



Rajshree Sugars & Chemicals Limited

22nd

Annual Report
2007 2008

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BOARD OF DIRECTORS

Mr. RAJA M.J.ABDEEN

Dr. P SURULINARAYANASAMI

Mr. GR KARTHIKEYAN

Mr. MYDUR ANAND

Mr. G.S.V.SUBBA RAO

Mr. R.C.H.REDDY

Mr. R VARADARAJAN
Director & Chief Operating Officer

Ms. RAJSHREE PATHY
Chairman and Managing Director

Auditors

M/s Srikishen & Co.
7, Seth Narayandas Layout
Street No.1, Tatabad
Coimbatore 641 012

Registered Office

'The Uffizi'
338 Avanashi Road
Peelamedu
Coimbatore 641 004

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

Varadaraj Nagar P.O.
PIN 625 562
Periyakulam Taluk
Theni District

**Factory Unit II
Sugar & Cogen**

Mundiyampakkam PO
PIN 605 601
Villupuram Taluk & District

**Factory Unit III
Sugar, Cogen & Distillery
(Under implementation)**

Semmedu Village, Gingee Taluk
Villupuram District

Bankers

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

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 22nd Annual Report with the audited financial statements for the year ended 31st March 2008.

FINANCIAL HIGHLIGHTS

	2007-08 Rs.	2006-07 Rs.
Total Income	351,15,50,356	407,15,05,406
Profit before Interest, Depreciation and exceptional items	29,49,79,871	59,80,84,078
Less: Interest	14,12,63,223	16,63,33,197
Depreciation	10,56,36,112	10,31,22,776
Exceptional items	10,15,49,622	5,93,31,864
Profit before Tax	(5,34,69,086)	26,92,96,241
Direct taxes	13,75,000	1,57,60,000
Deferred tax	(1,32,53,000)	2,68,96,000
Income tax of prior years	61,93,083	6,69,415
Profit after Tax	(4,77,84,169)	22,59,70,826
i) Transfer to General Reserve	Nil	13,00,00,000
ii) Proposed Dividend	Nil	7,94,20,950
iii) Provision for dividend tax	Nil	1,34,97,590
Basic / Diluted Earnings per Share of Rs.10/- each before extraordinary items	2.37	12.71
Basic / Diluted Earnings per Share of Rs.10/- each after extraordinary items	(2.11)	9.96

DIVIDEND

Since the Company has incurred loss during the year 2007-08, the Board of Directors have not recommended dividend for the year ended 31.3.2008.

FINANCIAL PERFORMANCE

Your Company achieved a turnover of Rs.351.15 crores in the year 2007-08 as against Rs.407.15 crores during the previous year. The Company incurred a net loss of Rs.4.78 crores as against net profit of Rs.22.60 crores earned in the previous year. The sharp decrease in sugar price realizations which breached below Rs.1200/- per quintal during the year and the payment of prior year disputed purchase tax arrears during the financial year resulted in the Company incurring loss for the year reported.

OPERATIONAL PERFORMANCE

Sugar Division

Due to inadequate rainfall in the command area of the factories during the year, the sugarcane crushing has been sustained in 2007-08. The sugarcane crushed during the year 2007-08 were as follows

	Sugarcane crushed (MT)	
	2007-08	2006-07
Unit I	720,841	866,805
Unit II	1,437,059	1,307,827
Total	2,157,900	2,174,632

The sustained production has prompted stepping up exports to liquidate the stocks. The subsidy extended by the Government of India for export of sugar enabled the Company to be competitive in the international market.

The Government of India had also created a buffer stock to support the industry and the Company had obtained its share of the benefit.

During the year, the Company exported 1,04,604 MT of sugar as against the previous year export of 34,898 MT of sugar on account of acceptance of Indian sugar in the international market.

Distillery Division

The Company produced 1,01,03,154 litres of Alcohol in 2007-08 as against 1,00,89,972 litres of Alcohol in the previous year. The off-take 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.

Cogeneration of Power

Both the Cogeneration plants in Unit I and II generated 19,51,65,348 units of electricity in 2007-08, as against 18,59,95,428 units of power generated during the previous year. After captive consumption, 12,05,22,889 units of power were exported to TNEB as against 11,17,64,257 units exported in the previous year. The Company has earned 81,628 units of carbon credits for the year ending 30.9.2007 as against 79,049 units earned in the corresponding previous year.

Operations of subsidiary company

The wholly owned subsidiary Company, Trident Sugars Limited crushed 3,96,363 MT of sugarcane during the financial year 2007-08 as against 3,24,690 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

The implementation of the sugar and cogeneration units at Gingee Taluk, Villupuram District is in progress and the plants are expected to be commissioned in August 2008. There has been an escalation in project cost from Rs.180 crores to Rs.200 crores on account of increase in steel, cement and other input costs. With the expected commissioning of the plants, the revenues and the profitability of the Company for the year ending 31.3.2009 is expected to considerably increase provided the sugar price realizations sustain at reasonable levels.

Sugarcane crushing for the year 2008-09 is expected to be lower than the crushing for the year 2007-08 on account of decrease in plantation of sugarcane in the command area. However the Company is undertaking extensive cane development activities to encourage the farmers to continue sugarcane plantation which is likely to yield positive results in the long term.

Besides the market dynamics, the sugar price realizations are also affected by the policies of the Central Government and with inflation being a key agenda of the Government, the Company expects the sugar prices to remain relatively flat during the year 2008-09. Therefore it is expected that there would be pressure on the margins for the year 2008-09 also.

DIRECTORS

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

AUDITORS

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

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)

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)

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that in the preparation of the annual accounts, the applicable standards have been followed; they have selected such accounting policies and applied them consistently and made judgements 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; 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 that 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 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 behalf of the Board

Place: Coimbatore
Date : 19.06.2008

RAJSHREE PATHY
Chairman and Managing Director

Addendum to the Directors' Report
DERIVATIVE TRANSACTION

The Company has an outstanding derivative transaction with AXIS Bank Limited for a notional value of USD 10 million which may escalate up to a total of USD 40 million if the prescribed exchange rates occur during the reference period on two fixing dates in June 2008 and in June 2009. The delivery however will occur, only in June 2009.

The actual Mark to Market values on the respective fixing dates in June 2008 and June 2009 will depend upon the prevailing exchange rate of the designated currencies in the contract. As the loss, if any, is indeterminable as on date, it is hence not considered.

The Company had sought legal advice on the subject and had been advised that the contract itself is void ab initio as it contravened RBI guidelines.

The Company has since proceeded against the Bank, in the High Court of Judicature at Chennai and the Hon'ble Court has granted an interim injunction restraining the Bank from enforcing the contract against the company till 20th June 2008, when it will be next heard.

For and behalf of the Board

Place: Coimbatore
Date : 19.06.2008

RAJSHREE PATHY
Chairman 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 payable for the year 2007-08	Qualification & Experience	Date of commencement of employment	Age	Last employment
1	Ms.Rajshree Pathy	Chairman and Managing Director	Rs.24,30,960	B.Com 19 years	16.3.1989	52 years	General Manager Ganga Textiles Ltd
2	Mr.R.Varadarajan	Director and Chief Operating Officer	Rs.26,26,560	MBA 20 years	16.7.1987	50 years	Head, Department of Management Studies PSG College of Arts & Science

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

1. Boiler Feed pumps put into VFD mode of operation.
2. Downsizing of pumps from higher capacity to lower capacity.
3. Use of spray pond excess water instead of raw water resulting in reduction in power consumption for water pumping.

The above measures have resulted in reduction in energy consumption.

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

	Unit	Sugar Division	Distillery Division	Co-gen. Division
1. Electricity				
a. Purchased	KWH	8,58,945 (18,99,610)	47,523 (50,990)	36,952 (4,510)
Total amount	Rs. in lakhs	109.86 (201.85)	4.14 (5.08)	3.22 (0.45)
Rate per unit (including demand charges)	Rs.	12.79 (10.63)	8.71 (9.95)	8.71 (9.95)
b. Own Generation				
i) Through Diesel Gensets Qty. Consumed	KWH	57,470 (36,124)	NIL (NIL)	NIL (NIL)
Units per ltr of Diesel	KWH	2.05 (1.75)	NIL (NIL)	NIL (NIL)
Cost per unit	Rs.	16.53 (20.03)	NIL (NIL)	NIL (NIL)
ii) Through steam turbine(Co-generation) Qty. consumed	KWH	4,81,01,304 (5,24,58,989)	17,75,360 (18,75,440)	2,26,03,044 (1,98,96,742)
Units per MT of steam	KWH	152 (148)	116 (123)	156 (166)
Cost/unit	Rs.	Steam produced from own bagasse (Steam produced from own bagasse)		
2. Coal Quantity	MT	NIL (NIL)	NIL (NIL)	NIL (NIL)
Total Cost	Rs.in lakhs	NIL (NIL)	NIL (NIL)	Nil (NIL)
Average rate	Rs.	NIL (NIL)	NIL (NIL)	Nil (NIL)

	Unit	Sugar Division	Distillery Division	Co-gen. Division
3. Furnace Oil Quantity	Ltrs	NIL (NIL)	NIL (NIL)	16,000 (NIL)
Total value	Rs. in Lakhs	NIL (NIL)	NIL (NIL)	3.26 (NIL)
Average Rate	Rs.	NIL (NIL)	NIL (NIL)	20.40 (NIL)
4. Firewood Quantity	MT	NIL (NIL)	NIL (NIL)	1873 (4,668)
Total value	Rs. in Lakhs	NIL (NIL)	NIL (NIL)	32.22 (57.40)
Average Rate	Rs.	NIL (NIL)	NIL (NIL)	1720 (1229)
5. Others/internal generation - Bagasse Quantity	MT	NIL (NIL)	NIL (NIL)	5,75,506 (5,87,782)
Total cost	Rs. in Lakhs	Own Bagasse consumed		
Rate/unit	Rs.	(Own Bagasse consumed)		

b. Consumption per unit of production

Product	Per Quintal White Crystal Sugar	Per Litre Alcohol
Electricity (KWH)	24.14 (26.34)	0.18 (0.19)

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.
 - a. Rapid propagation of new sugarcane varieties through Tissue culture
 - b. Use of new weedicides for weed control and sugarcane ripener for improved recoveries.
 - c. Isolation and characterisation of new biofertiliser microorganisms *Herbaspirillum* sp.
2. Benefits derived as a result of the above R & D
 - a. Four location and season specific high yielding and high quality new sugarcane varieties have been developed.
 - b. Improvement in average yield and recovery.
 - c. *Herbaspirillum* sp. can be used for production of new biofertilizer for higher yield in sugarcane crop.
3. Expenditure on R & D

(a) Capital	Rs. NIL
(b) Recurring	Rs.8,71,381/-
(c) Total	Rs.8,71,381 /-
(d) Total R & D expenditure as a percentage of total turnover.	0.02%

Technology absorption, adaptation and innovation

- (1) Efforts in brief towards technology absorption, adaptation and innovation.
 - a. Mechanisation of sugarcane cultivation
 - b. Novel method of sugarcane propagation (Chip bud seedling technique) in shade houses.
- (2) Benefits derived as a result of the above R & D
 - a. Introduction of sugarcane ridgers and planters have reduced cost of sugarcane.
 - b. Novel method of chip bud planting has reduced cost of cultivation.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total foreign exchange used and earned
 foreign exchange earned : Rs.1,27,24,34,502/-
 foreign exchange outgo : Rs. 11,65,72,676/-

Annexure 3 to Directors' Report

CORPORATE GOVERNANCE REPORT

1. Company's philosophy on Code of Governance

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

2. Board of Directors

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

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

Attendance of Directors at Board meetings and Annual General meeting during the year 2007-08.

Name of Director	No. of Board Meetings attended	Last AGM Attended	Membership in Board of other Companies	Membership in Committee of other Companies	Sitting fees paid for Board and Committee meetings (Rs.)
Ms.Rajshree Pathy	7	Yes	12	1	--
Mr.R.Varadarajan	7	Yes	2	1	--
Mr.G.R.Karthikeyan	6	Yes	2	--	1,10,000
Dr.P. Surulinarayanasami	2	No	1	--	20,000
Mr.Raja M.J.Abdeen	7	Yes	13	--	1,20,000
Mr.Mydur Anand	6	Yes	2	--	1,10,000
Mr.R.C.H.Reddy	6	Yes	5	2	1,00,000
Mr.G.S.V.Subba Rao	7	Yes	--	--	1,20,000

7 Board meetings were held during the year on 30th April 2007, 13th June 2007, 30th July 2007, 10th September 2007, 31st October 2007, 31st January 2008 and 8th February 2008.

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

The broad terms of reference are as follows:

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

During the year 2007-08, the audit committee meetings were held on 30th April 2007, 13th June 2007, 30th July 2007, 31st October 2007 and 31st January 2008. Members' attendance at the meetings were as follows:

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

4. Remuneration Committee

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

Mr.G.R.Karthikeyan	(Chairman)	Non-Executive and Independent Director
Mr.Mydur Anand	(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

During the year, no meeting of the Remuneration Committee was held.

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

The remuneration paid to wholetime Directors for the year 2007-2008 are as follows (in Rs.):

Managerial remuneration:	Ms. Rajshree Pathy	Mr. R.Varadarajan
Salary	24,00,000	21,84,000
Commission	--	--
Perquisites	30,960	4,42,560
Total	24,30,960	26,26,560

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

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

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

	No. of shares
Dr.P.Surularayanasami	11,31,107
Mr.Raja M.J.Abdeen	8,10,000
Mr.G.R.Karthikeyan	1,040
Mr.Mydur Anand	300
Mr.R.C.H.Reddy	832
Mr.G.S.V.Subba Rao	None

5. Shareholders / Investors Grievance Committee

The Shareholders / Investors Grievance Committee is headed by Mr.Raja M.J.Abdeen, Non-Executive Director. Mr.C.Shankar, Company Secretary is the compliance officer. During the year 2007-08, 47 complaints were received and 47 complaints were solved to the satisfaction of the shareholders. As of 31st March 2008, there are no complaints/queries pending reply. An exclusive email ID for addressing shareholders grievances, viz., investor@rajshreesugars.com has been created.

6. General Body meetings

Location and time for the last three Annual General Meetings

Year	AGM	Location	Date	Time	No. of special resolutions passed
2004-05	AGM	Conference Hall, Indian Chamber of Commerce & Industry, Coimbatore.	30.09.2005	3.00 PM	1
	EGM	-- as above --	08.06.2006	11.00 AM	1
2005-06	AGM	-- as above --	06.09.2006	3.00 PM	--
2006-07	AGM	-- as above --	10.09.2007	3.00 PM	--

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

7. Disclosures

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

No penalty or strictures have been imposed on the company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

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.

8. Means of Communication

The company is publishing quarterly unaudited financial results and notice advertisements in The Hindu-Business Line and Dinamani (vernacular language) regularly. The company has posted the quarterly/annual results in the Company's Website www.rajshreesugars.com. The company is also displaying audited financial results, quarterly unaudited financial results, report on corporate governance and shareholding pattern etc. on the SEBI EDIFAR website.

