



Rajshree Sugars & Chemicals Limited

Annual Report 2012 - 2013



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

NOTICE TO THE MEMBERS

Notice is hereby given that the 27th Annual General Meeting of the Members of Rajshree Sugars & Chemicals Limited will be held on Monday, the 12th day of August 2013 at 11.00 AM at the 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 Statement of Profit & Loss, Cash flow statement for the year ended 31st March 2013, the Balance Sheet as on that date, the report of the Board of Directors and the report of the Auditors.
- 2 To appoint a Director in the place of Mr.G.R.Karthikeyan who retires by rotation and being eligible offers himself for re-appointment.
- 3 To appoint a Director in the place of Dr.K.Mohan Naidu who retires by rotation and being eligible offers himself for re-appointment.
- 4 To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr.Aditya Krishna Pathy, who was co-opted as an Additional Director in the meeting of the Board of Directors of the Company held on 5th November 2012 and who holds office as such upto the date of the 27th 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 Mr.Aditya Krishna Pathy 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."

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

"RESOLVED THAT Mr.B.Soundararajan, who was co-opted as an Additional Director in the meeting of the Board of Directors of the Company held on 5th November 2012 and who holds office as such upto the date of the 27th 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 Mr.B.Soundararajan 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 : 25th May 2013

R.S.GOWDHAMAN
Company Secretary

NOTE:

- 1 **The Register of Members of the Company will remain closed from 5th August 2013 to 12th August 2013 (both days inclusive).**
- 2 **A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself and the Proxy need not be a Member. The Proxy can vote in favour or against the resolution at poll.**

- 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 in respect of the above stock exchanges and Annual issuer fees to National Securities Depository Limited and Central Depository Services (India) Limited for the financial year 2013-14.

- 6 The following are the details of dividends declared by the Company and the respective due dates for transfer of unclaimed / unpaid dividend to the Investor Education and Protection Fund (IEPF).

Date of declaration of dividend	Dividend for the financial year	Due date of credit to the Central Government	Due date of transfer to the Central Government
06.09.2006	2005-2006	05.09.2013	05.10.2013
10.09.2007	2006-2007	09.09.2014	09.10.2014
23.09.2009	2008-2009	22.09.2016	22.10.2016
20.09.2010	2009-2010	19.09.2017	19.10.2017

It may be noted that no claim of the shareholders will be entertained for the unclaimed / unpaid dividends after their credit to the Investors Education & Protection Fund.

In view of the above, the shareholders are advised to send their unencashed dividend warrants to the Registered Office of the Company for revalidation and encash them before the due date for credit to the IEPF.

- 7 The information/details pertaining to Mr.G.R.,Karthikeyan and Dr.K.Mohan Naidu to be provided in terms of clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the annexure.
- 8 Members desirous of obtaining any information concerning the financial statements and operations of the company are requested to address their queries in writing atleast two weeks before the meeting, so that the information may be made available at the meeting.
- 9 The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circulars on April 21, 2011 and April 29, 2011 stating that the service of document by a company can be made through electronic mode to the shareholders of the company. A recent amendment to the Listing Agreement with the Stock Exchanges permits companies to send soft copies of the Annual Report to all those shareholders who have registered their e-mail address for the said purpose.

The members are requested to inform their updated e-mail address to their respective Depository Participants and those who are holding shares in physical form may intimate their e-mail address 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.(E-mail: info@skdc-consultants.com).

However, the company can send a physical copy of the balance sheet of the company and all other documents required by law to be attached thereto including the Statement of profit and loss and auditors' report, upon receipt of a requisition from the shareholders, as a member of the Company.

The contents of Annual Report such as Notice with Balance Sheet, Statement of Profit & Loss, Auditor's Report, Directors' Report, etc. are available in the website of your company www.rajshreesugars.com and for inspection at the Registered Office of the company during office hours.

Members are requested to support this Green Initiative by registering / updating their e-mail addresses for receiving electronic communications.

- 10 The Explanatory Statement under Section 173(2) of the Companies Act, 1956, in respect of special business is annexed hereunder.

