



# ANNUAL REPORT 2018 - 19

- SUGAR
- CO-GENERATION OF POWER
- ALCOHOL
- RESEARCH & DEVELOPMENT
- BIO PRODUCTS

**RAJSHREE SUGARS & CHEMICALS LIMITED**

Regd Office: 'The Uffizi', 338/8, Avanashi Road, Peelamedu, Coimbatore 641 004.  
Tel (0422) 4226222 Fax (0422) 2577929 CIN: L01542TZ1985PLC001706  
E-Mail: rscl@rajshreesugars.com; Website: www.rajshreesugars.com

**NOTICE TO THE MEMBERS**

Notice is hereby given that the 33rd Annual General Meeting (AGM) of the Members of Rajshree Sugars & Chemicals Limited will be held on Monday, the 30th September 2019 at 10.00 AM at the Chamber Hall, Indian Chamber of Commerce & Industry, Avanashi Road, Coimbatore 641 018 to transact the following business:

**ORDINARY BUSINESS**

**1) Adoption of the audited financial statements of the Company**

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED that the audited financial statements of the Company for the financial year ended 31st March 2019 including Audited Balance Sheet as on that date, Statement of Profit and Loss and Cash Flow & Changes in Equity for the year ended on that date, together with the Board's Report and the Auditors' Report thereon as circulated to the members and presented to the meeting, be and are hereby adopted."

**2) Reappointment of Director retiring by rotation**

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED that Mr.R.Varadarajan (DIN 00001738) Director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

**SPECIAL BUSINESS:**

**3) Remuneration for Cost Auditor**

To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED that the Company do hereby confirm and ratify in terms of Section 148 and all other applicable provisions of the Companies Act, 2013 and Rules made thereunder, the remuneration approved by the Board of Directors on the recommendation of the Audit Committee, for M/s.S.Mahadevan & Co., Cost Accountants (Firm Registration No.000007) for conducting the audit of the cost records for the products sugar, cogeneration of power and industrial alcohol of the Company for the financial year ending March 31, 2020, as set out below exclusive of applicable taxes and out of pocket expenses:

<u>Product</u>	<u>Amount ₹</u>
Sugar	80,000/-
Co-generation of power	45,000/-
Industrial Alcohol	25,000/-

**4) Appointment of Mr.K.Ilango as an Independent Director**

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or reenactment thereon for the time being in force) Mr.K.Ilango (holding DIN: 00124115) who has been recommended for appointment by the Nomination and Remuneration Committee and the Board of Directors and in respect of whom a notice under Section 160 of the Companies Act,2013 has been received by the Company be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years from the date of this 33rd Annual General Meeting."

**5) Appointment of Mr. S. Krishnaswami as an Independent Director**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or reenactment thereon for the time being in force) Mr.S.Krishnaswami (holding DIN:08530320) who has been recommended for appointment by the Nomination and Remuneration Committee and the Board of Directors and in respect of whom a notice under Section 160 of the Companies Act, 2013 has been received by the Company be and is hereby appointed as an Independent Director of the Company, despite his age of 75 years or above, to hold office for a period of three consecutive years from the date of this 33rd Annual General Meeting."

**6) Appointment of Mr. S. Vasudevan as an Independent Director**

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or reenactment thereon for the time being in force) Mr.S.Vasudevan (holding DIN:01567080) who has been recommended for appointment by the Nomination and Remuneration Committee and the Board of Directors and in respect of whom a notice under Section 160 of the Companies Act, 2013 has been received by the Company be and is hereby appointed as an Independent Director of the Company, to hold office for a period of five consecutive years from the date of this 33rd Annual General Meeting."

By Order of the Board

Place : Coimbatore  
Date : 14th August 2019

**M.PONRAJ**  
Company Secretary

**NOTE:**

- 1) The Register of Members of the Company will remain closed from 24th September 2019 to 30th September 2019 (both days inclusive).
- 2) A member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a Proxy to attend and vote instead of himself/herself and the Proxy need not be a Member.  

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- 3) Members are requested to intimate the change in bank mandate/address, if any, immediately to the Registrars and Transfer Agents of the Company, M/s.S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore 641 006.
- 4) The Company's equity shares are listed in the following stock exchanges at present.
  - a. National Stock Exchange of India Limited, Mumbai
  - b. BSE Limited, Mumbai
- 5) No dividend is pending for transfer to the Investor Education and Protection Fund (IEPF) except unpaid dividend of ₹ 39,729/- for the financial year 2009-10, which are kept pending transfer due to prohibition as per Court orders.
- 6) The details pertaining to Directors who are proposed to be appointed / reappointed, to be provided in terms of Regulation 36 of the SEBI (LODR) Regulations, 2015 is furnished in the annexure.
- 7) Members desirous of obtaining any information concerning the financial statements and operations of the company are requested to address their queries in writing atleast two weeks before the meeting, so that the information may be made available at the meeting.

- 8) Electronic copies of the Annual Report and AGM Notice are being sent to all the members whose e-mail ID is registered with the Company / Depository Participants unless any member has requested for a hard copy of the same. For members who have not registered their e-mail ID with the company or with the Depository Participants, physical copies of annual report and AGM notice are sent through the permitted mode separately.
- 9) Members who are holding shares in physical form and have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, notices, circulars etc., from the Company. The e-mail may be registered with the Registrar and Share Transfer Agents of the Company viz., M/s.S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore 641 006. (E-mail: info@skdc-consultants.com).

