

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 examined the attached consolidated balance sheet of Rajshree Sugars & Chemicals Limited and its subsidiary as at 31st March 2007, the consolidated Profit and Loss account for the year then ended.

These financial statements are the responsibility of the 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 did not audit the financial statements of the subsidiary, whose financial statements reflect total assets of Rs.70,55,61,649/- as at 31st March 2007 and net loss of Rs.1,42,44,764/- for the year then ended. These financial statements have been audited by another auditor whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.

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 2007; and
- 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
- c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For SRIKISHEN & CO.
Chartered Accountants

Place:Coimbatore
Date :13.06.2007

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