By Order of the Board

Place : Coimbatore
Date : 25th May 2013

R.S.GOWDHAMAN
Company Secretary

ANNEXURE TO THE NOTICE

ITEM NO.2 & 3 OF THE AGENDA

Additional information on Mr.G.R.Karthikeyan and Dr.K.Mohan Naidu, seeking reappointment as Directors at the Annual General Meeting is furnished hereunder.

Mr.G.R.Karthikeyan (Age 70)

The brief resume of Mr.G.R.Karthikeyan is given below.

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

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

Directorship in other companies

Sri Karthikeya Spinning & Weaving Mills Pvt Ltd.
RND Softech Private Ltd.
Leap Green Energy Private Ltd.
RND Health Care TPS Private Ltd.
Lotus Eye Care Hospital Ltd.

Membership in Committees

Nil
Nil
Nil
Nil
Nil

He holds 1,040 shares in the Company.

Dr.K.Mohan Naidu (Age: 75)

The brief resume of Dr.K.Mohan Naidu is given below.

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.

Directorship in other companies

Trident Sugars Ltd
Sri Sarvaraya Sugars Ltd. AP

Membership in Committees

Audit Committee
Nil

He holds 1,000 equity shares in the Company.

ITEM NO.5 & 6 OF THE AGENDA

Additional information on Mr.Aditya Krishna Pathy and Mr.B.Soundararajan seeking election as Directors at the Annual General Meeting is furnished hereunder. This may also be treated as an Explanatory Statement pursuant to section 173(2) of the companies act, 1956.

Mr.Aditya Krishna Pathy (Age 27)

He was co-opted as an Additional Director of the Company by the Board of Directors with effect from 5th November 2012. As per the provisions of the Companies Act, he will hold office upto the date of the 27th Annual General Meeting. The Company has received nomination from a shareholder proposing the candidature of Mr.Aditya Krishna Pathy to the office of Director along with the requisite deposit.

He is the son of Ms.Rajshree Pathy, Chairperson and Managing Director.

None of the Directors are concerned or interested in the resolution except Ms.Rajshree Pathy and Mr.Aditya Krishna Pathy.

The brief resume of Mr.Aditya Krishna Pathy is given below.

He has done B.A (Business & Management) at University of Exeter, United Kingdom. He is the Wholetime Director of Lakshmi Mills Company Limited apart from holding Directorship in many other companies.

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

Directorship in other companies

Membership in Committees

The Lakshmi Mills Co. Ltd.	Nil
Lakshmi Card Clothing Mfg. Co. Pvt. Ltd.	Nil
The Coimbatore Lakshmi Cotton Press Pvt. Ltd.	Nil
Sans Craintes Stud Farm Pvt. Ltd.	Nil
Sans Craintes Live Stock Pvt. Ltd.	Nil
L.C.C. Investments Ltd.	Nil
Rajshree Power Pvt. Ltd.	Nil

He holds 248,217 (1.043% of the total share capital) equity shares in the company.

Mr.B.Soundararajan (Age 52)

He was co-opted as an Additional Director of the Company by the Board of Directors with effect from 5th November 2012. As per the provisions of the Companies Act, he will hold office upto the date of the 27th Annual General Meeting. The Company has received nomination from a shareholder proposing the candidature of Mr.B.Soundararajan, to the office of Director along with the requisite deposit.

None of the Directors are concerned or interested in the resolution except Mr.B.Soundararajan.

The brief resume of Mr.B.Soundararajan is given below.

The entrepreneur hails from a teacher's family at Udumalpet, near Coimbatore and have a strong agricultural background. Mr. Soundararajan started his career as a trader for egg and poultry feed in the year 1985. In 1986, the business expanded, along with his brother by setting up a poultry farm with 200 egg laying birds (layers). In 1988, they set up Suguna's first feed mill to meet the feed requirements of the neighborhood poultry farmers. In 89-90 however, the poultry prices collapsed due to an oversupply of birds in the local market. Out of this was born the idea of contract farming. The two entrepreneurs worked with poultry farmers who had the infrastructure, by providing the chicks and feed. The farmer reared the birds and returned them to Suguna in return for a growing charge. Through building personal relationships with the farmers and winning their trust, Suguna was able to go from strength to strength, today becoming a world class poultry enterprise with an annual turnover of Rs.4000 crores.