The members who are holding the shares in demat form are requested to update their email address with their depository participant.

However, the company can send a physical copy of the Annual Report upon receipt of a requisition from the member of the Company. The Annual Report is available in the website of your company [www.rajshreesugars.com](http://www.rajshreesugars.com) and for inspection at the Registered Office of the company during office hours.

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

- 10) E-Voting option is provided to members pursuant to Section 108 of the Companies Act 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014. Please read carefully the instructions for 'e-Voting Process' attached to this notice. Cut-off date for determining the eligibility to vote by electronic means or at the AGM venue is 23rd September 2019.

The facility for voting, through ballot paper shall be made available at the venue of meeting. The members attending the meeting who have not already cast their vote by remote e-voting will be able to exercise their vote through polling paper at the Annual General Meeting. The Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

- 11) The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 and the Register of Contracts and Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
- 12) The Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of special business is annexed hereunder.
- 13) SEBI has notified vide Circular dated 20th April 2018 and 16th July 2018, that except in case of transmission or transposition of securities, requests for effecting the transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository. Essentially, the shares in physical mode cannot be transferred after 5th December 2018. SEBI has extended the said deadline upto 31st March 2019 vide its Press Release No.49/2018 dated 3rd December 2018.

SEBI has further clarified the following, in this regard:

1. The above decision does not prohibit the investor from holding the shares in physical form; investor has the option of holding shares in physical form even after April 1, 2019.
2. Any investor who is desirous of transferring shares (which are held in physical form) after April 1, 2019 can do so only after the shares are dematerialized.
3. The transfer deed(s) once lodged prior to deadline and returned due to deficiency in the document may be re-lodged for transfer even after the deadline of April 1, 2019.
4. The above decision is not applicable for demat of shares, transmission (i.e. transfer of title of shares by way of inheritance / succession) and transposition (i.e. re-arrangement / interchanging of the order of name of shareholders) cases.

The shareholders are advised to take note of the same.

- 14) Pursuant to SEBI Circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, we request the shareholders who are holding shares in physical mode and who have not furnished the PAN and Bank account details, to furnish the following:
- Self-attested copy of PAN card(s) of sole/joint holder(s) of shares; and
  - Bank details along with original canceled cheque leaf with the name of the sole/first holder printed on cheque leaf or copy of Bank Passbook attested by your Bank Manager.

**STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act")**

**Item No.2: Reappointment of Mr.R.Varadarajan (DIN 00001738) as Director**

The following details are furnished as required under the SEBI (LODR) Regulations, 2015.

Mr.R.Varadarajan (DIN 00001738) (Date of Birth: 22.4.1958), who retires by rotation and being eligible offers himself for reappointment. His brief profile is as follows:

Mr.R.Varadarajan has been working as an Executive / Wholetime Director of the Company since 5th June 2003.

He has a Masters' Degree in Business Management, has been associated with the Company since its inception and is currently the Wholetime Director of the organization.

He has had a brief stint as Head, Faculty of Management studies of the PSG College of Arts & Science, Coimbatore where he had undertaken a special assignment in designing and implementing a three year undergraduate management programme to groom future Chief Executive Officers of Family Owned Business.

He leads a team, which handles project management, strategic planning, legal affairs and general administration of the company. He has spearheaded the project team of the company through all stages of its development and expansion activities ranging from sugar to distillery to co-generation of power. Under his dynamic leadership, the company became the first ISO 9001:2000 certified integrated sugar complex in India, manufacturing sugar, alcohol, power, organic manure and bio-products.

The Nomination and Remuneration Committee at its meeting held on 20th May 2019 recommended his reappointment.

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

<u>Directorship in other companies</u>	<u>Membership in Committees</u>
Sri Krishna Potable Products Pvt Ltd	Nil
COCCA Art & Design Institute Pvt. Ltd.	Nil
Lakshmi Automatic Loom Works Ltd.	1

He holds membership in the following committees of the Company :

Stakeholder Relationship Committee	Member
Corporate Social Responsibility (CSR) Committee	Member
Share Transfer Committee	Chairman

He does not hold any share in the Company. Mr.R.Varadarajan has been granted 1,01,088 Stock Options under the Company's Employee Stock Option Plan 2012 (ESOP 2012) at an exercise price of ₹ 55.40 per stock option, in the year 2012. The stock options were not issued at discount. The exercise period would be a maximum of 4 years from the date of vesting of options. Out of 1,01,088 stock options granted, 66,971 options were lapsed without exercising. He is not a relative to any director of the Company.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution, except Mr.R.Varadarajan.

The Board recommends the Resolution furnished in agenda for approval of the shareholders.

**Item No.3: Remuneration for Cost Auditor**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s S.Mahadevan & Co. Cost Auditors to conduct the audit of the cost records of the Company in respect of the products sugar, cogeneration of power and industrial alcohol, for the financial year ending March 31, 2020 as set out below excluding applicable taxes and out of pocket expenses:

<b>Product</b>	<b>Amount (₹)</b>
Sugar	80,000/-
Co-generation of power	45,000/-
Industrial Alcohol	25,000/-

Pursuant to Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors, as determined by the Board on recommendation of Audit Committee, has to be ratified by the shareholders of the Company at the following general meeting.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board recommends the Resolution furnished in agenda for approval by the shareholders.