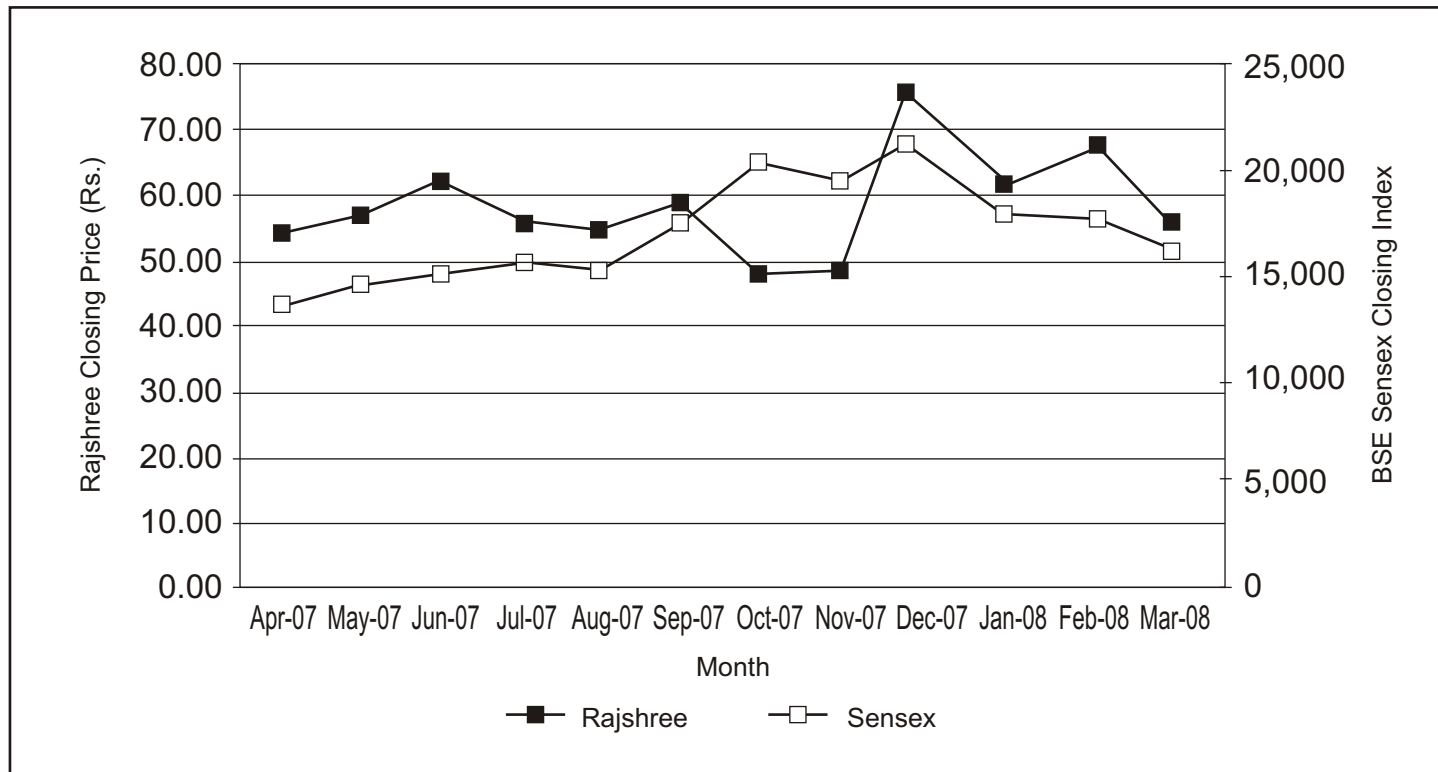
9. General shareholder information

i. AGM Date, time and venue	29th September 2008 at 10.15 A.M. Conference Hall, Indian Chamber of Commerce and Industry, Avanashi Road, Coimbatore 641 018.
ii. Financial calendar 2008-09 First quarterly results Second quarterly results Third quarterly results Audited yearly results	Before end of July 2008 Before end of October 2008 Before end of January 2009 Before end of June 2009
iii. Book Closure Date	22nd September 2008 to 29th September 2008
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 2007-08 (Bombay Stock Exchange)

<u>Month</u>	<u>High (Rs.)</u>	<u>Low (Rs.)</u>
April	68.30	53.70
May	58.80	52.10
June	62.50	54.10
July	62.80	53.10
August	61.00	52.00
September	65.70	52.10
October	59.75	43.05
November	58.50	45.35
December	77.80	48.55
January	81.60	55.50
February	66.40	53.20
March	65.00	44.00

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

Rajshree Vs BSE Sensex


viii. Registrars and Share Transfer Agents (for physical & demat shares)	M/s SKDC Consultants Limited Post Box No. 2979 No.7, Seth Narayandas Layout Street No.1, Tatabad P.O. Coimbatore 641 012.
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 2008

No. of equity shares held	No. of Folios	No. of shares held	% of shareholding
Upto 5000	28,787	72,01,876	31.74
5001 to 10000	120	8,92,282	3.93
10001 to 20000	35	5,16,876	2.28
20001 to 30000	16	4,17,706	1.84
30001 to 40000	9	3,26,452	1.44
40001 to 50000	4	1,77,847	0.78
50001 to 100000	9	7,01,818	3.09
100001 and above	17	1,24,56,843	54.90
Total	28,997	2,26,91,700	100.00

xi. Shareholding pattern as on 31st March 2008

Category	No. of Folios	No. of shares held	% of shareholding
Promoters	9	78,18,742	34.46
Directors and their relatives	13	21,75,279	9.59
Mutual funds and UTI	15	4,84,993	2.14
Banks, Financial institutions and insurance companies	4	1,330	0.01
Corporate bodies	561	30,93,568	13.63
Indian public	28,276	88,17,304	38.85
NRIs and OCBs	119	3,00,484	1.32
GDRs	0	0	0
Total	28,997	2,26,91,700	100.00

xii. Dematerialisation of shareholding and liquidity	82.85% of total equity share capital is held in dematerialized form with NSDL and CDSL.
xiv. Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity	NIL
xv. Plant locations	<u>Unit I - Sugar, Cogeneration & Distillery</u> Varadarajnagar PO, PIN 625 562. Periakulam Taluk, Theni District <u>Unit II - Sugar & Cogeneration</u> Mundiampakkam PO PIN 605 601. Villupuram Taluk & District <u>Unit III - Sugar & Cogeneration (Under implementation)</u> Semmedu Village, Gingee Taluk, Villupuram District
xvi. Address for correspondence	"The Uffizi", 338 Avanashi Road Peelamedu, Coimbatore 641 004. E-mail ID : investor@rajshreesugars.com rscl@rajshreesugars.com

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

Date of declaration of dividend	Dividend for the financial year	Due date of transfer to the Central Government
05.09.2001	2000-2001	04.10.2008
26.09.2002	2001-2002	25.10.2009
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

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

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

CEO/CFO certification

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

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

The Shareholders,

I, Rajshree Pathy, Chairman 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 Personnel of Rajshree Sugars and Chemicals Limited.

Place : Coimbatore
Date : 19th June, 2008

Rajshree Pathy
Chairman 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 on 31st March 2008, 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, 2008, there were no investors' grievance matters against the Company remaining unattended pending for more than 30 days.

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

For **SRIKISHEN & CO.**
Chartered Accountants

Place:Coimbatore
Date:19th June 2008

K.Murali Mohan
Auditors, Proprietor
Membership No.14328

MANAGEMENT DISCUSSION AND ANALYSIS

Industry structure and developments

The Indian sugar industry is comprised of cooperative sugar factories, private and public sector sugar factories. Cooperatives account for about 55% of the total number of factories.

The sugar industry is cyclical in nature. When the national production is high, prices go down substantially due to over supply. Low sugar price realization would result in arrears of cane payment and this would compel the farmers to switch to alternate crops. As a result the acreage under sugarcane would drop and the sugar production would be consequently lower. This would create a high demand for sugar and the demand supply mismatch would firm up the prices.

The sugar season 2006-07 witnessed a record national production of 283.28 lac MT of sugar and as a result the price of sugar plummeted to a very low Rs.11900/- per MT which was barely enough to meet the raw material cost. Consequently, the industry witnessed heavy losses during the year 2007-08 and piled up huge arrears in cane payment. The gravity of the situation prompted the Government of India to create a buffer stock of 5 million tons in the early part of the financial year and also announce a transport subsidy for exports. Even these measures were not enough in arresting the downward trend in sugar price and consequent buildup of cane arrears. The Government of India then announced a Scheme for Financial Assistance to Sugar Undertakings in December 2007 providing for interest free financial loans from Banks equivalent to excise duty payable on notional production of sugar during the season 2006-07 and 2007-08 in order to help the industry clear the cane payment arrears for the season 2006-07 and cane price for season 2007-08.

Opportunities and threats

The sugar industry is set to enter an upward phase in the sugar cycle. Estimates of sugarcane production for the ensuing season in the leading sugar producing states of Uttar Pradesh and Maharashtra are significantly lower and with the fall in production in the southern states too, the present estimates of sugar production for the season 2008-09 would be close to 220 lakh tons. Hence the sugar price realizations are expected to firm up during the second half of this financial year. It presents an opportunity to regain the patronage of the farmers who have shifted to other crops, by clearing the arrears of cane payment with the surplus generated by the higher prices. The demand for sugar is steadily rising and therefore the industry still sees an opportunity to increase capacity. Higher cane output means higher production of by-products which could be used to meet the targeted power production capacity of 5000 MW from non-conventional sources as envisaged by the Government.

The availability of sugarcane is dictated by the vagaries of nature and the opportunities in alternate crops. Sugarcane continues to be subject to the political climate too, with State Governments tending to fix higher prices for sugarcane having no relation to sugar prices. A national consensus for alcohol and power amongst the State Governments still eludes the Central policy makers. The sustained surge in petroleum prices has rapidly escalated the search for alternate fuels amidst growing concerns of diversion of food crops for bio-fuels. Alcohol from sugarcane is one of the most proven bio-fuels and also does not threaten the food chain. The focus on alcohol as fuel thus gains urgency and augurs well for the sugar industry.

People are certainly more aware of their health and diabetes is definitely a cause for concern. But consumption of sugar is driven more by cultural propensity and lifestyle changes that are reflected in ever-increasing demand and is a vital link in the food chain.

Segment wise performance

The segments for the purpose of reporting are Sugar, Distillery and others consisting of property development. The sugar segment includes both sugar and cogeneration divisions. The sugar segment achieved a sales turnover of Rs.322.86 crores as against Rs.382 crores in the previous year while the Distillery segment recorded a turnover of Rs.24.57 crores as against Rs.23 crores recorded in the previous year. There were no transactions in the property development division during the year 2007-08 as well as previous year. The sugar segment earned a profit before interest & taxes of Rs.7.57 crores as against Rs.42.63 crores earned in the previous year while the Distillery division earned Rs.16.24 crores against Rs.13.05 crores earned during the previous year. The operating profit ratio of the sugar division has substantially reduced on account of depressed sugar prices during the year reported on. The operational performance of the segments is given under the Directors' Report.

Outlook

The sugar production for the season 2007-08 is now revised around 280 lac tons. The second half of the current financial year is expected to see a drop in sugar production on account of likely decrease in plantation. Therefore the overall physical parameters for the financial year 2008-09 is expected to be less than that of the previous year. The anticipated decrease in sugar production would see sugar price firm up slowly during the current year and the industry expects to see an improvement in its bottom line during the year 2008-09.

Risks and concerns

The Government has announced remunerative prices for rice and wheat and hence there is the possibility of the farmers opting for alternate crops which are of shorter duration. The control of inflation is high on the agenda of the nation and in the event of sugar prices firming up, the Government may act to arrest the spiraling prices by permitting import of sugar or ban the export of sugar. The ethanol blended programme is yet to be implemented by the Government with full vigour and therefore its success depends upon the commitment of the Government to find a viable bio-fuel supplement to its fossil fuel needs.

Internal control systems and their adequacy

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

Financial performance and operational performance

The details of financial performance and operational performance is 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 2008 and also the Profit and Loss Account and the Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended, issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion and subject to Note No.27 of notes on accounts, regarding accounting of profit or loss on forex derivative contracts (disputed), the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representation received from the directors as on 31st March 2008, we report that none of the directors is disqualified as on that date, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, and
 - f) In our opinion and to the best of our information and according to the explanations given to us, subject to the non recognition of mark to market loss on forex derivative contract (disputed), resulting in the loss for the year being understated to the extent of the said loss not accounted, 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 2008
 - 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.**
Chartered Accountants

Place: Coimbatore
Date : 19th June 2008

K.Murali Mohan
Auditors, Proprietor
Membership No:14328

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

- (i) a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b. As explained to us, all the fixed assets have been physically verified in a phased periodical manner, by the management, which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies have been noticed on such physical verification.
- c. In our opinion the company has not disposed a substantial part of its fixed assets during the year.
- (ii) a. The physical verification of inventory has been conducted by the management at reasonable intervals.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper record of inventory and no material discrepancies were noticed on the physical verification of inventories as compared to the book records.
- (iii) a. The Company has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Act.
- b. The Company has granted unsecured loan to its wholly owned subsidiary company. The maximum amount involved in the above transaction net of periodical repayments is Rs.8,16,89,418/- and the year end balance is Rs. 4,58,19,713/-. 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.: 2 :
- vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A or any other relevant provisions 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 his 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 31.03.2008 for a period of more than six months from the date they became payable.

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

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

- x) There are no accumulated losses at the end of the financial year 31.03.2008. The Company has not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks. The company has not issued any debentures till date.
- xii) During the year, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.: 3 :
- 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 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 funds raised on short-term basis aggregating to Rs.555.20 lakhs has been used for long term investments towards purchase of capital equipments for new industrial undertaking being set up at Gingee, Tamilnadu by the Company.
- 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.**
Chartered Accountants

Place: Coimbatore
Date : 19th June 2008

K.Murali Mohan
Auditors, Proprietor
Membership No:14328

BALANCE SHEET AS AT 31st MARCH 2008

AS AT 31.03.2007 Rs.	PARTICULARS	SCHEDULE	AS AT 31.03.2008 Rs.
I. SOURCES OF FUNDS			
	1.SHAREHOLDERS' FUNDS		
226,917,000	(a) Share Capital	"A"	226,917,000
785,296,626	(b) Reserves & Surplus	"B"	737,512,457
			964,429,457
	2. LOAN FUNDS		
1,710,437,053	(a) Secured	"C"	2,990,846,678
455,674,000	(b) Unsecured	"D"	10,548,000
			3,001,394,678
339,670,123	3.DEFERRED TAX		326,417,123
3,517,994,802	TOTAL		4,292,241,258
II. APPLICATION OF FUNDS			
	1. FIXED ASSETS	"E"	
2,518,103,038	(a) Gross Block		2,570,289,371
665,948,556	(b) Less: Depreciation		760,351,694
1,852,154,482	(c) Net Block		1,809,937,677
156,085,965	(d) Capital Work in Progress		1,726,980,203
2,008,240,447			3,536,917,880
476,336,768	2. INVESTMENTS	"F"	476,336,768
	3. CURRENT ASSETS AND LOANS & ADVANCES		
977,772,875	(a) Inventories	"G"	972,889,238
267,751,862	(b) Sundry Debtors	"H"	205,747,744
242,080,156	(c) Cash and Bank Balances	"I"	45,419,722
611,977,975	(d) Loans & Advances	"J"	520,673,371
2,099,582,868			1,744,730,075
	LESS: CURRENT LIABILITIES AND PROVISIONS		
893,617,709	(a) Current Liabilities	"K"	1,464,368,465
172,547,572	(b) Provisions	"L"	1,375,000
1,066,165,281			1,465,743,465
1,033,417,587	NET CURRENT ASSETS		278,986,610
-	4. MISCELLANEOUS EXPENDITURE		-
3,517,994,802	TOTAL		4,292,241,258

As per our report of even date
For **Srikishen & Co**
Chartered Accountants

K. Murali Mohan
Auditors, Proprietor
Membership No. 14328

C Shankar
Company Secretary

Rajshree Pathy
Chairman and Managing Director

Place: Coimbatore
Date : 19th June 2008

R Varadarajan
Director & Chief Operating Officer

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2008

31.03.2007 Rs.	PARTICULARS	SCHEDULE	31.03.2008 Rs.
I. INCOME			
4,047,399,130	Gross Sales		3,469,108,819
<u>187,163,432</u>	LESS: Excise Duty		<u>120,324,870</u>
3,860,235,698	Net Sales		3,348,783,949
24,106,276	Other Income	"M"	42,441,537
<u>(17,582,616)</u>	Increase / (Decrease) in Stock	"N"	<u>12,605,191</u>
<u>3,866,759,358</u>	TOTAL		<u>3,403,830,677</u>
II. EXPENDITURE			
2,651,278,962	Raw material consumed	"O"	2,472,151,500
3,894,559	Property purchase		-
322,693,853	Manufacturing Expenses	"P"	317,048,254
144,534,938	Employee Cost	"Q"	179,002,586
166,333,197	Interest (Refer Note No: 20)	"R"	141,263,223
146,272,968	Administrative Expenses	"S"	139,790,811
-	Loss in Sugar Trading - NCDEX		857,655
<u>103,122,776</u>	Depreciation		<u>105,636,112</u>
<u>3,538,131,253</u>	TOTAL		<u>3,355,750,141</u>
328,628,105	Profit before Exceptional items and Tax		48,080,536
455,400	ADD: Prior period Income		-
2,762,120	Compensation on acquisition - Surplus (Refer note No: 25)		68,482
	LESS: Prior period Expense - Sales tax		79,995
	LESS: Extraordinary items		
62,549,384	- Loss on sale of discarded assets (Refer note No: 22)		12,546,998
-	- Disputed Purchase tax (Refer note No: 26)		69,434,921
-	- Loss in Forex Derivative transaction (Refer note No: 27)		19,556,190
269,296,241	Profit / (Loss) before tax		(53,469,086)
14,480,000	LESS: Provision for - Tax		-
26,896,000	- Deferred Tax Liability / (Asset)		(13,253,000)
90,000	- Wealth Tax		90,000
1,190,000	- Fringe Benefit Tax		1,285,000
669,415	Income Tax paid / (Refund) of Prior Year		6,193,083
225,970,826	Profit / (Loss) after tax		(47,784,169)
52,244,340	ADD: Balance b/f from the previous year		55,296,626
130,000,000	Transfer to General Reserve		-
79,420,950	Proposed Dividend		-
13,497,590	Tax on Dividend		-
<u>55,296,626</u>	Balance Carried Over		<u>7,512,457</u>
12.71	Basic / Diluted Earnings per Share of Rs.10/- each before extraordinary items		2.37
9.96	Basic / Diluted Earnings per Share of Rs.10/- each after extraordinary items		(2.11)