He is a dynamic person who actively contributes to the industry and society. He served as President of the Indian Breeders Association from 2002 to 2007. He was Chairman for National Poultry Committee in 2006-07 and Vice Chairman for CLFMA from 2005 till date. Mr.Soundararajan has been an active member in the Poultry Advisory Committee to the Ministry of Agriculture in New Delhi since 2004 and Planning Board Member in Tamilnadu Veterinary University since 2005.

He was recognized for his contribution and achievements and awarded the Best Entrepreneur and influential people by Business Today and CII (Confederation of Indian Industry).

Under his able leadership, Suguna Poultry Farm Limited won the National Productivity Council Awards 7 times successively, since 1994-95 and won the Best Asian Poultry Company in 2008.

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

Directorship in other companies

Membership in Committees

Suguna Foods Ltd.	Nil
Suguna Capital Ventures Pvt. Ltd.	Nil
Globion India Pvt. Ltd.	Nil
Bovian Healthcare Pvt. Ltd.	Nil
Suguna Holdings Pvt. Ltd.	Nil
Aminovit Pvt. Ltd.	Nil
Suguna Foods and Feeds Bangladesh Pvt. Ltd.	Nil
Suguna Poultry Pvt Ltd	Nil

He does not hold any share in the Company. He is also not related to any director of 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. ADITYA KRISHNA PATHY **

Mr. B. SOUNDARARAJAN **

Mr. R.VARADARAJAN
WholetimeDirector

Ms. RAJSHREE PATHY
Chairperson and Managing Director

** Appointed as Additional Directors on 5.11.2012

Auditors

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

President & Chief Financial Officer

Mr. A. Sathyamurthy

Company Secretary

Mr. 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**

Mundiampakkam PO
PIN 605 601
Villupuram Taluk & District

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

Semmedu Village, Gingee Taluk
PIN 604 153.
Villupuram District

Bankers

State Bank of India
State Bank of Mysore
State Bank of Hyderabad
UCO Bank
Bank of India
ICICI Bank Ltd.
Axis Bank Ltd.

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the 27th Annual Report with the audited financial statements for the year ended 31st March 2013.

		₹ in lakhs
	2012-13	2011-12
FINANCIAL HIGHLIGHTS		
Total Income	84,714.91	71,711.88
Profit before Finance Costs, Depreciation and exceptional items	12,500.06	10,022.69
Less: Finance Costs	7,909.08	6,165.36
Depreciation	3,415.50	2,572.59
Exceptional items	0.61	1,477.65
Extraordinary items	--	25.00
Profit before Tax	1,174.88	(217.90)
Current Tax	235.45	--
Less: MAT credit entitlement	235.45	--
Deferred Tax Asset	146.35	(40.75)
Income tax of prior years	--	--
Profit after Tax	1,028.52	(177.15)
Basic Earnings Per Share of ₹10/- each before extraordinary items	4.33	(0.64)
Basic Earnings Per Share of ₹10/- each after extraordinary items	4.32	(0.74)
Diluted Earnings Per Share of ₹10/- each after extraordinary items (after considering allotment of 11,50,000 warrants)	4.12	(0.74)

DIVIDEND

The Board of Directors have not recommended any dividend for the year ended 31st March 2013.

FINANCIAL PERFORMANCE

Your Company earned an income of ₹ 84,714.91 lakhs in the year 2012-13 as against ₹ 71,711.88 lakhs during the previous year. The Company has earned a net profit of ₹ 1,028.52 lakhs as against the net loss of ₹ 177.15 lakhs during the previous year.

OPERATIONAL PERFORMANCE

Sugar Division

The sugarcane crushing in 2012-13 has increased substantially (17%) over the previous year on account of adequate sugarcane planting in the command area of the factories and as a consequence to our sustained efforts in the Research & Development and cane extension activities. The average recovery of sugar was at 9.16% as against 9.40% in the previous year.