**Item No.4 to 6: Appointment of Independent Directors**

Mr.R.C.H.Reddy, Mr.G.S.V.Subba Rao, Mr.G.R.Karthikeyan and Dr.K.Mohan Naidu are the present Independent Directors of the Company whose second term as Independent Directors will expire on 28th August 2019 or the date of 33rd Annual General Meeting whichever is later.

Based on the recommendation of the Nomination and Remuneration Committee the Board of Directors have proposed the appointment of the following persons as Independent Directors for a tenure as specified in the resolutions furnished in the Agenda:

- 1) Mr. K. Ilango
- 2) Mr. S. Krishnaswami and
- 3) Mr. S. Vasudevan

The proposed appointees have also furnished declarations that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Regulation 16 of SEBI (LODR) Regulations, 2015. They have also submitted the declaration stating that they are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

In the opinion of the Board, the said Directors fulfill the conditions for appointment as Independent Directors as specified in the Act, rules and the SEBI (LODR) Regulations, 2015 and that the proposed Directors are independent of the management.

As per regulation 17(1A) of SEBI (LODR) Regulations, 2015, no listed entity shall appoint a person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person. In this regard, we would like state that Mr.S.Krishnaswami (Aged 81 years) has more than 40 years of corporate management experience of which 7 years at Board level. He has wide exposure to all aspects of management and governance and will bring significant knowledge and wisdom to strategic planning and process to the Company.

All the proposed Directors are having widespread knowledge in the field of management and technical expertise and are very instrumental in sharing their experience to the growth of the company.

Copy of the draft letters of their appointments / reappointments as Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company. The terms and conditions would also be posted in the website of the Company.

Details of the Director/s seeking appointment/re-appointment at the Annual General Meeting in pursuance of Regulation 36 of the SEBI (LODR) Regulations, 2015

**i. Mr.K.Ilango (DIN 00124115 Date of Birth: 23.7.1964)**

Mr.K.Ilango, born on 23.7.1964, is the Managing Director of RSM Autokast Ltd. which manufactures Auto Components. He was recognized as an outstanding Alumni by PSG Charities in the year 2010. He graduated in Bachelor of Engineering from Government College of Technology in 1985.

He was the Chairman of CII Coimbatore Zone for the year 2014-15. He was also the Founder President of TiE Coimbatore Chapter.

He was the President of CODISSIA (The Coimbatore District Small Industries Association) for the period 2008-10. He is a member of the Governing Council of CODISSIA Intec Technology Centre and Director of CODISSIA Industrial Park Ltd.

He was the National President of Round Table India (2001-02) as well as the Chairman of the Asia Pacific Region of Round Table International (2002-03) and World Council of Service Clubs (WOCO). He is at present a Trustee and Chairman of the Round Table India Foundation.

Mr.Ilango was the Chairman of the Board of Governors of Government College of Technology, Coimbatore (2010 - 2016). Mr.Ilango was the Secretary of the Tamil Nadu Electricity Consumers Association (TECA) and Past President of Coimbatore District Table Tennis Association.

**Other Directorships**

**Membership in Committees**

RSM Autokast Limited	1
Tamil Nadu Electricity Consumers' Association	--
KKR Securities Private Limited	--
Codissia Industrial Park Limited	--
Codissia Industrial Infrastructure Up gradation Services	--

He does not hold any share in the Company. He is not a relative to any director of the Company.

Other than the appointee, none of the Directors/Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

**ii. Mr.S.Krishnaswami (DIN 08530320) (Date of Birth: 2.3.1938)**

EDUCATION : MA (Economics) MA (English) MA (NDP), PG Dip (NYS), DSM, MA (Vaishnavism), M.Phil. (Vaishnavism), MBA.

EMPLOYEMENT : Wholetime Director, SICAL (South India Corporation Agencies Limited) December 1994 – December 1999.

Joined Tubes and Malleables Ltd in 1963 and was its General Manager until 1994 when inducted as Wholetime Director, SICAL. Tubes and Malleable Limited later merged with SICAL.

Served as Director (Marketing), Swastik Pipes Ltd, Delhi until 2003; between 2003 and 2006 was Group President, Vijay Group of Companies, Bangalore; from 2008 to 2018 was President, Unicorn Scaffolding (P) Ltd, Delhi and its group companies.

**SERVICE ACTIVITIES:**

1. Was Managing Trustee of Coimbatore Yoga Centre affiliated to Bihar School of Yoga (BSY), Munger, Bihar.

2. Rotary International:

Joined Rotary in 1967 and became District Governor 1989–1990. Presently a member of the Rotary Club of Madras and doing several world community service projects in India and abroad. Have attended 29 Rotary Conventions annually in many cities in USA, Canada, Europe, Australia, UK, Japan and in cities in Asia such as Singapore, Bangkok and Seoul. Was a GSE (Group Study Exchange) Team Leader to Denmark in 1986 and through contacts with Rotarians there obtained over one million doses of polio and measles vaccines to be administered to infants below 5 years of age within Rotary District 320. Also through contacts with Japanese Rotarians was able to obtain over one million doses of polio vaccines in 1985.

3. Currently – Advisor, Srivalli Varadaraj Matric Higher Secondary School, Varadaraj Nagar, Theni District.

**SPORTS :** Keen sportsman in cricket and badminton. Cricket: Represented school and colleges and was Captain of Presidency College Cricket Team, Madras and later Stanes Cricket Team, Coimbatore.

**Badminton :** Coimbatore District Badminton Doubles Champion and Tamil Nadu State Veteran Doubles Badminton champion.

He does not have any other Directorship in any other Company.