As per our report of even date
For **Srikishen & Co**
Chartered Accountants

K. Murali Mohan
Auditors, Proprietor
Membership No. 14328

C Shankar
Company Secretary

Rajshree Pathy
Chairman and Managing Director

Place: Coimbatore
Date : 19th June 2008

R Varadarajan
Director & Chief Operating Officer

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2008

31.03.2007 Rs.	PARTICULARS	31.03.2008 Rs.
	SCHEDULE "A" SHARE CAPITAL AUTHORISED	
300,000,000	30,000,000 Equity Shares of Rs.10/- each	300,000,000
	ISSUED, SUBSCRIBED & PAID UP:	
226,917,000	22,691,700 Shares of Rs.10/- each fully paid-up	226,917,000
	SCHEDULE "B" RESERVES & SURPLUS RESERVES	
	General Reserve	
600,000,000	Balance brought forward	730,000,000
130,000,000	Transfer from Profit & Loss account	-
730,000,000		730,000,000
55,296,626	Balance in Profit & Loss A/c	7,512,457
785,296,626		737,512,457
	SCHEDULE "C" SECURED LOANS	
	1. TERM LOANS	
174,900,000	A. From Sugar Development Fund	166,155,000
754,288,599	B. From Banks	736,423,025
-	C. ECB from Banks	1,251,500,000
	2. CASH CREDIT	
781,248,454	From Banks	836,768,653
1,710,437,053		2,990,846,678
	SCHEDULE "D" UNSECURED LOANS	
14,174,000	Fixed Deposit	10,548,000
441,500,000	ECB loan from Banks	-
455,674,000		10,548,000

SCHEDULE "E" - FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 31.03.2007 Rs.	Additions Rs.	Deletions Rs.	As on 31.03.2008 Rs.	As on 1.4.2007 Rs.	For the Year Rs.	Withdrawn Rs.	Upto 31.03.2008 Rs.	As on 31.03.2008 Rs.	As on 31.03.2007 Rs.
Land	73,146,500	0	0	73,146,500	-	-	-	-	73,146,500	73,146,500
Buildings	570,166,912	6,532,194	0	576,699,106	77,348,435	14,665,934	0	92,014,369	484,684,737	492,818,477
Plant & Machinery	1,770,290,060	81,497,730	39,200,000	1,812,587,790	550,319,922	85,211,281	11,429,261	624,101,942	1,188,485,848	1,219,970,138
Office Equipments	8,246,254	1,532,641	128,700	9,650,195	3,344,081	433,629	31,049	3,746,661	5,903,534	4,902,173
Furniture	5,494,178	350,935	-	5,845,113	3,522,323	283,870	-	3,806,193	2,038,920	1,971,855
Vehicles	34,732,676	1,087,486	5,340	35,814,822	16,215,112	2,605,818	5,340	18,815,590	16,999,232	18,517,564
Electrical Equipments	45,351,807	54,505	0	45,406,312	10,557,887	2,155,083	0	12,712,970	32,693,342	34,793,920
Tools & Equipments	6,718,834	59,581	-	6,778,415	3,185,862	318,198	-	3,504,060	3,274,355	3,532,972
Lab Equipments	3,955,817	405,301	-	4,361,118	1,454,934	194,975	-	1,649,909	2,711,209	2,500,883
Total	2,518,103,038	91,520,373	39,334,040	2,570,289,371	665,948,556	105,868,788	11,465,650	760,351,694	1,809,937,677	1,852,154,482
Work in Progress									1,726,980,203	156,085,965
Previous year	2,364,410,824	263,450,809	109,758,594	2,518,103,039	590,340,864	103,130,092	27,522,401	665,948,555	1,852,154,484	1,774,069,960

Depreciation for the year ended 31st March 2008 includes Rs.2,32,676/- being depreciation on plant and machinery included in capital WIP.

31.03.2007 Rs.	PARTICULARS	31.03.2008 Rs.
	SCHEDULE "F"	
	Investment - Un quoted - non-trade	
	Investment in Subsidiary Company	
	Trident Sugars Limited	
476,336,768	67,37,500 shares of Rs.10/- each at cost	476,336,768
	SCHEDULE "G"	
	INVENTORIES	
	As certified by the Managing Director and valued	
268,791	Raw materials at cost	130,708
819,488,269	Finished Goods at net realisable value	808,458,879
18,165,337	Stock in Process at cost	19,856,729
86,789,220	Stores & Spares at cost	91,381,664
53,061,258	Immovable Property at cost	53,061,258
<u>977,772,875</u>		<u>972,889,238</u>
	SCHEDULE "H"	
	SUNDRY DEBTORS	
	UNSECURED & CONSIDERED GOOD	
8,191,033	Outstanding for more than six months	8,094,722
<u>259,560,829</u>	Others	<u>197,653,022</u>
<u>267,751,862</u>		<u>205,747,744</u>
	SCHEDULE "I"	
	CASH & BANK BALANCES	
1,225,323	Cash on hand	666,025
	<u>with Scheduled Banks</u>	
121,635,060	In Current Account	9,476,213
88,279,886	In Current Account - overseas branch	-
14,977,921	In Deposit Account	20,764,921
9,630,676	In Unpaid Dividend Account	11,225,363
6,331,290	In Current Account with MDCC bank	3,287,199
<u>242,080,156</u>	(Maximum balance due at any time	
	during the year Rs. 8,042,173/- Previous year Rs. 1,02,06,568/-)	<u>45,419,721</u>
	SCHEDULE "J"	
	LOANS & ADVANCES	
	Recoverable in cash or in kind	
	Unsecured considered good	
149,436,096	Advances to Ryots, Staff and others	239,792,831
259,768,465	Advances for Capital expenditure	10,278,914
73,326,450	Advances to Subsidiary company - Trident Sugars Limited	46,854,419
11,484,467	Earnest, Security & Other Deposits	10,056,090
25,782,893	Excise deposits including Cenvat credits	161,958,538
82,966,158	Advance Income Tax	38,177,442
9,213,446	Prepaid expenses	13,555,137
<u>611,977,975</u>		<u>520,673,371</u>

31.03.2007 Rs.	PARTICULARS	31.03.2008 Rs.
SCHEDULE "K"		
CURRENT LIABILITIES		
	Sundry Creditors	
-	Due to Micro small enterprises	-
723,944,071	Due to others for purchases	1,251,094,394
54,122,324	Due to others for expenses	67,972,342
11,768,552	Due for Other finances	14,067,423
24,077,789	Advances received from customers	11,508,714
63,522,117	Excise Duty payable - Finished Goods Stock	41,578,040
	Investors Education and Protection fund shall be credited by the unpaid dividends *	11,225,363
9,630,676	Interest accrued but not due	47,365,999
6,552,180	Other liability	19,556,190
893,617,709		1,464,368,465
* The figures reflect the position as at March 31, 2008. 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		
34,701,573	Purchase Tax	-
44,927,459	Provision for Income Tax & Wealth Tax & FBT	1,375,000
13,497,590	Corporate Tax on Dividend	-
79,420,950	Proposed Dividend	-
172,547,572		1,375,000
SCHEDULE "M"		
OTHER INCOME		
187,415	Interest Income	179,179
5,045,639	Interest received from Subsidiary Company	6,931,570
1,076,818	Interest on Term deposits	805,527
71,468	Profit on sale of assets	735
13,458,101	Miscellaneous Income	14,824,208
3,030,990	Exchange rate Fluctuations	-
-	Forex derivative contract receipt (Refer note No. 27)	4,083,000
1,235,845	Insurance claim receipts	15,617,318
24,106,276		42,441,537
SCHEDULE "N"		
STOCK DIFFERENTIAL		
838,181,937	Opening stock of Finished goods	819,488,269
14,764,583	Opening stock in process	18,165,337
49,166,699	Opening property stock in trade	53,061,258
819,488,269	Closing stock of Finished goods	808,458,879
18,165,337	Closing stock in process	19,856,729
53,061,258	Closing property stock in trade	53,061,258
(11,398,355)		(9,337,998)
(6,184,261)	(Add) / Less: Excise Duty on Increase	(21,943,189)
(17,582,616)	/Decrease in stocks of Finished Goods	12,605,191

31.03.2007 Rs.	PARTICULARS		31.03.2008 Rs.
	SCHEDULE "O"		
	<u>RAW MATERIAL CONSUMED</u>		
3,820,666	Opening stock - raw materials	268,791	
2,393,074,508	Purchase of Raw materials	2,297,903,103	
113,583,736	Transport Charges	34,051,806	
130,293,070	Purchase Tax	129,355,975	
10,775,773	Cess	10,702,533	
<u>2,651,547,753</u>			<u>2,472,282,208</u>
	LESS:		
268,791	Closing stock - raw materials	130,708	
<u>2,651,278,962</u>			<u>130,708</u> <u>2,472,151,500</u>
	SCHEDULE "P"		
	<u>MANUFACTURING EXPENSES</u>		
212,569,424	Consumption of Stores	216,682,297	
4,628,437	Other Manufacturing Expenses	5,006,417	
16,187,394	Excise duty expenses	25,541,633	
26,337,012	Power & Fuel	17,048,349	
	Repairs & Maintenance		
13,081,846	Building	8,105,740	
25,315,951	Machinery	20,373,822	
10,331,436	Vehicles	9,274,661	
14,242,353	Others	15,015,335	
<u>322,693,853</u>			<u>317,048,254</u>
	SCHEDULE "Q"		
	<u>EMPLOYEE COST</u>		
96,864,137	Salaries, Wages & Bonus	114,356,950	
37,094,810	Welfare Expenses	52,797,300	
10,575,991	Contribution to P F & Other funds	11,848,336	
<u>144,534,938</u>			<u>179,002,586</u>
	SCHEDULE "R"		
	<u>INTEREST & FINANCIAL CHARGES</u>		
48,490,087	On Term Loan	47,856,740	
1,105,512	On Fixed Deposit	1,020,962	
116,737,598	On Others	92,385,521	
<u>166,333,197</u>			<u>141,263,223</u>
	SCHEDULE "S"		
	<u>ADMINISTRATIVE EXPENSES</u>		
1,496,149	Building rent	1,963,765	
3,822,836	Licence Fees & Tax	5,122,731	
38,272,120	Additional Sales Tax	-	
12,933,250	Insurance Premium	9,750,974	
20,959,362	Selling Expenses / Export expenses	71,369,034	
838,348	Brokerage & Commission	-	
17,083,606	Managerial remuneration	5,057,520	
400,000	Directors sitting fees	580,000	
	<u>Auditor's remuneration</u>		
250,000	- Statutory Audit fees	250,000	
135,000	- Taxation matters	60,000	
14,000	- Certification (Excluding Rs. 10,000 relating to capital WIP)	5,000	
36,734	Cost Audit fees	36,000	
1,328,388	Loss on Sale of Assets	87,651	
6,636,000	Charity & Donation	115,000	
-	Exchange rate Fluctuations	1,020,729	
42,067,175	Other Expenses	44,372,407	
<u>146,272,968</u>			<u>139,790,811</u>

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2008
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. Actuarial gain and losses in respect of post employment and other long term benefits are charged to Profit and Loss Account / work-in-progress.

iii) FIXED ASSETS

Fixed assets are stated at historical cost including allocable borrowing costs and net of specific subsidies, cenvat credit, if any and depreciation.

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. 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) 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.
- b) In respect of immovable property cost is taken as the net payment for acquisition and expenses incurred therewith till the date of title perfection.
- c) 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.
- d) Stores and spares are valued at Weighted Average cost basis.

vii) INVESTMENTS

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

viii) DEPRECIATION

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

ix) INCOME AND EXPENDITURE RECOGNITION

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

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. Cenvat credit 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.

2. LICENCED AND INSTALLED CAPACITY AND PRODUCTION

PRODUCT	LICENSED CAPACITY	INSTALLED CAPACITY	PRODUCTION		UNIT
			2007-2008	2006-2007	
Sugar	N.A	7500 TCD	202828	206541	MT
Molasses	N.A	N.A	95687	102550	MT
Bagasse	N.A	N.A	625672	624526	MT
Industrial Alcohol	45 KLPD	45 KLPD	10103154	10089972	Lit
Electricity	N.A	34 MW	195165348	185995428	KWH
Organic Manure	N.A	30 T/Day	8641	6980	MT

3. QUANTITATIVE PARTICULARS
A) RAW MATERIAL CONSUMED

(Value Rs. in Lakhs)

PRODUCT	UNIT	2007 - 2008		2006 - 2007	
		QTY.	VALUE	QTY.	VALUE
SUGARCANE	MT	2157900	24721.51	2174632	25341.43
MOLASSES	MT	42556	--	43298	--
BAGASSE	MT	592842	--	587782	--

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

(Value Rs. in Lakhs)

PRODUCT	UNIT	OPENING STOCK		CLOSING STOCK		SALES	
		QTY	VALUE	QTY	VALUE	QTY	VALUE
SUGAR	MT	55559 (54395)	7861.89 (8045.06)	53993 (55559)	7838.83 (7861.89)	204618 (204725)	26159.48 (31762.70)
MOLASSES	MT	20103 (15859)	212.57 (184.97)	6303 (20103)	92.45 (212.57)	66929 (55008)	128.08 (140.44)
BAGASSE	MT	1300 (5100)	1.98 (7.36)	2100 (1300)	3.06 (1.98)	38006 (40544)	229.20 (274.04)
ALCOHOL	LIT	551376 (892439)	83.92 (135.45)	811170 (551376)	119.98 (83.92)	9839099 (10425275)	2260.63 (2024.03)
ELECTRICITY	KWH	-- --	-- --	-- --	-- --	120522889 (111764257)	3741.75 (3470.59)
ORGANIC MANURE	MT	1318 (2977)	10.80 (8.97)	1035 (1318)	30.74 (10.80)	8923 (8638)	139.30 (131.28)

Note: Sugar trading in NCDEX having been settled without actual delivery of sugar, quantitative information has not been given for such transaction.

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

(Value Rs. in lacs)

PRODUCT	UNIT	OPENING STOCK		CLOSING STOCK		PURCHASES		SALES	
		QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
PROPERTY	NOS	7 (7)	530.61 (491.67)	7 (7)	530.61 (530.61)	- (-)	- (--)	- (-)	- (--)

4. Estimated amount of contracts pending to be executed on capital account as on 31/03/2008 is Rs.4238.42 lacs (previous year :Rs.12741.58 lacs)

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 Rs.42,49,634/- (Previous year: Rs.42,49,634/-)
- b. The Company has paid statutory minimum price at the rate of Rs.645/- per ton linked to 8.5% recovery, for sugarcane for the season 2002-03 as notified by the Central Government on 12th December 2002. The South Indian Sugar Mills Association on behalf of the member mills has disputed the arbitrary and adhoc increase in the above SMP by Rs.50 per ton linked at 8.5% recovery, for the season 2002-03, vide notification dated 9th January 2003, before the Honorable High Court at Chennai which has admitted the petition and stayed the notification and the case has now been transferred to the Supreme Court. The disputed liability amounting to Rs.341 lacs and the additional sales tax of Rs.8.52 lacs on the same, payable for the financial year 2002-03 and Rs.439 lacs and the additional sales tax of Rs.10.98 lacs payable for the financial year 2003-04 has not been provided for in the accounts.
- c. The Government had fixed the SMP for the sugar season 2003-04 at Rs.730/- per ton linked to 8.5% base recovery and the same has been contested before the Honourable High Court at Chennai which had admitted the petition and stayed the notification. The disputed liability amounting to Rs.171.67 lacs and the additional sales tax of Rs.4.29 lacs on the same, payable for the financial year 2003-04 and the disputed liability of Rs.99.57 lacs and the additional sales tax of Rs.2.50 lacs payable for the financial year 2004-05 has not been provided for in the accounts.
- d. The Company has provided a corporate guarantee of Rs.17.95 crores to State Bank of India in respect of Term loan and cash credit facilities sanctioned to the subsidiary company Trident Sugars Limited. (previous year Rs.11.65 crores)
- e. The Company has filed a review petition before the High Court of Judicature, Madras at Chennai in relation to the writ appeals referred to in Note No.26 on 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.
- f. The Commissioner of Central Excise (Appeals) has upheld the order of the Central Excise department imposing a penalty of Rs.21 lacs in the matter of payment of service tax for agency fees and other charges paid towards ECB availed. The Company proposes to go on appeal against the orders of the Commissioner (Appeals) to the Central Excise and Gold Control Appellate Tribunal and hence no provision has been made.