The Company produced 2.60 lakh tons of sugar as against 2.28 lakh tons in the previous year, registering a 14% increase. The Company sold (including exports) 2.37 lakh tons as against 2.23 lakh tons in the previous year.

The key operational data of our sugar division for the year 2012-13 are as follows :

Sugar Division - at a glance	2012-13	2011-12
Sugarcane crushed (Tons)	2,837,376	2,434,644
Recovery %	9.16	9.40
Sugar Produced (Tons)	259,981	228,802
Sugar Produced from Raw Sugar (Tons)	5,060	--
Total Sugar Produced (Tons)	265,041	228,802
Sugar Sold (Tons)		
-Domestic (including Levy)	178,431	178,508
-Exports	58,425	44,895

Cogeneration Division

The operations of cogeneration division across all the Units were satisfactory. The total power generated by the cogeneration division recorded a growth of 13%, largely owing to higher crushing and bagasse availability, coupled with better capacity utilisation. During the year under review, the total power generated by all our Units was 3,103 lakh units as against 2,751 lakh units. The company exported 1,975 lakh units as against 1,877 lakh units in the previous year.

The Company has received 44,442 units of carbon credits during the year ended 31st March 2013 which has been accounted during the year under review.

Distillery Division

The distillery units located at Unit I and III have produced 222.98 lakh litres of Alcohol in 2012-13 as against 92.76 lakh litres of Alcohol in the previous year and the company has sold 209.31 lakh litres of alcohol against 95.41 lakh litres of alcohol in the previous year. The increase in production of alcohol is due to the successful commissioning of the new distillery plant at Gingee (Unit III) on 27th April 2012.

Operations of subsidiary companies

Trident Sugars Limited

Your wholly owned subsidiary Company, Trident Sugars Limited, has crushed 4.25 lakh tons of sugarcane during the financial year 2012-13 as against 4.07 lakh tons in the previous year. The company produced 40,373 tons of sugar and sold 35,473 tons of sugar during the financial year as against 42,897 tons of production and 47,168 tons of sales in the previous year.

Rajshree Power Private Limited

There were no operations of the said subsidiary company during the year under review.

Accounts of Subsidiaries

Pursuant to the resolution passed in accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, by the Board of Directors at its meeting held on 25th May 2013, it was decided that the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However, the financial information of the subsidiary companies are disclosed in the Annual Report in compliance with the said circular.

The Company hereby undertakes to make available the Annual financial statements of the subsidiary companies and the related detailed information to any member of the Company and members of subsidiary companies, seeking such information at any point of time. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

The annual financial statements of the subsidiary companies shall also be kept for inspection of any shareholder at the Registered Office of the holding company and of the subsidiary companies concerned. The holding company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on request.

FUTURE OUTLOOK

The acute drought conditions in the entire state of Tamilnadu are likely to impact crop productivity and recovery of sugar in the current season. The resulting reduction in sugar stocks should be offset by the surplus stocks likely to be available at the end of this season. This would keep the domestic prices relatively stable.

Your Company will see a period of consolidation in the coming year when we stabilize and increase efficiencies in all its plants to extract optimum returns on investments.

DIRECTORS

Mr.G.R.Karthikeyan and Dr.K.Mohan Naidu, Directors retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for reappointment.

M/s Aditya Krishna Pathy and B.Soundararajan were co-opted as Additional Directors on 5th November 2012 and they hold office upto the ensuing Annual General Meeting. Notices have been received from a shareholder together with the requisite deposit, proposing their 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)

Information as required under Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules 1975, as amended, are given in Annexure forming part of this Report.

However, having regard to the provisions of Section 219(1) (b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all members of the Company. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, relevant amounts which remained unpaid or unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 8th August 2012 (date of last Annual General Meeting) on the website of the Company (www.rajshreesugars.com), as also on the website of Ministry of Corporate Affairs.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that in the preparation of annual financial statements for the financial year ended 31.3.2013;

- 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 profits 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 account/financial statements have been prepared on a going concern basis.