He does not hold any share in the Company. He is not a relative to any director of the Company.

Other than the appointee, none of the Directors/Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

**iii. Mr. S. Vasudevan (DIN 01567080) (Date of Birth: 15.5.1954)**

Mr.S.Vasudevan, is having professional experience of 40 years and his brief profile is as below:

- |           |  |
|-----------|--|
| 1988-1993 | Was part of the core team of professionals that launched the property development business of Sanmar Group   |
| 1993-2005 | Joined the Senior management team of A.C.Muthiah-SPIC Group. Started the Property development business – MAC Property Development Limited – Developed the first commerce park (a group of commercial buildings) in Chennai.<br><br>As Managing Director of the Group company, SICAL Logistics, developed the Container Freight Station (CFS) and Coal handling facility at Ennore. |
| 2006      | Was responsible for the launch of the IT / ITES SEZ of DLF Group in Chennai, as Chief Executive (Southern Region)  |
| 2007-2018 | Started the first integrated township project (Developer: RGE Constructions and Development Private Limited), closer to Chennai City, as part of assignment as Director (Operations) with Embassy Group<br><br>As a Chartered Accountant, was responsible for fund raising and Restructuring of debts in all the assignments.  |

He does not hold any share in the Company. He is not a relative to any director of the Company.

Other than the appointee, none of the Directors/Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board recommends the Resolutions furnished in the agenda, in respect of all the three proposed Independent Directors, for approval of the shareholders.

By Order of the Board

Place : Coimbatore  
Date : 14th August 2019

**M.PONRAJ**  
Company Secretary



## **VOTING THROUGH ELECTRONIC MEANS**

In compliance with the provisions of Regulation 44 of SEBI (LODR) Regulations, 2015 read with section 108 of the Companies Act 2013 ("the Act") and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their votes by electronic means for all the resolutions detailed in the Notice of the 33rd Annual General Meeting scheduled to be held on Monday, the 30th September 2019 at 10 AM and the business may be transacted through e-voting. The Company has engaged the services of CDSL as the authorized agency to provide the e-voting facilities as per instructions below.

### **Details of persons to be contacted for issues relating to e-voting:**

S.K.D.C. Consultants Ltd, Kanapathy Towers, 3rd Floor,  
1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006  
Telephone No.91-422-4958995, 2539835, 2539836 Fax : +91-422-2539837  
Email ID : info@skdc-consultants.com | Website : www.skdc-consultants.com

The e-voting module shall be disabled for voting on 29th September 2019 at 5 PM. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. The voting right of shareholders shall be in proportion to their share in the paid up equity share capital of the company as on 23rd September 2019 (cut-off date for determining the eligibility to vote through electronic mode).

Mr.B.Krishnamoorthi, FCA, Practicing Chartered Accountant has been appointed as the scrutinizer to ensure that the e-voting process is conducted in a fair and transparent manner. The Scrutinizer shall immediately after the conclusion of the voting at the 33rd Annual General meeting, first count the votes cast at the meeting, and thereafter unblock the votes in the presence of atleast two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any within two days of conclusion of the meeting, to the Chairperson of the meeting. The Chairperson or such other Director / person authorized by the Chairperson, shall declare the results of the voting forthwith. The results declared along with the Scrutinizer's Report shall be placed on the Company's website viz., www.rajshreesugars.com, Company's notice Board at the Registered office of the Company, website of CDSL viz., www.evotingindia.com and communicated to the Stock Exchanges namely NSE & BSE, where the shares of the Company are listed, immediately after the Chairperson declares the result.