6. SECURED LOANS

- a. Term loans from Banks with limit of Rs.15 crores are secured by first mortgage of the Company's immovable properties at Varadaraj Nagar, Theni District and first charge on all the plant and machinery and other movable assets of the Company at Varadaraj Nagar, Theni District.
- b. Term loans from Banks with limit of Rs.45 crores is secured by first charge on all the plant and machineries of the cogeneration plant at Mundiampakkam, and first charge on immovable properties of cogeneration unit at Mundiampakkam and second charge on current assets of the Company and third charge on immovable properties and plant and machineries of sugar factory at Mundiampakkam.
- c. Term loan of Rs.17.49 crores from Sugar Development Fund is secured by way of exclusive second charge on plant and machineries, equipments, furniture and fittings related to cogeneration and sugar factory at Mundiampakkam and by way of exclusive second charge on immovable properties of the Company at Mundiampakkam.
- d. Working capital limits of Rs.120 crores are secured by hypothecation of current assets of the Company on first charge basis and guaranteed by a Director. It is also secured by way of second charge on immovable properties and plant and machineries of sugar and cogeneration units at Varadaraj Nagar and third charge on immovable properties and plant and machineries of cogeneration unit at Mundiampakkam and fourth charge on immovable properties and plant and machineries of sugar factory at Mundiampakkam.

- e. Corporate loan of Rs.43.13 crores from Bank consisting of (1) Term loan of Rs.21.88 crores is secured by way of equitable mortgage of Company's immovable property situated at Peelamedu, Coimbatore and pari passu first charge on current assets of the Company with existing Working capital lenders, (2) Loan of Rs.9 crores is secured by first charge on receivables from TNEB, second pari passu charge on plant and machineries of sugar & cogeneration units at Varadaraj Nagar, third pari passu charge on cogen unit at Mundiampakkam and fourth pari passu charge on sugar unit at Mundiampakkam, (3) Term loan of Rs. 12.25 crores under SEFSU, 2007 is secured by residual pari passu charge on all the fixed assets of Unit I & II.
- f. Term loan of Rs.0.60 crores from Bank is secured by way of hypothecation of plant and machineries of the bio-fertiliser plant of 300 MTPA.
- g. Term loan of Rs.10 crores from Bank is secured by way of equitable mortgage of property at New Delhi.
- h. ECB of Rs.125.15 crores is secured by first pari passu charge on plant and machineries and second charge on current assets of sugar and cogeneration units at Gingee (under installation).
- i. Term loan of Rs.11.25 crores obtained under the Scheme for Extending financial assistance to sugar undertakings is secured by residual pari passu on all the fixed assets of Unit I and II.

7. MANAGERIAL REMUNERATION	2007-08 Rs.	2006-07 Rs.
Salary	45,84,000	44,40,000
Commission	--	1,18,32,404
Company's contribution to Provident Fund	18,720	18,720
Monetary value of perquisites	43,200	43,200
Contribution to Superannuation Fund	2,64,600	2,43,000
Reimbursement of Medical Expenses	1,47,000	1,35,000
Encashment of Earned leave	--	1,45,641
Leave Travel Allowance	--	2,25,641
Total	50,57,520	1,70,83,606

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

Profit before taxation	(5,34,69,086)	26,92,96,241
Add: Depreciation as per books	10,56,36,112	10,31,22,726
Loss on sale of assets	87,651	13,28,388
Remuneration - Managing Director	24,30,960	1,42,63,364
Remuneration - Whotetime Director	26,26,560	28,20,242
Directors' sitting fees	5,80,000	4,00,000
	<u>5,78,92,197</u>	<u>39,12,30,961</u>
Less: Depreciation u/s 350	10,58,68,788	10,31,30,090
Profit on sale of assets	735	71,468
Compensation on aquisition - Surplus	68,482	27,62,120
	<u>10,59,38,005</u>	<u>10,59,63,678</u>
Net Profit	(4,80,45,808)	28,52,67,283
Remuneration @ 5% of above to the Managing Director	NIL	1,42,63,364
Commission to the Managing Director restricted to NIL for the year 2007-08		

8. No amount is due to Micro, Small and Medium Enterprises in respect of sundry creditors. This is as per information available with the company about the status of the parties concerned.

9. CIF Value of Imports	2007-08 Rs.	2006-07 Rs.
Raw materials - Raw Sugar	NIL	NIL
Capital Goods	5,16,22,300	1,22,60,637
Consumable spares	NIL	17,27,398

		2007-08 Rs.	2006-07 Rs.
10. Earnings in Foreign Exchange			
a) Export of goods calculated on FOB basis		117,76,93,608	22,42,06,240
b) Sale of carbon credits		7,19,14,997	5,76,72,595
c) Interest receipts		1,87,42,897	11,03,155
d) Receipt under forex derivative contract disputed		40,83,000	--
11. Expenditure in Foreign Currency			
i) Professional and Consultation and services		9,93,250	2,27,22,902
ii) Interest on ECB		10,01,58,646	41,08,372
iii) Others		18,54,270	1,00,09,245
12. Consumption			
a) Raw materials			
i) Imported		NIL (0%)	NIL (0%)
ii) Indigenous		247,21,51,500 (100%)	253,41,43,361 (100%)
b) Stores & spares:			
i) Imported	Rs.	NIL (0%)	17,27,398 (0.81)
ii) Indigenous	Rs.	21,66,82,297 (100%)	21,08,42,026 (99.19%)
13. a) Amount of Dividend remitted during the year in Foreign Exchange currencies	Rs.	49,571	57,49,315
b) Number of Non-resident shareholders		127	156
c) Number of shares held by the above persons		24,71,591	25,92,528
14. Tax deducted at source on interest income	Rs	19,05,612	13,66,586
Tax deducted at source on Contract	Rs.	NIL	NIL
Tax deducted at source on rental income	Rs.	7,32,212	6,74,283
Tax deducted at source on compensation	Rs.	NIL	4,09,688

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

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

Defined Contribution Plan

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

Employer's Contribution to Provident Fund	Rs.80,94,972
Employer's Contribution to Superannuation Fund	Rs.37,53,364

Defined Benefit Plan

The employees's 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

Defined Benefit obligation at beginning of the year	4,98,57,145
Current service cost	51,19,295
Interest cost	43,49,713
Actuarial (gain)/loss	(28,66,355)
Benefits paid	(12,10,064)
Defined Benefit obligation at year end	5,52,49,734

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

Fair value of plan assets at beginning of the year	3,91,67,799
Expected return on plan assets	30,85,021
Actuarial (gain)/ loss	(18,79,978)
Employer contribution	-
Benefits paid	(12,10,064)
Fair value of plan assets at year end	3,91,62,778
Actual return on plan assets	9,86,377

c. Reconciliation of fair value of assets and obligations

Fair value of plan assets as at 31 st March 2008	3,91,62,778
Present value of obligation as at 31 st March 2008	5,52,49,734
Amount recognized in Balance Sheet	(1,60,86,956)

d. Expenses recognized during the year

Current Service Cost	51,19,295
Interest Cost	43,49,713
Expected return on plan assets	(30,85,021)
Actuarial (gain)/ loss	(9,86,377)
Net Cost	53,97,610

e. Investment details

L.I.C. Group Gratuity policy	2,66,48,088
HDFC Group Gratuity policy	1,25,14,690

f. Actuarial assumptions

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

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. This being the first year of implementation, previous year figures have not been given.

16. Quantum of Excise Duty included in closing stock of finished goods is Rs.4,15,78,040/- (Previous year : Rs. 6,35,22,117/-).
17. Borrowing costs capitalized during the year is Rs.12,06,897/- (Previous year : Rs. 16,07,017/-). Borrowing cost included in Capital Work in progress- Rs.11,11,20,203/- (previous year Rs.33,06,565/-)
18. Interest receipt of Rs.1,95,02,045/- (including Rs.1,87,42,897/- referred in Note No.10) is credited in capital work in progress.(previous year Rs.13,67,232/-)
19. Interest on Fixed deposits include Rs.3,67,394/- paid to Ms.Rajshree Pathy, Chairman and Managing Director in respect of fixed deposits held by her.
20. Interest charges is net of amount due Rs.4,05,83,408/- from Directorate of Sugar, Government of India towards buffer stock interest subsidy claim. This amount will be disbursed by them progressively. Amount received till date is Rs.82,24,513/-
21. 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 2007-08.

22. Loss on sale of discarded asset relate to one old boiler of outdated technology in Unit II, Mundiampakkam dismantled and sold during the year.

23. 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 Rs.75,000/- with option to renew for further 20 years on the same terms. The refundable interest free security deposit made and maintained in a separate escrow account with Bank for this purposes is Rs.1,62,50,000/-. The lease rent amounting to Rs.9 lacs (previous year Rs.4.25 lacs) has been charged to profit and loss account. The future minimum lease payments are as under:

	2007-08	2006-07
Not later than one year	9.00	9.00
Later than 1 year and not later than 5 years	36.00	36.00
Later than 5 years	121.75	130.75

24. The Company has operating leases on premises leased to parties. The leases are for period of 36 months from the date of inception. The lease rentals received are included in the profit and loss account. Lease rental commitments from the parties are as follows.

	2007-08	2006-07
Not later than one year	12.82	29.94
Later than 1 year and not later than 5 years	13.70	26.52
Later than 5 years	Nil	Nil

Fixed assets provided on operating lease to the parties.

Building	Cost		79.46	79.46
	Depreciation		9.19	7.89
	Net book value		70.27	71.57

25. Company during the year ended 31.3.2007 had been awarded a compensation of Rs.48,34,458/- by the State Government in respect of part of land and portion of building thereon acquired by them for extension of National Highway in Mundiampakkam, Villupuram District. A balance amount of Rs.11,83,051/- is due from the State Government. Additional compensation of Rs.68,482/- has been awarded and received during this year.

26. The company has during the year paid the entire amount of disputed purchase tax on cane pertaining to the years 1989-90 to 1994-95 aggregating to Rs.9.95 crores against the provision of Rs.3.47 crores and advance payment of Rs.0.46 crores carried in the books, consequent upon vacation of stay by the High Court of Judicature, Madras at Chennai vide its Order dated 23.11.2007 in writ appeals 1492 and 1493 of 2007.

27. Loss on derivatives

In respect of one of the derivative contract of the value of Rs.10 crores entered into by the company relating to currency swap and since settled on 15.4.2008, the company has incurred a loss of Rs.1,95,56,190/- which amount has been recognized in the books as on 31.3.2008 considering the principles of prudence as enunciated in Accounting Standard 1.

However, in respect of another derivative contract of the notional value of USD 10 million entered into with AXIS Bank Limited which may escalate to USD 40 million based on prescribed exchange rates of designated currencies occurring during the reference period, the very subsistence of the contract including its legality has been disputed by the Company in the suit CS No.240/2008 before the High Court of Judicature, Madras at Chennai and the High Court by its order in OA No.251/2008 has granted interim injunction till 20.6.2008 restraining the bank from enforcing the contract against the Company. Hence the unrealized loss or gain, if any, as on 31.3.2008 has not been recognized in the books. An initial amount of Rs.40,83,000 (USD 100,000) received under this contract has been included in other income.

28. Deferred tax workings:

Particulars	Opening balance	Addition / Reversal	Closing balance
Deferred tax liabilities			
Depreciation	34,25,12,216	56,41,270	34,81,53,486
Total - A	34,25,12,216	56,41,270	34,81,53,486
Deferred tax assets			
Compensation under voluntary retirement scheme	28,42,093	(10,77,007)	17,65,086
Unabsorbed losses	--	95,61,739	95,61,739
Disallowance u/s 43 B	--	1,04,09,538	1,04,09,538
Total - B	28,42,093	1,88,94,270	2,17,36,363
Net Deferred tax liability (A-B)	33,96,70,123	(1,32,53,000)	32,64,17,123

29. Information about Segments: Primary segment - Business segments

(Rs. in Thousands)

Particulars	Sugar	Distillery	Others	Total
REVENUE				
External Sales	3223385	245724	-	3469109
Inter-segment Sales	19729	-	-	19729
Total Revenue	3243114	245724	-	3488838
RESULT				
Segment result	75353	162429	-	237782
Unallocated corporate expenses				48438
Operating Profit				189344
Interest Expense				141263
Interest Income				-
Income Taxes				(5685)
Profit from ordinary activities				53766
Extraordinary Items				(101550)
Net Profit				(47784)
OTHER INFORMATION				
Segment assets	5680502	77483	-	5757985
Unallocated corporate assets				-
Total Assets				5757985
Segment Liabilities	4445982	225	-	446207
Unallocated Corporate Liabilities				20931
Total Liabilities				4467138
Capital Expenditure				-
Depreciation	100650	4986	-	105636
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:

- | | |
|----------------|--|
| i. Sugar | White Crystal Sugar & Cogeneration of Electricity |
| ii. Distillery | Rectified Spirit, Denatured Spirit, Anhydrous Alcohol & Organic Manure |
| iii. Others | Property Development |

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

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

e. Secondary Segment:

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

Domestic Sales	Rs. 202,31,69,692
Export Sales including carbon credit sales	Rs. 144,59,39,127
Total	Rs. 346,91,08,819

Export sales were to Sri Lanka, China, West Asian countries.

