.03.2011	Year ended 31.03.2010
a) Net Profit/(loss) attributable to Shareholders (₹.)		
(i) before extra ordinary items	33,497,267	28,282,875
(ii) after extra ordinary items	33,497,267	28,282,875
b) Weighted Average No. of Equity shares	6,737,500	6,737,500
c) Basic Earnings/(loss) per share of ₹.10/- each (₹.)		
(i) before extraordinary items	4.97	4.20
(ii) after extraordinary items	4.97	4.20

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.

- 16) Remuneration paid to Managing Director ₹. Nil (Previous year: ₹. Nil)
- 17) 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.
- 18) 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.
- 19) Raw materials and Stores & spares parts consumed are 100% indigenous.
- 20) CIF value of imports during the year is ₹. Nil (Previous year – ₹. Nil)
- 21) Expenditure in Foreign currency – ₹. Nil (Previous year – ₹. Nil)
- 22) Earnings in Foreign currency – ₹. Nil (Previous year – ₹. Nil)
- 23) 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

Rajshree Pathy
Managing Director

Place: Coimbatore
Date : 18th May 2011

Cash Flow Statement for the Year ended

31.03.2011
₹.

31.03.2010
₹.

Cash Flow Statement for the Year ended

A. Cash Flow from Operating activities:

Net Profit before taxation & extraordinary items 49,218,472 43,385,453

Adjustment for:

Depreciation 21,308,390 21,025,097

Interest paid 68,656,257 67,192,230

Interest received (66,099) (59,432)

Operating profit before working capital changes 139,117,020 131,543,348

Adjustments for:

Trade and other receivables (103,317,989) (18,951,710)

Inventories 118,447,497 (334,055,695)

Trade payables 102,541,385 69,560,634

Cash generated from Operations 256,787,913 (151,903,423)

Direct taxes (paid) / Refund (13,134,205) (30,224)

Cashflow before extraordinary items 243,653,708 (151,933,647)

Extraordinary items - (325,354)

Net cash from operating activities 243,653,708 (152,259,001)

B. Cash flow from investing Activities

Purchase of Fixed Assets (15,208,245) (2,078,239)

Sale of Fixed Assets - 39,982

Interest received 66,099 59,432

Net Cash used in Investing Activities (15,142,146) (1,978,825)

C. Cash Flow from Financing Activities

Proceeds from / (Repayment of) long term borrowings (153,546,979) 320,393,566

Proceeds from / (Repayment of) short term borrowings (12,211,847) (91,361,972)

Interest paid (68,656,257) (67,192,230)

Dividend paid including tax on dividend - -

Net Cash used in Financing Activities (234,415,083) 161,839,364

Net Increase / (Decrease) in Cash and Cash Equivalents (5,903,521) 7,601,538

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

Cash and cash equivalent as at the close of the Year 6,311,426 12,214,947

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

Rajshree Pathy
Managing Director

Place: Coimbatore
Date : 18th May 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No .	: U15424TZ2002PLC013368	State Code	: 18
Balance Sheet date	: 31-March-2011		

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

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

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

Total Liabilities	: 789,500	Total Assets	: 789,500
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Sources of Funds

Paid-up Capital	: 67,375	Reserves & Surplus	: 57,250
Secured Loans	: 363,325	Unsecured Loans	: 301,550

Application of Funds

Net fixed assets	: 358,107	Investments	: -
Net current assets	: 342,701	Deferred Tax Asset	: 19,879
Accumulated losses	: 68,813	Misc. Expenditure	: -

IV Performance of Company (Amount in ₹. thousands)

Total Income	: 1,226,214	Total Expenditure	: 1,176,996
Profit Before Tax	: 49,218	Profit after tax	: 33,497
Earnings per share (₹.)	: 4.97	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 (004009 S)**
Chartered Accountants

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R. Varadarajan
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Place: Coimbatore
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