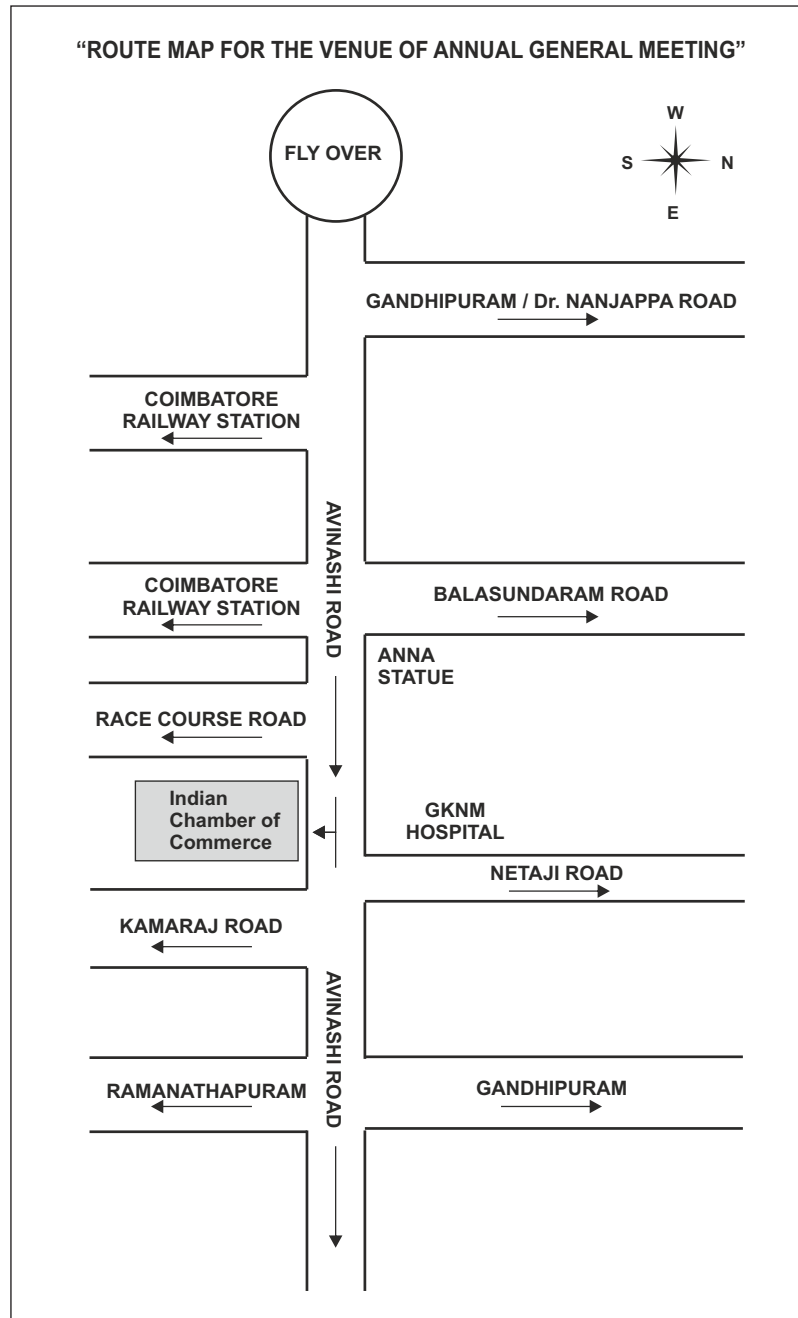
The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 27th September 2019 at 9.00 AM and ends on 29th September 2019 at 5.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23rd September 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	<p>Enter your 10 digit alpha-numeric PAN* issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>*Members who have not updated their PAN with the Company / Depository Participant are requested to use the sequence number provided at the attendance slip enclosed herewith in the PAN field.</p>
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</p>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN relevant to Rajshree Sugars & Chemicals Limited.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take printout of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non - Individual Shareholders and Custodians
- a. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - b. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - c. After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

- d. The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - e. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).



**ATTENDANCE SLIP**

PLEASE BRING THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF the Chamber Hall, Indian Chamber of Commerce & Industry, Avanashi Road, Coimbatore - 641 018

Name & Address of the Shareholder

SEQUENCE No. :

FOLIO / DEMAT ID:

I hereby record my presence at the ANNUAL GENERAL MEETING at The Chamber Hall, Indian Chamber of Commerce & Industry, Avanashi Road, Coimbatore - 641 018 on Monday the 30th September 2019 at 10.00 AM.

Signature of the Member or Proxy

No. of Shares held



**Form No. MGT-11**  
**PROXY FORM**

(Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

CIN	L01542TZ1985PLC001706
Name of the Company	Rajshree Sugars & Chemicals Limited
Registered Office	"The Uffizi", 338/8, Avanashi Road, Peelamedu, Coimbatore - 641 004
Name of the shareholder	
Registered address	
E-mail ID	
Folio No. / Demat ID	

I / we, being the shareholder(s) of ..... shares of the above named company, hereby appoint :

1	Name	
	Address	
	E-mail ID	
	Signature	

or failing him

2	Name	
	Address	
	E-mail ID	
	Signature	

or failing him

3	Name	
	Address	
	E-mail ID	
	Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my / our behalf at the 33rd Annual General Meeting of the company, to be held on Monday the 30th September 2019 at 10.00 am at the Chamber Hall, Indian Chamber of Commerce & Industry, Avanashi Road, Coimbatore - 641 018 and at any adjournment thereof in respect of such resolutions as are indicated below: Resolution No. (✓)

Sl. No.	Subject	Assent	Dissent
1)	Adoption of the audited financial statements of the Company		
2)	Reappointment of Mr.R.Varadarajan, Director who is retiring by rotation		
3)	Remuneration for Cost Auditor		
4)	Appointment of Mr.K.Ilango as an Independent Director		
5)	Appointment of Mr.S. Krishnaswami as an Independent Director		
6)	Appointment of Mr.S.Vasudevan as an Independent Director		

Signed this ..... day of ..... 2019

Signature of shareholder :

Signature of Proxy holder(s) :

**Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.**



## **BOARD OF DIRECTORS**

Mr. RAJA M.J.ABDEEN (DIN 00905319)  
Dr. P. SURULINARAYANASAMI (DIN 01468527)  
Mr. G.R.KARTHIKEYAN (DIN 01587747)  
Mr. G.S.V.SUBBA RAO (DIN 00001697)  
Mr. R.C.H.REDDY (DIN 00006184)  
Dr. K.MOHAN NAIDU (DIN 01774192)  
Mr. R.VARADARAJAN (DIN 00001738)  
Wholetime Director  
Ms. RAJSHREE PATHY (DIN 00001614)  
Chairperson  
Mr. SHEILENDRA BHANSALI (DIN 00595312)

## **Auditors**

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

## **Chief Financial Officer**

Mr. V.B. Gopal Krishnan

## **Company Secretary**

Mr. M. Ponraj

## **Registrars & Share Transfer Agents**

M/s SKDC Consultants Limited  
Kanapathy Towers, 3rd Floor  
1391/A-1, Sathy Road, Ganapathy  
Coimbatore 641 006

## **Registered Office**

*'The Uffizi'*  
338/8 Avanashi Road  
Peelamedu  
Coimbatore 641 004

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

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

## **Factory Unit II Sugar & Cogeneration**

Mundiyampakkam PO  
PIN 605 601  
Vikravandi Taluk  
Villupuram District

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

Semmedu Village  
Gingee Taluk, PIN 604 153  
Villupuram District

## **Bankers**

State Bank of India  
UCO Bank  
Bank of India  
ICICI Bank Ltd.  
Axis Bank Ltd.  
Federal Bank Ltd.