30. RELATED PARTY DISCLOSURE
Transactions with related parties
(Value in Rs.)

Particulars	Subsidiaries	Key Management Personnel	Relatives of key Management personnel	Other Related Parties	Total
Remuneration	-- (--)	50,57,520 (1,70,83,606)	-- (90,000)	-- --	50,75,520 (1,71,73,606)
Purchase of Goods	-- (--)	-- (--)	1,57,489 (65,481)	10,91,587 (8,49,792)	12,49,076 (9,15,273)
Purchase of Assets / materials	-- (64,695)	-- (--)	-- (--)	4,99,437 (4,23,799)	4,99,437 (4,88,494)
Sale of Assets / materials	53,82,214 (21,48,602)	-- (--)	-- (--)	-- (--)	53,82,212 (21,48,602)
Rendering of Services	-- (--)	-- (-)	-- (--)	72,802 (43,328)	72,802 (43,328)
Receiving of Services	--	--	--	36,19,019 (22,75,159)	36,19,019 (22,75,159)
Finance(including loans and equity contributions In cash or kind)	3,19,17,133 (16,22,58,839)	-- (--)	-- (--)	-- (--)	3,19,17,133 (16,22,58,839)
Interest paid	-- (--)	3,67,394 (2,47,108)	-- (--)	-- (--)	3,67,394 (2,47,108)
Interest received	69,31,570 (50,45,639)	-- (--)	-- (--)	-- (--)	69,31,570 (50,45,639)
Guarantee on behalf of Subsidiary company	17,95,00,000 (11,65,00,000)	-- (--)	-- (--)	-- (--)	17,95,00,000 (11,65,00,000)
Lease rent paid	--	--	(--)	1,93,960 (5,89,105)	1,93,960 (5,89,105)
Vehicle repairs	--	--	--	33,505 (2,80,910)	33,505 (2,80,910)
Rent received	--	--	--	48,000 (48,000)	48,000 (48,000)
Outstandings					
Payable	-- (--)	(1,18,32,404)	12,734 (--)	2,48,584 (1,67,331)	2,61,318 (11,999,735)
Receivable	4,68,54,419 (7,33,26,450)	-- (--)	-- (--)	41,427 (--)	4,68,95,846 (7,33,26,450)

Note:

Names of related parties and description of relationship

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

31. Earnings per share	31.3.08	31.3.07
a) Net profit before extraordinary items	5,37,53,940	28,85,20,210
Net profit after extraordinary items	(4,77,84,169)	22,59,70,826
b) Weighted average number of equity shares of Rs.10/-each outstanding during the year	22,691,700	22,691,700
c) Basic/Diluted earnings per share (Rs.)		
Before extraordinary items	2.37	12.71
After extraordinary items	(2.11)	9.96

32. 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**

Chartered Accountants

K. Murali Mohan
Auditors, Proprietor
Membership No. 14328

C. Shankar
Company Secretary

Rajshree Pathy
Chairman and Managing Director

Place: Coimbatore
Date : 19th June 2008

R Varadarajan
Director & Chief Operating Officer

Cash Flow Statement for the Year ended	31.03.2008 Rs.	31.03.2007 Rs.
A. Cash Flow from Operating activities:		
Net Profit before taxation & extraordinary items	48,080,536	328,628,105
Adjustment for:		
Depreciation	105,636,112	103,122,776
Loss / Profit on sale of Fixed Assets	86,916	1,256,920
Unrealised foreign exchange (gain) / Loss	(122,896)	-
Interest paid	141,263,223	166,333,197
Interest received	<u>(7,916,276)</u>	<u>(6,309,872)</u>
Operating profit before working capital changes	287,027,615	593,031,126
Adjustments for:		
Trade and other receivables	108,025,572	(534,709,524)
Inventories	4,883,637	19,495,740
Trade payables	<u>551,245,441</u>	<u>415,346,086</u>
Cash generated from Operations	951,182,265	493,163,428
Direct taxes (paid) / Refund	<u>(6,331,826)</u>	<u>(50,737,301)</u>
Cashflow before extraordinary items	944,850,439	442,426,127
Extraordinary items	<u>(104,216,489)</u>	<u>455,400</u>
Net cash from operating activities	840,633,950	442,881,527
B. Cash flow from investing activities		
Purchase of Fixed Assets	(1,662,181,935)	(400,069,612)
Sale of Fixed Assets - including compensation received on acquisition	15,302,958	21,192,009
Acquisition of Subsidiary	-	(476,336,768)
Interest received	<u>7,916,276</u>	<u>6,309,872</u>
Net Cash used in investing activities	(1,638,962,701)	(848,904,499)
C. Cash Flow from financing activities		
Proceeds from issue of Share Capital	-	-
Proceeds from / (Repayment of) long term borrowings	781,274,881	619,782,672
Proceeds from / (Repayment of) short term borrowings	54,575,199	289,245,718
Interest paid	(141,263,223)	(166,333,197)
Dividend paid including tax on dividend	<u>(92,918,540)</u>	<u>(129,371,055)</u>
Net Cash used in Financing Activities	601,668,317	613,324,138
Net Increase / (Decrease) in Cash and Cash Equivalents	(196,660,434)	207,301,166
Cash and cash equivalent as at the beginning of the Year	242,080,156	34,778,990
Cash and cash equivalent as at the close of the Year	45,419,722	242,080,156

As per our report of even date
For **Srikishen & Co**
Chartered Accountants

K. Murali Mohan
Auditors, Proprietor
Membership No. 14328

C Shankar
Company Secretary

Rajshree Pathy
Chairman and Managing Director

Place: Coimbatore
Date : 19th June 2008

R Varadarajan
Director & Chief Operating Officer

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

Registration No .	: 181-1706	State Code	: 18
Balance Sheet date	: 31-March-2008		

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

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

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

Total Liabilities	: 57,57,985	Total Assets	: 57,57,985
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Sources of Funds

Paid-up Capital	: 2,26,917	Reserves & Surplus	: 7,37,512
Secured Loans	: 29,90,847	Unsecured Loans	: 10,548
Deferred Tax	: 3,26,417		

Application of Funds

Net fixed assets	: 35,36,918	Investments	: 4,76,337
Net current assets	: 2,78,987	Misc. Expenditure	: --
Accumulated losses	: --		

IV Performance of Company (Amount in Rs. thousands)

Total Income	: 34,03,831	Total Expenditure	: 33,55,750
Profit Before Tax	: (53,465)	Profit after tax	: (47,784)
Earnings per share (Rs.)	: (2.11)	Dividend Rate	: NIL

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

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

As per our report of even date
For **Srikishen & Co**
Chartered Accountants

K. Murali Mohan
Auditors, Proprietor
Membership No. 14328

C. Shankar
Company Secretary

Rajshree Pathy
Chairman and Managing Director

Place: Coimbatore
Date : 19th June 2008

R Varadarajan
Director & Chief Operating Officer

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

01	Name of the Subsidiary	Trident Sugars Limited
02	Financial year of the subsidiary	31 st March 2008
03	Shares of the subsidiary held by Rajshree Sugars & Chemicals Limited and extent of holding as on 31 st March 2008	
	a) Number & Face Value	67,37,500 Fully paid-up Equity shares of Rs.10/- each
	b) Extent of Holding	100%
04	The net aggregate amount of Profit/(Loss) of the subsidiary for the above financial year so far as it concerns the members of the holding company	
		(in Rs.)
	a) Dealt within the accounts of Rajshree Sugars & Chemicals Limited for the year ended 31 st March 2008	NIL
	b) Not dealt within the accounts of Rajshree Sugars & Chemicals Limited for the year ended 31 st March 2008	(17,65,63,266/-)
05	Net aggregate amount of profits/(losses) for the previous financial year of the subsidiary since it became subsidiary so far as they concerned members of Rajshree Sugars & Chemicals Limited	
	a) Dealt within the accounts of Rajshree Sugars & Chemicals Limited for the year ended 31 st March 2008	Not Applicable
	b) Not dealt within the accounts of Rajshree Sugars & Chemicals Limited for the year ended 31 st March 2008	(1,42,44,764/-)

As per our report of even date
For **Srikishen & Co**
Chartered Accountants

K. Murali Mohan
Auditors, Proprietor
Membership No. 14328

C. Shankar
Company Secretary

Rajshree Pathy
Chairman and Managing Director

Place: Coimbatore
Date : 19th June 2008

R Varadarajan
Director & Chief Operating Officer

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 2008, the consolidated Profit and Loss account and the Cash flow statement for the year ended on that date.

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

We have audited the financial statements of the subsidiary, whose financial statements reflect total assets of Rs.75,16,53,972/- as at 31st March 2008 and total revenues of Rs.47,08,70,610/- and the net cash flows amounting to Rs.16,11,881/- for the year then ended.

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

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

- a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Rajshree Sugars & Chemicals Limited and its subsidiary as at 31st March 2008;
- 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.**
Chartered Accountants

Place: Coimbatore
Date : 19th June 2008

K.Murali Mohan
Auditors, Proprietor
Membership No:14328

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2008

AS AT 31.03.2007 Rs.	PARTICULARS	SCHEDULE	AS AT 31.03.2008 Rs.
I. SOURCES OF FUNDS			
	1.SHAREHOLDERS' FUNDS		
226,917,000	(a) Share Capital	"A"	226,917,000
771,051,862	(b) Reserves & Surplus	"B"	730,000,000
			956,917,000
	2. LOAN FUNDS		
1,988,101,499	(a) Secured	"C"	3,427,394,433
455,674,000	(b) Unsecured	"D"	10,548,000
			3,437,942,433
349,245,123	3.DEFERRED TAX		288,391,123
3,790,989,484	TOTAL		4,683,250,556
II. APPLICATION OF FUNDS			
	1. FIXED ASSETS	"E"	
3,133,917,841	(a) Gross Block		3,304,496,951
717,885,637	(b) Less: Depreciation		828,055,395
2,416,032,204	(c) Net Block		2,476,441,556
249,338,772	(d) Capital Work in Progress		1,779,598,716
2,665,370,976			4,256,040,272
	2. CURRENT ASSETS AND LOANS & ADVANCES		
1,270,327,144	(a) Inventories	"F"	1,289,301,458
302,977,331	(b) Sundry Debtors	"G"	208,441,291
244,578,834	(c) Cash and Bank Balances	"H"	46,306,519
581,543,604	(d) Loans & Advances	"I"	511,097,343
2,399,426,913			2,055,146,611
	LESS: CURRENT LIABILITIES AND PROVISIONS		
1,099,894,756	(a) Current Liabilities	"J"	1,808,024,098
173,913,649	(b) Provisions	"K"	3,207,802
1,273,808,405			1,811,231,900
1,125,618,508	NET CURRENT ASSETS		243,914,711
-	PROFIT & LOSS ACCOUNT		183,295,573
3,790,989,484	TOTAL		4,683,250,556

As per our report of even date
For **Srikishen & Co**
Chartered Accountants

K. Murali Mohan
Auditors, Proprietor
Membership No. 14328

C Shankar
Company Secretary

Rajshree Pathy
Chairman and Managing Director

Place: Coimbatore
Date : 19th June 2008

R Varadarajan
Director & Chief Operating Officer

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2008

31.03.2007 Rs.	PARTICULARS	SCHEDULE	31.03.2008 Rs.
I. INCOME			
4,449,276,556	Gross Sales		3,983,011,343
<u>215,948,639</u>	LESS: Excise Duty		<u>169,216,512</u>
4,233,327,917	Net Sales		3,813,794,831
24,123,157	Other Income	"L"	41,369,695
<u>91,045,680</u>	Increase / (Decrease) in Stock	"M"	<u>27,089,204</u>
<u>4,348,496,754</u>	TOTAL		<u>3,882,253,730</u>
II. EXPENDITURE			
3,030,696,014	Raw material Consumed	"N"	2,929,665,897
3,894,559	Property purchase		-
365,321,547	Manufacturing Expenses	"O"	383,722,431
170,600,285	Employee Cost	"P"	213,337,458
197,092,552	Interest (Refer Note No: 19)	"Q"	180,511,043
155,160,639	Administrative Expenses	"R"	156,465,087
-	Loss in Sugar Trading - NCDEX		857,655
<u>117,080,036</u>	Depreciation		<u>121,402,732</u>
<u>4,039,845,632</u>	TOTAL		<u>3,985,962,303</u>
308,651,122	Profit before Exceptional items and Tax		(103,708,573)
452,303	ADD: Prior period Income		-
2,762,120	Compensation on acquisition - Surplus (Refer note No: 24)		68,482
-	LESS: Prior period Expense		30,657,301
-	Impairment of assets		41,553,469
62,549,384	LESS: Extraordinary items		
-	- Loss on sale of discarded assets (Refer note No: 21)		12,546,998
-	- Disputed Purchase tax (Refer note No: 23)		69,434,921
-	- Loss in Forex Derivative transaction(Refer note No: 26)		19,556,190
249,316,161	Profit / (Loss) before tax		(277,388,970)
14,480,000	LESS: Provision for - Tax		-
20,682,000	- Deferred Tax Liability / (Asset)		(60,854,000)
90,000	- Wealth Tax		90,000
1,322,000	- Fringe Benefit Tax		1,460,000
1,016,099	Income Tax paid / (Refund) of Prior Year		6,262,465
211,726,062	Profit / (Loss) after tax		(224,347,435)
52,244,340	ADD: Balance b/f from the previous year		41,051,862
130,000,000	Transfer to General Reserve		-
79,420,950	Proposed Dividend		-
<u>13,497,590</u>	Tax on Dividend		-
<u>41,051,862</u>	Balance Carried Over		<u>(183,295,573)</u>
12.09	Basic / Diluted Earnings per Share of Rs.10/- each before extraordinary items		(5.41)
9.33	Basic / Diluted Earnings per Share of Rs.10/- each after extraordinary items		(9.89)

As per our report of even date
For **Srikishen & Co**
Chartered Accountants

K. Murali Mohan
Auditors, Proprietor
Membership No. 14328

C Shankar
Company Secretary

Rajshree Pathy
Chairman and Managing Director

Place: Coimbatore
Date : 19th June 2008

R Varadarajan
Director & Chief Operating Officer

CONSOLIDATED SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2008

31.03.2007 Rs.	PARTICULARS	31.03.2008 Rs.
	SCHEDULE "A" SHARE CAPITAL AUTHORISED	
300,000,000	30,000,000 Equity Shares of Rs.10/- each	300,000,000
	ISSUED, SUBSCRIBED & PAID UP:	
226,917,000	22,691,700 Shares of Rs.10/- each fully paid-up	226,917,000
	SCHEDULE "B" RESERVES & SURPLUS RESERVES	
600,000,000	General Reserve	
130,000,000	Balance brought forward	730,000,000
730,000,000	Transfer from Profit & Loss account	-
41,051,862		730,000,000
771,051,862	Balance in Profit & Loss A/c	0
		730,000,000
	SCHEDULE "C" SECURED LOANS	
	1. TERM LOANS	
174,900,000	A. From Sugar Development Fund	166,155,000
868,228,590	B. From Banks	985,383,016
-	C. ECB from Banks	1,251,500,000
	2. CASH CREDIT	
944,972,909	From Banks	1,024,356,417
1,988,101,499		3,427,394,433
	SCHEDULE "D" UNSECURED LOANS	
14,174,000	Fixed Deposit	10,548,000
441,500,000	ECB loan from Banks	-
455,674,000		10,548,000

SCHEDULE "E" - FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 31.03.2007 Rs.	Additions Rs.	Deletions Rs.	As on 31.03.2008 Rs.	As on 1.4.2007 Rs.	For the Year Rs.	Withdrawn Rs.	Upto 31.03.2008 Rs.	As on 31.03.2008 Rs.	As on 31.03.2007 Rs.
Goodwill	324,739,375	-	-	324,739,375	-	-	-	-	324,739,375	324,739,375
Land	77,034,326	0	0	77,034,326	-	-	-	-	77,034,326	77,034,326
Buildings	625,912,896	6,532,194	0	632,445,090	84,264,421	16,301,415	0	100,565,836	531,879,254	541,648,475
Plant & Machinery	1,996,499,379	199,853,027	39,200,000	2,157,152,406	594,353,198	99,036,443	11,429,261	681,960,380	1,475,192,026	1,402,146,181
Office Equipments	8,383,903	1,532,641	128,700	9,787,844	3,360,433	440,167	31,049	3,769,551	6,018,293	5,023,470
Furniture	7,121,653	350,935	-	7,472,588	3,956,117	386,889	-	4,343,006	3,129,582	3,165,536
Vehicles	36,774,850	1,124,966	5,340	37,894,476	16,752,787	2,802,238	5,340	19,549,685	18,344,791	20,022,063
Electrical Equipments	46,776,808	54,505	0	46,831,313	10,557,887	2,155,083	0	12,712,970	34,118,343	36,218,921
Tools & Equipments	6,718,834	59,581	-	6,778,415	3,185,860	318,198	-	3,504,058	3,274,357	3,532,974
Lab Equipments	3,955,817	405,301	-	4,361,118	1,454,935	194,975	-	1,649,910	2,711,208	2,500,882
Total	3,133,917,841	209,913,150	39,334,040	3,304,496,951	717,885,638	121,635,408	11,465,650	828,055,396	2,476,441,555	2,416,032,203
Work in Progress									1,779,598,716	249,338,772
Previous year				3,133,917,841				717,885,637	2,416,032,204	0

31.03.2007 Rs.	PARTICULARS	31.03.2008 Rs.
SCHEDULE "F"		
<u>INVENTORIES</u>		
As certified by the Managing Director and valued		
268,791	Raw materials at cost	130,708
1,088,138,681	Finished Goods at net realisable value	1,094,588,991
25,023,759	Stock in Process at cost	26,416,750
103,834,655	Stores & Spares at cost	115,103,751
53,061,258	Immovable Property at cost	53,061,258
<u>1,270,327,144</u>		<u>1,289,301,458</u>
SCHEDULE "G"		
<u>SUNDRY DEBTORS</u>		
<u>UNSECURED & CONSIDERED GOOD</u>		
8,191,033	Outstanding for more than six months	8,367,215
294,786,298	Others	200,074,076
<u>302,977,331</u>		<u>208,441,291</u>
SCHEDULE "H"		
<u>CASH & BANK BALANCES</u>		
1,445,001	Cash on hand	795,507
	<u>with Scheduled Banks</u>	
123,629,906	In Current Account	10,179,479
88,279,886	In Current Account - overseas branch	-
15,252,921	In Deposit Account	20,764,921
9,630,676	In Unpaid Dividend Account	11,225,363
6,340,444	In Current Account with MDCC bank	3,341,248
<u>244,578,834</u>	<i>(Maximum balance due at any time during the year Rs. 2,17,31,303/- Previous year Rs 1,70,42,708/-)</i>	<u>46,306,518</u>
SCHEDULE "I"		
<u>LOANS & ADVANCES</u>		
Recoverable in cash or in kind		
Unsecured considered good		
187,030,257	Advances to Ryots, Staff and others	266,876,495
259,768,465	Advances for Capital expenditure	10,278,914
12,672,758	Earnest, Security & Other Deposits	11,263,621
29,554,892	Excise deposits including Cenvat credits	170,258,214
83,078,586	Advance Income Tax	38,354,246
9,438,646	Prepaid expenses	14,065,853
<u>581,543,604</u>		<u>511,097,343</u>

