

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

NOTICE TO THE MEMBERS

NOTICE TO THE MEMBERS

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

ORDINARY BUSINESS

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

SPECIAL BUSINESS

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

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

By Order of the Board

Place: Coimbatore
 Date: 17th May 2010

R. ANAND
 General Manager (Finance) & Company Secretary

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

ITEM NO.6 OF THE AGENDA

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

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

NOTE:

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

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

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

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

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

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

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

By Order of the Board

Place: Coimbatore
Date: 17th May 2010

R. ANAND
General Manager (Finance) & Company Secretary

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

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

Dr.K.Mohan Naidu (73)

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

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

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

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

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

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

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

He holds no Directorship in other companies.

He holds 500 equity shares in the Company.

Mr. Raja M.J.Abdeen (60)

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

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

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

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

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

Mr. G.R.Karthikeyan (67)

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

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

Directorship in other companiesMembership in Committees

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

Nil
Nil

He holds 1040 shares in the Company.

BOARD OF DIRECTORS

Mr. RAJA M.J.ABDEEN

Dr. P SURULINARAYANASAMI

Mr. G.R. KARTHIKEYAN

Mr. G.S.V.SUBBA RAO

Mr. R.C.H.REDDY

Dr. K.MOHAN NAIDU**

Mr. R VARADARAJAN
Director & Chief Operating Officer

Ms. RAJSHREE PATHY
Chairperson and Managing Director

** Appointed as an Additional Director on 17.5.2010

Auditors

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

Chief Financial Officer

Mr. A. Sathyamurthy

General Manager (Finance) & Company Secretary

Mr. R. Anand

Registered Office

'The Uffizi'
338 Avanashi Road
Peelamedu
Coimbatore 641 004

Factory Unit I Sugar, Cogeneration & Distillery

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

Factory Unit II Sugar & Cogeneration

Mundiyampakkam PO
PIN 605 601
Villupuram Taluk & District

Factory Unit III Sugar & Cogeneration

Semmedu Village, Gingee Taluk
PIN 604 153.
Villupuram District

Bankers

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

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DIRECTORS' REPORT

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

FINANCIAL HIGHLIGHTS

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

DIVIDEND

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

FINANCIAL PERFORMANCE

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

OPERATIONAL PERFORMANCE

Sugar Division

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

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

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

Distillery Division

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

Cogeneration of Power

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

Operations of subsidiary company

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

FUTURE OUTLOOK

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

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

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

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

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

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

DIRECTORS

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

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

AUDITORS

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

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)

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

DERIVATIVE TRANSACTION

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

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

CONSERVATION OF ENERGY

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

CORPORATE GOVERNANCE

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

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board

Place: Coimbatore
Date : 17th May 2010

RAJSHREE PATHY
Chairperson and Managing Director

ANNEXURE 1 TO DIRECTORS' REPORT

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

S.No.	Name of the Employee	Designation	Remuneration for the year 2009-10	Qualification & Experience	Date of commencement of employment	Age	Last employment
1	Ms.Rajshree Pathy	Chairperson and Managing Director	Rs.32,189,348/-	B.Com 34 years	16.03.1989	54 years	General Manager Ganga Textiles Ltd
2	Mr.R.Varadarajan	Director and Chief Operating Officer	Rs.4,052,943/-	MBA 27 years	16.07.1987	52 years	Head, Department of Management Studies PSG College of Arts & Science
3	Mr. A. Sathyamurthy	Chief Financial Officer	Rs. 3,651,912/-	B.Com A.I.C.W.A, PGDBA 18 years	06.02.2009	39 years	Chief Financial Officer Supermarket in Aditya Birla Retail Ltd

ANNEXURE 2 TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY:

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

At Varadarajnagar Unit (Unit-I)

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

No additional investments and proposals were being carried on.

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

Form A

Form for Disclosure of Particulars with respect to Conservation of Energy

a. Power and Fuel Consumption

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