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## BOARD'S REPORT

Your Directors have pleasure in presenting the 33rd Annual Report on the business and operations of the company and the audited financial statements for the year ended 31st March 2019.

	2018-19	2017-18
		₹ in lakhs
<b>1) Financial Highlights</b>		
Total Income	<b>40,245.20</b>	56,402.02
Profit before Finance Costs, Depreciation and exceptional items	<b>1,737.01</b>	3,631.46
Less: Finance Costs	<b>5,796.23</b>	6,008.78
Depreciation	<b>2,469.53</b>	2,530.57
Exceptional items (From Sale of Investment in Subsidiary)	<b>--</b>	(2,201.20)
Profit / (Loss) from ordinary activities before Tax	<b>(6,528.75)</b>	(2,706.69)
Less : Tax Expenses / (Benefits)	<b>(2,344.49)</b>	(1,448.91)
Profit / (Loss) after Tax	<b>(4,184.26)</b>	(1,257.78)
Other comprehensive income, net of income tax	<b>1.14</b>	32.46
Total comprehensive income for the period	<b>(4,183.12)</b>	(1,225.32)
Basic / Diluted earnings per share of ₹10/- each, before / after extraordinary items	<b>(14.85)</b>	(4.47)

### 2) Dividend

In view of the stringent financial position, your Directors have not recommended payment of dividend for the year 2018-19. Also no amount has been transferred to reserves.

### 3) Financial Performance

Your Company earned an income of ₹ 40,245.20 lakhs in the year 2018-19 as against ₹ 56,402.02 lakhs during the previous year. The Company has incurred a net loss of ₹ 4,183.12 lakhs as against the net loss of ₹ 1,225.32 lakhs incurred during the previous year.

### 4) Operational Performance

#### a) Sugar Division

The key operational data of our sugar division for the year 2018-19 are as follows:

Particulars	2018-19	2017-18
Sugarcane crushed (Tons)	<b>9,21,726</b>	7,56,525
Recovery %	<b>8.48</b>	8.84
Sugar Produced (Tons)	<b>78,183</b>	66,859
Sugar Sold - Domestic (Tons)	<b>86,987</b>	1,16,362

The sugarcane crushing has increased by 22% due to improved sugarcane cultivation in the command area, with a marginal drop in sugar recovery.

#### b) Cogeneration Division

During the year under review, the total power generated by all our Units was 1,113 lakh units as against 1,052 lakh units in the previous year. The company exported 662 lakh units during the year as against 638 lakh units in the previous year.

The Company has received 1,18,077 units of carbon credits and has been accounted during the year under review.



### **c) Distillery Division**

Unit I Distillery restarted operations on 3rd February 2019 after stoppage of four years. Last four years, the plant was not operated due to low availability of cane and slowdown of demand of rectified spirit. The current supportive policy of Ethanol blending and competitive prices for ethanol along with the relaxations by the State Government on supply of ethanol has helped the unit to restart production of ethanol.

Both Unit I and Unit III have together produced 186.20 lakh litres of Alcohol in 2018-19 as against 192.03 lakh litres of Alcohol in the previous year and sold 211.59 lakh litres of alcohol as against 188.60 lakh litres of alcohol in the previous year.

### **5) Default in the payment to the lenders**

The Tamil Nadu Government has officially declared failure/deficit of the north east monsoon for the years 2016 and 2018, and many districts of Tamil Nadu as drought affected. The Company's command areas have been severely affected by drought conditions. Owing to the continuous drought, falling capacity utilization and mismatch between sugar realization and cane price, the company has become a Non-Performing Asset (NPA) in the month of June'2018.

Even before the company became NPA in the month of June 2018, it presented a draft Debt restructuring proposal which was not accepted by the consortium of banks. The State Bank of India (lead bank) allowed the company to continue its business operations under certain conditions which is being met by the company. The company again submitted a revised Debt restructuring plan in the month of March 2019 which was again not accepted by the banks.

The company is currently in the process of discussion with Asset Reconstruction Companies (ARC) for a possible debt resolution by way of assignment of debt.

The company has on 10th May 2019 received notice under Section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 dated 8th May 2019 from ICICI bank calling upon the Company to pay ₹ 67.43 Crores (entire outstanding as on 31.3.2019). The company is in discussion with the ICICI Bank for a possible debt resolution.

The company is in default of SDF loans since the Financial Year 2016. The Ministry of Consumer Affairs, Food and Public Distribution has allowed restructuring of SDF loans on occurrence of a natural calamity in a particular State vide notification dated 17th September 2018. Further guidelines in this regard are awaited.

### **6) Future Outlook**

While Tamilnadu has had a dismal sugar production because of low sugarcane availability, the country as a whole had produced 325 lakh tons in the season 2017-18, leaving a large surplus of 107 lakh tons, and is set to produce 330 lakh tons in the current season 2018-19. Therefore, sugar prices will remain depressed or anchored to the Minimum Support Price fixed by the Government of India.