31.03.2007 Rs.	PARTICULARS	31.03.2008 Rs.
SCHEDULE "J"		
CURRENT LIABILITIES		
	Sundry Creditors	
-	Due to Micro and small enterprises	-
894,954,020	Due to others for purchases	1,549,368,103
75,362,193	Due to others for expenses	82,997,620
15,422,614	Due for Other finances	18,442,659
12,465,124	Advances received from customers	11,971,129
85,507,949	Excise Duty payable - Finished Goods Stock	66,054,344
9,630,676	Investor Education and Protection fund shall be credited by the unpaid dividends *	11,225,363
6,552,180	Interest accrued but not due	48,408,690
-	Other liability	19,556,190
<u>1,099,894,756</u>		<u>1,808,024,098</u>
* The figures reflect the position as at March 31,2008. The actual amount to be transferred to the Investor Education and Protection fund in this respect shall be determined on the due dates.		
SCHEDULE "K"		
PROVISIONS		
34,701,573	Purchase Tax	-
112,658	Provision for Gratuity	323,379
1,121,419	Provision for leave salary	1,334,423
45,059,459	Provision for Income Tax, Wealth Tax & FBT	1,550,000
13,497,590	Corporate Tax on Dividend	-
79,420,950	Proposed Dividend	-
<u>173,913,649</u>		<u>3,207,802</u>
SCHEDULE "L"		
OTHER INCOME		
249,673	Interest Income	241,437
1,086,189	Interest on Term deposits	805,527
71,468	Profit on sale of assets	735
18,350,136	Miscellaneous Income	20,405,531
3,030,990	Exchange rate Fluctuations	-
-	Forex derivative contract receipt (Refer note No: 26)	4,083,000
1,334,701	Insurance claim receipts	15,833,465
<u>24,123,157</u>		<u>41,369,695</u>
SCHEDULE "M"		
STOCK DIFFERENTIAL		
991,784,853	Opening stock of Finished goods	1,088,138,681
16,798,814	Opening stock in process	25,023,759
49,166,699	Opening property stock in trade	53,061,258
1,088,138,681	Closing stock of Finished goods	1,094,588,991
25,023,759	Closing stock in process	26,416,750
53,061,258	Closing property stock in trade	53,061,258
108,473,332		7,843,301
17,427,652	(Add) / Less: Excise Duty on Increase /Decrease in stocks of Finished Goods	(19,245,903)
<u>91,045,680</u>		<u>27,089,204</u>

31.03.2007 Rs.	PARTICULARS	31.03.2008 Rs.
	SCHEDULE "N"	
	RAW MATERIAL CONSUMED	
3,820,666	Opening stock - raw materials	268,791
2,753,010,134	Purchase of Raw materials	2,725,099,801
113,583,736	Transport Charges	40,590,127
149,774,496	Purchase Tax	153,135,353
10,775,773	Cess	10,702,533
<u>3,030,964,805</u>		<u>2,929,796,605</u>
	LESS:	
268,791	Closing stock - raw materials	130,708
<u>3,030,696,014</u>		<u>130,708</u>
	SCHEDULE "O"	
	MANUFACTURING EXPENSES	
244,331,700	Consumption of Stores	248,368,857
4,700,332	Other Manufacturing Expenses	5,899,285
16,187,394	Excise duty expenses	25,541,633
28,290,002	Power & Fuel	21,342,491
	Repairs & Maintenance	
13,264,621	Building	10,155,818
31,753,216	Machinery	41,085,026
11,081,065	Vehicles	10,209,628
15,713,217	Others	21,119,693
<u>365,321,547</u>		<u>383,722,431</u>
	SCHEDULE "P"	
	EMPLOYEE COST	
117,320,898	Salaries, Wages & Bonus	141,218,766
40,726,399	Welfare Expenses	57,903,408
12,552,988	Contribution to P F & Other funds	14,215,284
<u>170,600,285</u>		<u>213,337,458</u>
	SCHEDULE "Q"	
	INTEREST & FINANCIAL CHARGES	
66,591,991	On Term Loan	64,094,548
1,105,512	On Fixed Deposit	1,020,962
129,395,049	On Others	115,395,533
<u>197,092,552</u>		<u>180,511,043</u>
	SCHEDULE "R"	
	ADMINISTRATIVE EXPENSES	
1,496,149	Building rent	1,963,765
4,364,764	Licence Fees & Tax	6,306,321
38,272,120	Additional Sales Tax	-
13,833,625	Insurance Premium	11,291,394
22,674,209	Selling Expenses / Export expenses	71,378,157
922,787	Brokerage & Commission	-
17,304,375	Managerial remuneration	5,057,520
400,000	Directors sitting fees	580,000
	Auditor's remuneration	
350,000	- Statutory Audit fees	350,000
135,000	- Taxation matters	85,000
14,000	- Certification (excluding Rs 10000 relating to capital WIP)	5,000
88,249	Cost Audit fees	61,000
1,869,473	Loss on Sale of Assets	87,651
6,661,000	Charity & Donation	115,000
-	Exchange rate fluctuations	1,020,729
46,774,888	Other Expenses	58,163,550
<u>155,160,639</u>		<u>156,465,087</u>

NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2008
1. Principles of Consolidation

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

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

2. SIGNIFICANT ACCOUNTING POLICIES
i) BASIS OF ACCOUNTING & REVENUE RECOGNITION

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

ii) EMPLOYEE BENEFITS

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

Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and losses in respect of post employment and other long term benefits are charged to Profit and Loss Account / work-in-progress.

iii) FIXED ASSETS

Fixed assets are stated at historical cost including allocable borrowing costs and net of specific subsidies, cenvat credit, if any and depreciation.

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. 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) 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.
- b) In respect of immovable property cost is taken as the net payment for acquisition and expenses incurred therewith till the date of title perfection.
- c) 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.
- d) 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 less than Rs.5,000/-, 100% depreciation is provided.

ix) INCOME AND EXPENDITURE RECOGNITION

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

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. Cenvat credit 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 31.3.2008 is Rs.4238.42 lacs. (previous year Rs.12528.45 lacs)

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 Rs.42,49,634/- (Previous year: Rs.42,49,634/-)

b. The Company has paid statutory minimum price at the rate of Rs.645/- per ton linked to 8.5% recovery, for sugarcane for the season 2002-03 as notified by the Central Government on 12th December 2002. The South Indian Sugar Mills Association on behalf of the member mills has disputed the arbitrary and adhoc increase in the above SMP by Rs.50 per ton linked at 8.5% recovery, for the season 2002-03, vide notification dated 9th January 2003, before the Honorable High Court at Chennai which has admitted the petition and stayed the notification and the case has now been transferred to the Supreme Court. The disputed liability amounting to Rs.341 lacs and the additional sales tax of Rs.8.52 lacs on the same, payable for the financial year 2002-03 and Rs.439 lacs and the additional sales tax of Rs.10.98 lacs payable for the financial year 2003-04 has not been provided for in the accounts.

c. The Government had fixed the SMP for the sugar season 2003-04 at Rs.730/- per ton linked to 8.5% base recovery and the same has been contested before the Honourable High Court at Chennai which had admitted the petition and stayed the notification. The disputed liability amounting to Rs.171.67 lacs and the additional sales tax of Rs.4.29 lacs on the same, payable for the financial year 2003-04 and the disputed liability of Rs.99.57 lacs and the additional sales tax of Rs.2.50 lacs payable for the financial year 2004-05 has not been provided for in the accounts.

d. The Company has provided a corporate guarantee of Rs.17.95 crores to State Bank of India in respect of Term loan and cash credit facilities sanctioned to the subsidiary company Trident Sugars Limited. (previous year Rs.11.65 crores)

- e. The Company has filed a review petition before the High Court of Judicature, Madras at Chennai in relation to the writ appeals referred to in Note No.26 on 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.
- f. The Commissioner of Central Excise (Appeals) has upheld the order of the Central Excise department imposing a penalty of Rs.21 lacs in the matter of payment of service tax for agency fees and other charges paid towards ECB availed. The Company proposes to go on appeal against the orders of the Commissioner (Appeals) to the Central Excise and Gold Control Appellate Tribunal and hence no provision has been made.

5. Secured Loans

Term loans from Banks with limit of Rs.15 crores are secured by first mortgage of the Company's immovable properties at Varadaraj Nagar, Theni District and first charge on all the plant and machinery and other movable assets of the Company at Varadaraj Nagar, Theni District.

Term loans from Banks with limit of Rs.45 crores is secured by first charge on all the plant and machineries of the cogeneration plant at Mundiampakkam, and first charge on immovable properties of cogeneration plant at Mundiampakkam and second charge on current assets of the Company and third charge on immovable properties and plant and machineries of sugar factory at Mundiampakkam.

Term loan of Rs.17.49 crores from Sugar Development Fund is secured by way of exclusive second charge on plant and machineries, equipments, furniture and fittings related to cogeneration and sugar factory at Mundiampakkam and by way of exclusive second charge on immovable properties of the Company at Mundiampakkam.

Working capital limits of Rs.120 crores are secured by hypothecation of current assets of the Company on first charge basis and guaranteed by a Director. It is also secured by way of second charge on immovable properties and plant and machineries of sugar and cogeneration units at Varadaraj Nagar and third charge on immovable properties and plant and machineries of cogeneration unit at Mundiampakkam and fourth charge on immovable properties and plant and machineries of sugar factory at Mundiampakkam.

Corporate loan of Rs.43.13 crores from Bank consisting of (1) Term loan of Rs.21.88 crores is secured by way of equitable mortgage of Company's immovable property situated at Peelamedu, Coimbatore and pari passu first charge on current assets of the Company with existing Working capital lenders, (2) Loan of Rs.9 crores is secured by first charge on receivables from TNEB, second pari passu charge on plant and machineries of sugar & cogeneration units at Varadaraj Nagar, third pari passu charge on cogeneration unit at Mundiampakkam and fourth pari passu charge on sugar unit at Mundiampakkam, (3) Term loan of Rs.12.25 crores under SEFSU, 2007 is secured by residual pari passu charge on all the fixed assets of Unit I & II.

Term loan of Rs.0.60 crores from Bank is secured by way of hypothecation of plant and machineries of the bio-fertiliser plant of 300 MTPA.

Term loan of Rs.10 crores from Bank is secured by way of equitable mortgage of property at New Delhi.

ECB of Rs.125.15 crores is secured by first pari passu charge on plant and machineries and second charge on current assets of sugar and cogeneration units at Gingee (under installation).

Term loan of Rs.11.25 crores obtained under the Scheme for extending financial assistance to sugar undertakings is secured by residual pari passu on all the fixed assets of Unit I and II.

Term loans of Rs.24.75 crores from Banks are secured by pari passu first charge on the Company's immovable properties and fixed assets at Madhunagar, Medak Dist. and second pari passu charge on entire current assets of the company.

Working capital loans of Rs.20 crores are secured by pari passu first charge on Company's current assets and pari passu second charge on Company's immovable properties and fixed assets at Madhunagar, Medak Dist.

The term loan of Rs.6.42 crores sanctioned under SEFSU, 2007 is secured by residual charge on the fixed assets at Madhunagar, Medak Dist.

6. No amount is due to Micro, Small and medium enterprises in respect of sundry creditors. This is as per information available with the company about the status of the parties concerned.
7. Provision towards Gratuity and superannuation schemes has been made upto date as per the demands received from Life Insurance Corporation of India and HDFC Standard Life Insurance Company Limited based on actuarial valuation. Provision for leave encashment benefit has been made for the entire amount due and payable as at the close of the year.
8. Quantum of Excise Duty included in closing stock of finished goods is Rs.6,60,54,344/- (previous year Rs.8,55,07,949/-).
9. Borrowing costs capitalized during the year is Rs.69,05,112/- (previous year Rs.61,86,401/-)
10. 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 capital work in progress of Rs.890.53 lacs was disposed for Rs.475 lacs and for the difference in value realized, provision has been made for impairment of value of asset as on 31.3.2008.

11. Deferred tax workings:

(Rs.in lakhs)

Particulars	Opening balance	During the year	Closing balance
Deferred tax liabilities			
Depreciation	3,715.62	188.01	3903.63
Total	3,715.62	188.01	3903.63
Deferred tax assets			
Unabsorbed depreciation/losses	120.80	685.26	806.06
Expenses charged to Profit & Loss A/c but allowable in Income Tax on payment basis	102.37	111.29	213.66
Total	223.17	796.55	1019.72
Net Deferred tax liability	3,492.45	(608.54)	2883.91

12. Information about Segments: Primary segment - Business segments

(Rs. in Thousands)

Particulars	Sugar	Distillery	Others	Total
REVENUE				
External Sales	3,737,288	245,724	--	3,983,012
Inter-segment Sales	19,729	-	--	19,729
Total Revenue	3,757,017	245,724	--	4,002,741
RESULT				
Segment result	(37,190)	162,429	--	125,239
Unallocated corporate expenses				48,438
Operating Profit				76,801
Interest Expense				180,510
Interest Income				-
Income Taxes				(53,042)
Profit from ordinary activities				(50,667)
Extraordinary items				(173,680)
Net Profit				(224,347)
OTHER INFORMATION				
Segment assets	6,233,704	77,483	--	6,311,187
Unallocated corporate assets				
Total Assets				6,311,187
Segment Liabilities	5,227,843	225	--	5,228,068
Unallocated Corporate Liabilities				21,106
Total Liabilities				5,249,174
Capital Expenditure				
Depreciation	116,417	4,986		121,403
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:
 - i. Sugar White Crystal Sugar & Cogeneration of Electricity
 - ii. Distillery Rectified Spirit, Denatured Spirit, Anhydrous Alcohol & Organic Manure
 - iii. 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	253.71 Crores
Export Sales including carbon credit sales	<u>144.59 Crores</u>
Total	<u>398.30 Crores</u>

13. RELATED PARTY DISCLOSURE

Transactions with related parties

(Value In Rs.)