The Tamilnadu Government has declared a drought in two out of the last four years. G.O. Ms. No.6, Revenue [DM 3(1)] dated 10th January 2017 and G.O. Ms. No.91, Revenue and Disaster Management D.M.III (1) Section dated 7th March 2019 have declared 2016 and 2018 respectively as drought hit years. The command area of the company has also been severely affected by the drought and has produced only 9.22 lakh tons of sugarcane in financial year 2018-19 with a consequent low capacity utilization and increased cost of production.

The monsoon in the current year and the Government policy on sugar would continue to have a significant bearing on the prospects of the industry in the coming years.

### **7) Fixed Deposits**

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

## 8) Auditors

**Statutory Auditors:** As approved by the Shareholders, M/s.S.Krishnamoorthy & Co., Chartered Accountants, Coimbatore are holding office as Statutory Auditors for the five financial years from 2016-17 to 2020-21 and holding office up to the conclusion of the 35th AGM to be held in the year 2021.

**Cost Auditors:** In terms of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audits) Rules, 2014, the products manufactured by the company viz. Sugar, Industrial Alcohol and Cogeneration of Power are covered under the ambit of mandatory cost audit. Accordingly, the Company has made and maintained the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.

As per the recommendation of the Audit Committee, the Board of Directors had appointed M/s.S.Mahadevan & Co., Cost Accountants, as the Cost Auditor of the Company, to carry out the cost audit for the financial year 2019-20 and fixed their remuneration. The necessary resolutions will be placed before the ensuing Annual General Meeting for ratification of remuneration as per Section 148(3) of the Companies Act, 2013.

## 9) Conservation of energy, technology absorption, foreign exchange earnings and outgo

Annexed herewith as Annexure 1.

## 10) Corporate Governance

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. The Company has also implemented several best corporate governance practices as prevalent globally. The report on Corporate Governance (Annexure 2) as stipulated under the SEBI (LODR) Regulations, 2015 forms an integral part of this Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of corporate governance is attached to the report on Corporate Governance.

## 11) Details of Directors or Key Managerial Personnel Appointed / Resigned

Key Managerial Personnel appointed / resigned during the year is furnished below:

Name	Designation	Appointment / reappointment / Resignation	Effective from
Mr.Raja M.J.Abdeen	Non-Independent Non-Executive Director	Retired by rotation and reappointed	From 31st August 2018, liable to retire by rotation
Mr.Aditya Krishna Pathy	Managing Director	Resigned as Director and Managing Director of the company	From the closing hours of 25th June 2018

## 12) Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its committees. The performance evaluation has been carried out as per the policy laid down by the Nomination and Remuneration Committee.

## 13) Number of Board meetings

During the year, 4 Board Meetings were convened and held, the details of which are given in the Corporate Governance Report.

## 14) Declaration given by Independent Directors

The Independent Directors of the Company have furnished declarations as required under Section 149(6) of the Companies Act 2013 & SEBI (LODR) Regulations, 2015.

**15) Whistle Blower Policy ('Vigil Mechanism')**

The Board has established a Vigil Mechanism, as required under the SEBI (LODR) Regulations, 2015, for directors and employees to report concerns about unethical behaviour, actual or suspected fraud and violation of the company's code of conduct or ethics policy.

This mechanism also provides for adequate safeguard against victimization of director(s) / employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The Company affirms that no person has been denied access to the Audit Committee.

The said Policy has been revised with effect from 1st April 2019 and the same is available on the website of the Company [www.rajshreesugars.com/policies](http://www.rajshreesugars.com/policies).

**16) Particulars of Loans, Guarantees or Investments under Section 186**

The Company has not made any loan, given any guarantee or made any investment as per Section 186 of the Companies Act 2013 during the year under review.

**17) Sexual Harassment**

The company has a policy on prohibition, prevention and redressal of Sexual Harassment of women at workplace and matters connected therewith or incidental thereto covering all the aspects as contained under "The Sexual Harassment of women at workplace (Prohibition, Prevention and Redressal) Act, 2013".

During the calendar year ended 31st December 2018, no complaint was received under the policy.

The company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**18) Related Party Transactions**

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There were no material contracts / arrangements / transactions with related parties during the year.

**19) Material Changes & Commitments between end of financial year and this Report**

There have been no material changes & commitments between end of financial year and this report, except as stated below:

The company has on 10th May 2019 received notice under Section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 dated 8th May 2019 from ICICI bank calling upon the Company to pay ₹ 67.43 Crores (entire outstanding as on 31.3.2019). The company is in discussion with the ICICI Bank for a possible debt resolution.

**20) Managerial Remuneration**

The details of disclosures relating to Managerial Remuneration as required pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed (Annexure 3).

**21) Remuneration Policy**

The Board has, on the recommendation of Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management to fix their remuneration. The salient features of the policy are furnished hereunder:

The Nomination & Remuneration Policy (NR Policy) of the Company was formed in terms of the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015 for nomination and remuneration of Directors, Key Managerial Personnel and Senior Management. The objective and purpose of this policy are (1) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully (2) relationship of remuneration to performance is clear and meets

appropriate performance benchmarks and (3) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

The policy empowers and regulates the Nomination & Remuneration Committee by providing detailed roles. The policy also provides detailed regulation for appointment and remuneration of Wholetime / Managing Director, KMP, and Senior Management Personnel.