Particulars	Key Management Personnel	Relatives of key Management personnel	Other Related Parties	Total
Remuneration	50,57,520 (1,70,83,606)	-- (90,000)	-- -	50,75,520 (1,71,73,606)
Purchase of Goods	-- (--)	1,57,489 (65,481)	10,91,587 (8,49,792)	12,49,076 (9,15,273)
Purchase of Assets	-- (--)	-- (--)	4,99,437 (4,23,799)	4,99,437 (4,23,799)
Sale of Assets	-- (-)	-- (--)	-- (-)	-- (-)
Rendering of Services	-- (--)	-- (--)	72,802 (43,328)	72,802 (43,328)
Receiving of Services	--	--	36,19,019 (22,75,159)	36,19,019 (22,75,159)
Finance(including loans and equity contributions In cash or kind)	-- (--)	-- (--)	-- (--)	-- (--)
Interest paid	3,67,394 (2,47,108)	(--) --	(--) --	3,67,394 (2,47,108)
Interest received	-- (--)	(--) (--)	(--) (--)	-- (--)
Lease rent paid	(--)	--	1,93,960 (5,89,105)	1,93,960 (5,89,105)
Vehicle repairs	--	(--)	33,505 (2,80,910)	33,505 (2,80,910)
Rent received	--	--	48,000 (48,000)	48,000 (48,000)
Outstandings				
Payable	-- (1,18,32,404)	12,734 (-)	2,48,584 (1,67,331)	2,61,318 (11,999,735)
Receivable	-- (--)	-- (--)	41,427 (-)	41,427 (-)

Note:

Names of related parties and description of relationship

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

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

As per our report of even date
For **Srikishen & Co**
Chartered Accountants

K. Murali Mohan
Auditors, Proprietor
Membership No. 14328

C. Shankar
Company Secretary

Rajshree Pathy
Chairman and Managing Director

Place: Coimbatore
Date : 19th June 2008

R Varadarajan
Director & Chief Operating Officer

Consolidated Cash Flow Statement for the Year ended	31.03.2008 Rs.	31.03.2007 Rs.
A. Cash Flow from Operating activities:		
Net Profit before taxation & extraordinary items	(103,708,573)	308,651,122
Adjustment for:		
Depreciation	121,402,732	117,080,036
Loss / Profit on sale of Fixed Assets	86,916	1,798,005
Unrealised foreign exchange (gain) / Loss	(122,896)	-
Interest paid	180,511,043	197,092,552
Interest received	(1,046,964)	(1,335,862)
Operating profit before working capital changes	<u>197,122,258</u>	<u>623,285,853</u>
Adjustments for:		
Trade and other receivables	120,187,252	(570,187,772)
Inventories	(18,974,314)	(84,290,386)
Trade payables	<u>688,624,027</u>	<u>500,198,899</u>
Cash generated from Operations	986,959,223	469,006,594
Direct taxes (paid) / Refund	(6,597,584)	(51,083,985)
Cashflow before extraordinary items	<u>980,361,639</u>	<u>417,922,609</u>
Extraordinary items	(134,793,795)	452,303
Net cash from operating activities	<u>845,567,844</u>	<u>418,374,912</u>
B. Cash flow from investing activities		
Purchase of Fixed Assets	(1,781,493,887)	(432,388,024)
Sale of Fixed Assets - including compensation received on acquisition	15,302,958	21,173,749
Acquisition of Subsidiary	-	(476,336,768)
Interest received	<u>1,046,964</u>	<u>1,335,862</u>
Net Cash used in investing activities	<u>(1,765,143,965)</u>	<u>(886,215,181)</u>
C. Cash Flow from financing activities		
Proceeds from issue of Share Capital	-	-
Proceeds from / (Repayment of) long term borrowings	916,294,881	661,851,516
Proceeds from / (Repayment of) short term borrowings	78,438,508	325,704,609
Interest paid	(180,511,043)	(197,092,552)
Dividend paid including tax on dividend	(92,918,540)	(129,371,055)
Net Cash used in Financing Activities	<u>721,303,806</u>	<u>661,092,518</u>
Net Increase / (Decrease) in Cash and Cash Equivalents	(198,272,315)	193,252,249
Cash and cash equivalent as at the beginning of the Year	244,578,834	51,326,585
Cash and cash equivalent as at the close of the Year	46,306,519	244,578,834

As per our report of even date
For **Srikishen & Co**
Chartered Accountants

K. Murali Mohan
Auditors, Proprietor
Membership No. 14328

C Shankar
Company Secretary

Rajshree Pathy
Chairman and Managing Director

Place: Coimbatore
Date : 19th June 2008

R Varadarajan
Director & Chief Operating Officer

BOARD OF DIRECTORS

Ms. RAJSHREE PATHY
Managing Director

Mr. R. VARADARAJAN
Director

Mr. R. ANNADURAI
Director

Mr. R.P. VENUGOPAL
Director

Auditors

M/s.Srikishen & Co
Chartered Accountants
7, Seth Narayandas Layout
Tatabad
Coimbatore 641 012

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 6th Annual Report with the audited financial statements for the year ended 31st March 2008.

Financial highlights

	2007-08 (Rs.in Lakhs)	2006-07 (Rs.in Lakhs)
Total Income	5197.62	4069.40
Profit before Interest and depreciation	(898.43)	297.85
Interest	461.79	358.05
Depreciation	157.67	139.57
Exceptional Items	415.53	--
Prior period expenses	305.77	0.03
Profit before tax	(2239.19)	(199.80)
Provision for taxation	1.75	1.32
Provision for deferred tax	(476.01)	(62.14)
Income tax of prior period	0.69	3.47
Profit after tax	(1765.63)	(142.45)

Dividend

In view of the loss incurred during the year, the Board of Directors have not recommended dividend for the year 2007-08.

Financial performance

The Company has incurred a net loss of Rs. 1765.63 lacs during 2007-08 as against a net loss of Rs. 142.45 lacs in the previous year. The substantial decline in sugar price realizations has resulted in the company incurring loss during the year reported on.

Operations

During the year under review, the factory has crushed 3,96,363 MT of sugarcane as against 3,24,690 MT crushed in the previous year. The higher sugar planting in the command area has helped in sustaining the crushing during the year.

Future outlook

With the expected normal monsoon this year, the sugarcane crushing for the year 2008-09 is expected to be sustained at last year's level. As part of the expansion program, the crushing capacity has been increased from 2500 TCD to 3000 TCD in the first phase and in the next phase, the crushing capacity is proposed to be increased to 3500 TCD.

Directors

Mr.P.K.Viswanathan resigned from the Directorship with effect from 4th February 2008 and Mr.R.Annaduai was appointed as additional Director with effect from 1st April 2008. Necessary resolution for appointment of Mr.R.Annadurai as Director is being placed at the ensuing Annual General Meeting. Mr.R.P.Venugopal and Mr.R.Varadarajan, Directors retire at the ensuing Annual General Meeting and being eligible have offered themselves for reappointment.

Auditors

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

Particulars of employees under section 217(2A)

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

Directors' responsibility statement

Your Directors state that in the preparation of the annual accounts, the applicable standards have been followed; they have selected such accounting policies and applied them consistently and made judgements 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; 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 that 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 : 19th June 2008

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	2007-08	2006-07
1	a) Electricity purchased (No. of units)	6,28,484	3,48,826
	Total amount (Rs.)	28,06,439	19,86,077
	Rate per unit (Rs.)	4.46	5.69
	b) Own generation		
	i) Through Diesel Generators (units)	1,73,064	96,404
	Units per Ltr of Diesel	3.52	4.39
	Cost per unit (Rs.)	9.71	7.64
	ii) Through steam turbine (units)	74,69,500	60,96,191
	Units per MT of bagasse	185	185
	Cost per unit (Rs.)	Own bagasse	Own bagasse
2	Coal consumed (Qty, Value, Avg Rate)	Nil	Nil
3	Furnace Oil consumed (Qty, Value, Avg. rate)	Nil	Nil
4	Firewood consumed (MT)	277	416
	Value of firewood consumed (Rs.)	3,18,435	3,91,107
	Avg. rate (Rs.)	1150	937

b. Consumption per unit of production

Product	White crystal sugar 2007-08	White crystal sugar 2006-07
Electricity (units per Qtl of sugar)	22.16	19.31

A. TECHNOLOGY ABSORPTION:

FORM B

Form for disclosure of particulars with respect to absorption

Research and development

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

Nil

2. Expenditure on R & D

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

Technology absorption, adaptation and innovation

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

Nil

B. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total foreign exchange used and earned

foreign exchange earned	:	Rs. Nil
foreign exchange outgo	:	Rs. Nil

AUDITOR'S REPORT

To

The Members of M/s Trident Sugars Limited

1. We have audited the attached Balance Sheet of M/s Trident Sugars Limited as at 31st March 2008 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 2008, we report that 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, 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 2008
 - 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.**
Chartered Accountants

Place: Coimbatore
Date : 19.06.2008

K. Murali Mohan
Auditors, Proprietor
Membership No:14328

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

- (i) a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b. As explained to us, all the fixed assets have been physically verified in a phased periodical manner, by the management, which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies have been noticed on such physical verification.
- c. In our opinion the company has not disposed a substantial part of its fixed assets during the year.
- (ii) a. Physical verification of inventory has been conducted by the management at reasonable intervals during the year.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper record of inventory and no material discrepancies were noticed on the physical verification of inventories as compared to the book records.
- (iii) a. The Company has taken unsecured loan from its holding company, company covered in the register maintained under section 301 of the Companies Act. The maximum amount involved in the above transaction net of periodical repayments is Rs. 8,16,89,418/- and the year end balance is Rs. 4,58,19,713/-.
- b. The Company has not granted any loans to the Companies, firms covered in the register maintained section 301 of the Companies Act.
- c. In our opinion and according to the information and explanations given to us, the rate of interest & other terms and conditions of the loan taken are not prima facie prejudicial to the interests of the company.
- d. In respect of said loan, principal and interest are payable on demand and therefore the question of overdue amounts does not arise.
- iv) In our opinion and according to the information and explanations given to us there are adequate internal control systems commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control systems.
- v) a. To the best of our knowledge and belief, and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register in pursuance of section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations, such transactions have been made at prices, which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the Company has not obtained any deposit from public during the year.
- vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business;
- viii) The Central Government has prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956, in respect of certain products manufactured by the company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however carried out a detailed examination of the same.
- ix) a. The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Customs duty, Excise duty, service tax, cess and any other statutory dues with the appropriate authorities. According to the information and explanation given to us no undisputed arrears of statutory dues were outstanding as at 31.03.2008 for a period of more than six months from the date they became payable.
- b. As informed to us, there are no disputed statutory dues, as at the year-end.

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

For **SRIKISHEN & CO.**
Chartered Accountants

Place: Coimbatore
Date : 19.06.2008

K. Murali Mohan
Auditors, Proprietor
Membership No:14328

BALANCE SHEET AS AT 31st MARCH 2008

AS AT 31.03.2007 Rs.	PARTICULARS	SCHEDULE	AS AT 31.03.2008 Rs.
I. SOURCES OF FUNDS			
	1.SHAREHOLDERS' FUNDS		
67,375,000	(a) Share Capital	"A"	67,375,000
69,977,629	(b) Reserves & Surplus	"B"	57,250,000
			124,625,000
	2. LOAN FUNDS		
277,664,446	(a) Secured	"C"	436,547,755
71,741,703	(b) Unsecured	"D"	45,819,713
			482,367,468
9,575,000	3.DEFERRED TAX		(38,026,000)
496,333,778	TOTAL		568,966,468
II. APPLICATION OF FUNDS			
	1. FIXED ASSETS	"E"	
291,075,428	(a) Gross Block		409,468,205
51,937,081	(b) Less: Depreciation		67,703,701
239,138,347	(c) Net Block		341,764,504
93,252,807	(d) Capital Work in Progress		52,618,513
332,391,154			394,383,017
	2. CURRENT ASSETS AND LOANS & ADVANCES		
292,554,269	(a) Inventories	"F"	316,412,220
35,225,469	(b) Sundry Debtors	"G"	2,693,547
2,498,678	(c) Cash and Bank Balances	"H"	886,797
42,892,079	(d) Loans & Advances	"I"	37,278,391
373,170,495			357,270,955
	LESS: CURRENT LIABILITIES AND PROVISIONS		
207,861,794	(a) Current Liabilities	"J"	344,690,339
1,366,077	(b) Provisions	"K"	1,832,802
209,227,871			346,523,141
163,942,624	NET CURRENT ASSETS		10,747,814
-	PROFIT & LOSS ACCOUNT		163,835,637
496,333,778	TOTAL		568,966,468

As per our report of even date
For **Srikishen & Co**
Chartered Accountants

K. Murali Mohan
Auditors, Proprietor
Membership No. 14328

R. Varadarajan
Director

Rajshree Pathy
Managing Director

Place: Coimbatore
Date : 19th June 2008

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2008

31.03.2007 Rs.	PARTICULARS	SCHEDULE	31.03.2008 Rs.
I. INCOME			
401,877,426	Gross Sales		513,902,524
<u>28,785,207</u>	LESS: Excise Duty		<u>48,891,642</u>
373,092,219	Net Sales		465,010,882
5,062,520	Other Income	"L"	5,859,728
<u>108,628,296</u>	Increase / (Decrease) in Stock	"M"	<u>14,484,013</u>
<u>486,783,035</u>	TOTAL		<u>485,354,623</u>
II. EXPENDITURE			
379,417,052	Rawmaterial Consumed	"N"	457,514,397
42,627,694	Manufacturing Expenses	"O"	66,674,177
26,065,347	Employee Cost	"P"	34,334,872
35,804,994	Interest	"Q"	46,179,390
8,887,671	Administrative Expenses	"R"	16,674,276
<u>13,957,260</u>	Depreciation		<u>15,766,620</u>
506,760,018	TOTAL		<u>637,143,732</u>
<u>(19,976,983)</u>	Profit / (Loss) for the year		<u>(151,789,109)</u>
3,097	LESS: Prior period expenses		30,577,306
-	Impairment of assets (Refer note No.13)		41,553,469
346,684	Income Tax paid / (Refund) of Prior Year		69,382
-	LESS: Provision for - Tax		-
(6,214,000)	- Deferred Tax (Net)		(47,601,000)
132,000	- Fringe Benefit Tax		175,000
(14,244,764)	Profit / (Loss) for the year after taxation		(176,563,266)
<u>26,972,393</u>	ADD: Balance b/f from the previous year		<u>12,727,629</u>
<u>12,727,629</u>	Balance Carried Over		<u>(163,835,637)</u>
(2.11)	Basic / Diluted Earnings per Share of Rs. 10/- each before extraordinary item		(20.04)
(2.11)	Basic / Diluted Earnings per Share of Rs. 10/- each after extraordinary item		(26.21)

As per our report of even date
For **Srikishen & Co**
Chartered Accountants

K. Murali Mohan
Auditors, Proprietor
Membership No. 14328

R. Varadarajan
Director

Rajshree Pathy
Managing Director

Place: Coimbatore
Date : 19th June 2008

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2008

31.03.2007 Rs.	PARTICULARS	31.03.2008 Rs.
	SCHEDULE "A"	
	SHARE CAPITAL	
	AUTHORISED	
100,000,000	10,000,000 Equity Shares of Rs.10/- each	100,000,000
	ISSUED, SUBSCRIBED & PAID UP:	
	6,737,500 Shares of Rs.10/- each	
67,375,000	fully paid-up in cash	67,375,000
	The entire share capital of the company is held by the holding company M/s. Rajshree sugars & Chemicals Limited, and its nominees	
	SCHEDULE "B"	
	RESERVES & SURPLUS	
	RESERVES	
57,250,000	Securities Premium Account	
12,727,629	Balance brought forward	57,250,000
69,977,629	Balance in Profit & Loss A/c	-
		57,250,000
	SCHEDULE "C"	
	SECURED LOANS	
	1. TERM LOANS	
113,939,991	A. From Banks	248,959,991
	2. CASH CREDIT	
163,724,455	From Banks	187,587,764
277,664,446		436,547,755
	SCHEDULE "D"	
	UNSECURED LOANS	
71,741,703	Inter corporate deposit from holding company	45,819,713

SCHEDULE "E" - FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 31.03.2007 Rs.	Additions Rs.	Deletions Rs.	As on 31.03.2008 Rs.	As on 1.4.2007 Rs.	For the Year Rs.	Withdrawn Rs.	Upto 31.03.2008 Rs.	As on 31.03.2008 Rs.	As on 1.4.2007 Rs.
Land	3,887,826	0	0	3,887,826	0	0	0	0	3,887,826	3,887,826
Buildings	55,745,984	0	0	55,745,984	6,915,985	1,635,481	0	8,551,466	47,194,518	48,829,999
Plant & Machinery	226,132,157	118,243,047	0	344,375,204	43,505,917	13,571,300	0	57,077,217	287,297,987	182,626,240
Data Processing Equpt	1,502,163	112,250	0	1,614,413	527,361	253,862	0	781,223	833,190	974,802
Office Equipments	137,649	0	0	137,649	16,351	6,538	0	22,889	114,760	121,298
Furniture	1,627,474	0	0	1,627,474	433,796	103,019	0	536,815	1,090,659	1,193,678
Vehicles	2,042,175	37,480	0	2,079,655	537,671	196,420	0	734,091	1,345,564	1,504,504
Total	291,075,428	118,392,777	0	409,468,205	51,937,081	15,766,620	0	67,703,701	341,764,504	239,138,347
Work in Progress									52,618,513	93,252,807
Previous year	289,452,163	4,069,164	2,445,900	291,075,427	38,477,896	13,957,260	498,075	51,937,081	239,138,346	250,974,267

31.03.2007 Rs.	PARTICULARS		31.03.2008 Rs.
	SCHEDULE "F"		
	INVENTORIES		
	As certified by the Managing Director and valued		
268,650,412	Finished Goods at Net realisable value	286,130,112	
6,858,422	Stock in Process at cost	6,560,021	
17,045,435	Stores & Spares at cost	23,722,087	
<u>292,554,269</u>			<u>316,412,220</u>
	SCHEDULE "G"		
	SUNDRY DEBTORS		
	UNSECURED & CONSIDERED GOOD		
-	Outstanding for more than six months	272,493	
35,225,469	Others	2,421,054	
<u>35,225,469</u>			<u>2,693,547</u>
	SCHEDULE "H"		
	CASH & BANK BALANCES		
219,678	Cash on hand	129,482	
	<u>with Scheduled Banks</u>		
1,994,846	In Current Account	703,266	
275,000	In Deposit Account	-	
	<u>with Unscheduled Banks</u>		
9,154	Andra Pradesh Gramina Vikas Bank	54,049	
<u>2,498,678</u>	(Maximum balance due at any time during the year Rs. 1,36,89,130/- (Previous year Rs. 68,36,140/-)		<u>886,797</u>
	SCHEDULE "I"		
	LOANS & ADVANCES		
	Recoverable in cash or in kind		
	Unsecured considered good		
37,594,161	Advances to Ryots, Staff and others	27,083,664	
1,188,291	Earnest, Security & Other Deposits	1,207,531	
3,771,999	Excise deposits including Cenvat credits	8,299,676	
112,428	Advance Income Tax, TDS, FBT	176,804	
225,200	Prepaid expenses	510,716	
<u>42,892,079</u>			<u>37,278,391</u>
	SCHEDULE "J"		
	CURRENT LIABILITIES		
	Sundry Creditors		
-	Due to Micro and Small Enterprises	-	
158,002,844	Due to others for purchases	298,273,709	
21,239,869	Due to others for expenses	15,025,278	
3,654,062	Due for Other finances	4,375,236	
1,584,747	Due to Holding Company	1,034,706	
1,394,440	Advances received from customers	462,415	
21,985,832	Excise Duty payable - Finished Goods stock	24,476,304	
0	Interest accrued but not due	1,042,691	
<u>207,861,794</u>			<u>344,690,339</u>

31.03.2007 Rs.	PARTICULARS	31.03.2008 Rs.
	SCHEDULE "K"	
	PROVISIONS	
132,000	Provision for Income Tax, Wealth Tax & FBT	175,000
112,658	Provision for Gratuity	323,379
<u>1,121,419</u>	Provision for Leave Salary	<u>1,334,423</u>
<u>1,366,077</u>		<u>1,832,802</u>
	SCHEDULE "L"	
	OTHER INCOME	
71,629	Interest Income (TDS Rs. 14,376/-)	62,258
4,892,035	Miscellaneous Income	5,581,323
<u>98,856</u>	Insurance claim receipts	<u>216,147</u>
<u>5,062,520</u>		<u>5,859,728</u>
	SCHEDULE "M"	
	STOCK DIFFERENTIAL	
153,602,917	Opening stock of Finished goods	268,650,412
1,482,580	Opening stock in process	6,858,422
551,650	Scrap materials	-
268,650,412	Closing stock of Finished goods	286,130,112
<u>6,858,422</u>	Closing stock in process	<u>6,560,021</u>
119,871,687		17,181,299
<u>(11,243,391)</u>	(Add) / Less: Excise Duty on Increase/Decrease	<u>(2,697,286)</u>
<u>108,628,296</u>	in stocks of Finished Goods	<u>14,484,013</u>
	SCHEDULE "N"	
	RAW MATERIAL CONSUMED	
359,935,626	Purchase of Raw materials	433,735,019
<u>19,481,426</u>	Purchase Tax	<u>23,779,378</u>
<u>379,417,052</u>		<u>457,514,397</u>
	SCHEDULE "O"	
	MANUFACTURING EXPENSES	
20,124,349	Consumption of Stores	16,659,750
11,637,927	Consumption of Packing Materials	15,026,810
71,895	Other Manufacturing Expenses	892,868
1,952,990	Power & Fuel	4,294,142
	Repairs & Maintenance	
182,775	Building	2,050,078
6,437,265	Machinery	20,711,204
749,629	Vehicles	934,967
<u>1,470,864</u>	Others	<u>6,104,358</u>
<u>42,627,694</u>		<u>66,674,177</u>
	SCHEDULE "P"	
	EMPLOYEE COST	
22,972,909	Salaries, Wages & Bonus	29,897,461
850,220	Welfare Expenses	1,752,879
<u>2,242,218</u>	Contribution to P F & Other funds	<u>2,684,532</u>
<u>26,065,347</u>		<u>34,334,872</u>

31.03.2006 Rs.	PARTICULARS	31.03.2007 Rs.
	SCHEDULE "Q"	
	INTEREST & FINANCIAL CHARGES	
18,101,904	On Term Loan	16,237,808
<u>17,703,090</u>	On Others	<u>29,941,582</u>
<u>35,804,994</u>		<u>46,179,390</u>
	SCHEDULE "R"	
	ADMINISTRATIVE EXPENSES	
541,928	Licence Fees & Tax	1,183,590
900,375	Insurance Premium	1,540,420
1,714,847	Selling Expenses	9,123
84,439	Brokerage & Commission	-
220,769	Managerial remuneration	-
	<u>Auditor's remuneration</u>	
100,000	- Statutory Audit fees	100,000
-	- Taxation matters	25,000
51,515	Cost Audit fees	25,000
541,085	Loss on Sale of Assets	-
25,000	Charity & Donation	-
-	Transport charges - Sugar cane diversion expenses	5,440,282
<u>4,707,713</u>	Other Expenses	<u>8,301,435</u>
<u>8,887,671</u>		<u>16,674,276</u>

SCHEDULE - S

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

(Annexed to and forming part of Balance Sheet as at 31st March, 2008 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) Stores & Spares - At Cost on weighted average basis
- ii) By-products - At net realisable value
- iii) Finished Goods - At Cost or net realisable value whichever is lower
- iv) 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
			2007-08	2006-07	
Sugar	NA	3000 TCD	37315.90	33302.00	MT
Molasses	NA	--	22931.40	15843.00	MT

3. Quantitative Particulars:

A. Raw material Consumed

(Value : Rs. in Lacs)

Product	Unit	2007-08		2006-07	
		Qty	Value	Qty	Value
Sugar cane	MT	396363.857	4934.61	324690.423	3794.17

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

(Value : Rs. in Lacs)

Product	Unit	Opening Stock		Closing Stock		Sales	
		Qty	Value	Qty	Value	Qty	Value
Sugar	MT	18560.70 (8442.90)	2513.00 (1415.84)	189897.00 (18560.70)	2613.18 (2513.00)	36886.90 (23184.20)	4428.41 (3662.82)
Molasses	MT	7634.595 (5074.295)	173.49 (117.47)	8745.30 (7634.595)	198.74 (173.49)	21820.70 (13282.70)	155.41 (311.35)

4. Estimated amount of contracts remaining to be executed on Capital A/C not provided for as on 31st March 2008 is Rs. Nil (Previous year Rs. 56.87 lacs)

5. Contingent Liabilities not provided for :

	31.03.2008	(Rs in lacs)	31.03.2007
Bank Guarantees outstanding	Nil		2.75

6. Secured Loans include Rs. 484.30 Lacs payable within one year (as at 31.03.2007 Rs. 2489.60 lacs)

Term loans from Banks are secured by pari passu first charge on the Company's immovable properties and fixed assets at Madhunagar, Medak District and pari passu second charge on entire current assets of the company.

Working capital loans are secured by pari passu first charge on Company's current assets and pari passu second charge on Company's immovable properties and fixed assets at Madhunagar, Medak Dist

The term loans and working capital limits are further secured by a corporate guarantee from Rajshree Sugars & Chemicals Ltd, the holding company.

Term loan sanctioned under SEFSU, 2007 is secured by residual charge on the fixed assets at Madhunagar, Medak District.

7. The Company is engaged in manufacturing and sale of sugar, which as per Accounting Standard AS-17 is considered only reportable business segment. The geographical segment is not relevant as there are no exports.
8. No amount is due to Small and Medium Scale Enterprises in respect of sundry creditors. This is as per the information available with the company about the status of the parties concerned.
9. Quantum of Excise duty included in closing stock of finished goods is Rs. 2,44,76,304/- (Previous year Rs. 2,19,85,832/-).
10. Borrowing costs capitalized during the year is Rs.56,98,215/-. (Previous year Rs. NIL). Borrowing cost included in Capital Work in Progress is Rs.5,21,314/-(Previous Year Rs. 37,454/-).
11. Interest charges is net of amount due Rs. 76,36,240/- from Directorate of Sugar, Government of India towards buffer stock interest subsidy claim. This amount will be disbursed by them progressively. Entire amount is outstanding as on date.
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	Rs. 26,84,532/-
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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:

Defined benefit obligation at beginning of the year	52,94,064
Current service cost	4,46,917
Interest Cost	4,23,525
Actuarial (gain)/loss	(13,79,118)
Benefits paid	(2,27,562)
Defined benefit obligation at end of the year.	45,57,826

- b. Reconciliation of opening and closing balances of fair value of plan assets

Fair value of plan assets at beginning of the year	73,27,883
Expected return on plan assets	6,56,990
Actuarial (gain)/ loss	NIL
Employer contribution	0
Benefits paid	(2,27,562)
Fair value of plan assets at year end	77,57,311
Actual return on plan assets	6,56,990

- c. Reconciliation of fair value of assets and obligations

Fair value of plan assets as at 31 st March 2008	77,57,311
Present value of obligation as at 31 st March 2008	45,57,826
Amount recognized in Balance Sheet	0

- d. Expenses during the year:

Current service cost	4,46,917
Interest cost	4,23,525
Expected return on plan assets	6,56,990
Actuarial (gain)/loss	(13,79,118)
Net cost	(11,65,666)

e. Investment details:

L.I.C. Group gratuity policy 77,57,311

f. Actuarial assumptions

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

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. This being the first year of implementation, previous year figures have not been given.

13. Capital work - in progress;

The capital work in progress of Rs. 890.53 Lacs relates to installation of 50 TPD Boiler. This asset has been disposed off for a consideration of Rs.475 lacs in May 2008. Hence for the difference in value realized, provision has been made for impairment in value of asset as on 31.03.2008.

14. Prior period expenses represents additional cane price Rs.2,74,99,618 /- and transport subsidy Rs.30,77,688 /- relating to February and March 2007, paid to Ryots as per mutual agreement.

15. Related Party Disclosures (where transactions have taken place)

(i) Key Managerial Personnel
Ms. Rajshree Pathy

(ii) Holding company: Rajshree Sugars & Chemicals Limited

(iii) The following transactions were carried out with the related parties in the ordinary course of business:

(Rs. in lakhs)

Nature of Transaction	Parties referred to In (i) above	Parties referred to in (ii) above
Purchase of Fixed Assets	--	50.44 (19.25)
Purchase of Stores & Consumables	--	3.38 (2.23)
Sale of Stores & Consumables	--	-- (0.65)
Interest Paid	--	69.32 (50.46)
Finance	Opening	717.42 (0.00)
	Loan taken	319.17 (1622.58)
	Loan repaid	632.00 (905.17)
	Closing	458.20 (717.42)
Credit Balances as at 31.03.08	--	10.35 (15.85)

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

(Rs. In Lakhs)

Particulars	Opening balance	Charge/Credit for the year	Closing balance
Deferred tax Assets			
Unabsorbed Depreciation/losses	120.80	589.64	710.44
Expenses charged to Profit & Loss account but allowable in Income Tax on payment basis	73.95	17.96	91.91
Total A	194.75	607.60	194.75
Deferred tax Liability			
Tax impact of difference between amount of fixed assets in the financial statements and the Income Tax Return	<u>290.50</u>	<u>131.59</u>	<u>422.09</u>
Total B	290.50	131.59	422.09
Total A-B	(95.75)	476.01	380.26

17. Earnings/(loss) per Share:

	Year ended 31.03.2008	Year ended 31.03.2007
a) Net Profit/(loss) attributable to Shareholders (Rs)		
(i) before extra ordinary items	(135009797)	(14244764)
(ii) after extra ordinary items	(176563266)	(14244764)
b) Weighted Average No. of Equity Shares	6737500	6737500
c) Basic Earnings/(loss) per Share of Rs. 10/- each(Rs)		
(i) Before extra - ordinary items	(20.04)	(2.11)
(ii) After extra - ordinary items	(26.21)	(2.11)

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.

18. Remuneration paid to Wholetime Director Rs. Nil (Rs 2,20,769)

19. In the opinion of Board of Directors, the Current Assets, Loans & Advances have a value on realisation equal to the amounts at which they are stated in the Balance Sheet, in the ordinary course of business.

20. Balances under Current Liabilities and Loans & Advances are subject to the confirmation. However the management does not expect any material revenue impact in this regard.

21. Raw materials and stores & spares parts consumed are 100% indigenous.

22. CIF value of imports during the year is Rs. Nil (previous year Rs. Nil)

23. Expenditure in Foreign currency Rs. Nil (Previous year Rs. Nil)

24. Earnings in Foreign currency Rs. Nil (previous year Rs. Nil)

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

As per our report of even date
For **Srikishen & Co**
Chartered Accountants

K. Murali Mohan
Auditors, Proprietor
Membership No. 14328

R. Varadarajan
Director

Rajshree Pathy
Managing Director

Place: Coimbatore
Date : 19th June 2008

Cash Flow Statement for the Year ended

31.03.2008
Rs.

31.03.2007
Rs.

Cash Flow Statement for the Year ended

A. Cash Flow from Operating activities:

Net Profit before taxation & extraordinary items	(151,789,109)	(19,438,995)
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Adjustment for:

Depreciation	15,766,620	13,957,260
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Interest paid	46,179,390	35,804,994
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Interest received	(62,258)	(71,629)
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Operating profit before working capital changes	(89,905,357)	30,251,630
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Adjustments for:

Trade and other receivables	38,145,610	(35,365,820)
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Inventories	(23,857,951)	(130,737,484)
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Trade payables	137,120,270	86,157,813
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Cash generated from Operations	61,502,572	(49,693,861)
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Direct taxes (paid) / Refund	(69,382)	(1,764,112)
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Cashflow before extraordinary items	61,433,190	(51,457,973)
-------------------------------------	------------	--------------

Extraordinary items	(30,577,306)	-
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Net cash from operating activities	30,855,884	(51,457,973)
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B. Cash flow from investing Activities

Purchase of Fixed Assets	(119,311,952)	(6,792,054)
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Sale of Fixed Assets	-	1,406,740
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Interest received	62,258	71,629
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Net Cash used in Investing Activities	(119,249,694)	(5,313,685)
---------------------------------------	---------------	-------------

C. Cash Flow from Financing Activities

Proceeds from / (Repayment of) long term borrowings	156,824,628	(29,572,201)
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Proceeds from / (Repayment of) short term borrowings	(23,863,309)	108,099,936
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Interest paid	(46,179,390)	(35,804,994)
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Dividend paid including tax on dividend	-	-
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Net Cash used in Financing Activities	86,781,929	42,722,741
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Net Increase / (Decrease) in Cash and Cash Equivalents	(1,611,881)	(14,048,917)
--	-------------	--------------

Cash and cash equivalent as at the beginning of the Year	2,498,678	16,547,595
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Cash and cash equivalent as at the close of the Year	886,797	2,498,678
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As per our report of even date

For **Srikishen & Co**

Chartered Accountants

K. Murali Mohan

Auditors, Proprietor

Membership No. 14328

R. Varadarajan

Director

Rajshree Pathy

Managing Director

Place: Coimbatore

Date : 19th June 2008

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

I Registration Details

Registration No .	: U15424TZ2002PLC013368	State Code	: 18
Balance Sheet date	: 31-March-2008		

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

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

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

Total Liabilities	: 9,15,490	Total Assets	: 9,15,490
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Sources of Funds

Paid-up Capital	: 67,375	Reserves & Surplus	: 57,250
Secured Loans	: 4,36,548	Unsecured Loans	: 45,820
Deferred Tax Liabilities	: (38,026)		

Application of Funds

Net fixed assets	: 3,94,383	Investments	: Nil
Net current assets	: 10,748	Misc. Expenditure	: Nil
Accumulated losses	: 1,63,836		

IV Performance of Company (Amount in Rs. thousands)

Total Income	: 4,85,355	Total Expenditure	: 6,37,144
Profit Before Tax	: (1,51,789)	Profit after tax	: (1,76,563)
Earnings per share (Rs.)	: (26.21)	Dividend Rate %	: Nil

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**
Chartered Accountants

K. Murali Mohan
Auditors, Proprietor
Membership No. 14328

R. Varadarajan
Director

Rajshree Pathy
Managing Director

Place: Coimbatore
Date : 19th June 2008