The policy has been revised with effect from 1st April 2019 on account of various amendments in SEBI (LODR) Regulations, 2015. The said policy is available at the Company's website [www.rajshreesugars.com/policies/](http://www.rajshreesugars.com/policies/)

## **22) Industrial Relations**

During the year under review, your Company enjoyed cordial relationship with workers and employees at all levels.

## **23) Internal control systems and their adequacy**

The Company has internal control systems which is commensurate with its size, nature and volume of operations.

## **24) Rajshree Sugars & Chemicals Limited (RSCL) Employees Stock Option Plan 2012**

The details of Stock Options granted during the financial year ended as on 31st March 2019 and other particulars under the "RSCL Employees Stock Option Plan 2012" form part of this report, as Annexure 4.

## **25) Secretarial Audit**

The Board has appointed Mr.G.Soundararajan (Membership No.A 13993 CP No.4993), a Company Secretary in Practice, to undertake the Secretarial Audit of the Company as required under Section 204 of the Companies Act 2013. The Secretarial Audit report is annexed herewith as Annexure 5. The report does not contain any qualification, reservation or adverse remarks.

## **26) Extract of Annual Return**

The extract of the Annual Return in the prescribed Form MGT 9 is annexed herewith as Annexure- 6.

## **27) Transfer of Amounts to Investor Education and Protection Fund (IEPF)**

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, relevant amounts which remained unpaid or unclaimed for a period of 7 years have been transferred by the Company to the IEPF. No dividend is pending as on date for transfer to the IEPF except unpaid dividend of ₹ 39,729/- for the financial year 2009-10, which are kept pending transfer due to prohibition as per court orders.

Pursuant to the provisions of IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 28th August 2017 on the website of the Company ([www.rajshreesugars.com](http://www.rajshreesugars.com)), and also on the website of Ministry of Corporate Affairs.

The company has also transferred the equity shares of the shareholders who have not claimed dividend for the 7 years continuously, to the credit of IEPF in Form IEPF-4 on 18th December 2017. The shareholders may claim the said shares and dividend by following the procedures laid down in the website of IEPF Authority, viz. <http://www.iepf.gov.in/IEPF/Refund.html>

## **28) Directors' Responsibility Statement**

In terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, the directors would like to state that:

- i) In the preparation of the annual accounts / financial statements, the applicable accounting standards had been followed along with the proper explanation relating to material departures; if any;

- ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 / loss, if any, of the Company for the year under review.
- iii) The directors 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.
- iv) The directors have prepared the annual accounts / financial statements, on a going concern basis.
- v) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operating effectively.
- vi) The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system are adequate and operating effectively.

### **29) Code of Conduct**

Directors, Key Managerial Personnel and Senior Management of the Company have confirmed compliance with the Code of Conduct applicable to the Directors and employees of the Company and the declaration in this regard made by Wholetime Director, as required under SEBI (LODR) Regulations 2015 forms part of Corporate Governance Report.

The code is available in the website of the company [www.rajshreesugars.com/Code-of-conduct-fair-disclosure](http://www.rajshreesugars.com/Code-of-conduct-fair-disclosure)

### **30) Prevention of Insider Trading**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated persons of the Company, as per SEBI (Prohibition of Insider Trading) Regulations, 2015.

The said code has been revised with effect from 1st April 2019, as per SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018. The revised code is available in the website of the Company [www.rajshreesugars.com/Code-of-conduct-fair-disclosure](http://www.rajshreesugars.com/Code-of-conduct-fair-disclosure).

### **31) Risk Management Policy**

The Company has formulated a Risk Management Policy as required under SEBI (LODR) Regulations 2015. The Company has also formulated a specific policy viz., 'Forex and Interest Rate Risk Management Policy for Currency and Interest Rate Risk Management'.

The Board perceives the risk of continued deficit monsoons which may erode the operational viability of the business. While there are slew of measures from the Government of India to address the pan-India surplus of sugar, there is currently lack of a special package of support measures specifically targeted to revive the Tamilnadu Sugar industry which is in distress because of very low capacity utilization.

The details about the risks being faced by the Company are furnished in the 'Management Discussion & Analysis Report' (Annexure 7).

### **32) Significant & material orders passed by regulator or courts or tribunals impacting going concern status and companies operations in future**

There have been no significant & material orders passed by regulator / courts / tribunals impacting going concern status and companies operations in future.

### **33) Compliance with Secretarial Standards**

The company has complied with all applicable mandatory Secretarial Standards issued by the Institute of Company Secretaries of India and approved as such by the Central Government, as per the provisions of Companies Act, 2013.

**34) Acknowledgement**

Your Directors thank the Banks and Financial Institutions for their valuable and timely financial assistance and support provided by them 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 : 20<sup>th</sup> May 2019

**R VARADARAJAN**  
Wholetime Director  
DIN 00001738

**R C H REDDY**  
Director  
DIN 00006184

**ANNEXURE 1  
BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH 2019**

**A. CONSERVATION OF ENERGY**

- i) The steps taken or impact on conservation of energy;  
At Unit-I, Varadarajnagar:

1. 250 numbers ordinary Tube light lamps in Tissue culture lab, 15 numbers SV/MV lamps in Distillery plant and street lights have been replaced with LED lamps, which resulted in the saving of 19,211 units of power for the financial year.
2. Distillery RS plant 1 - 30 HP Air blower stopped for 12 hours instead of continuous operation, thereby saving 20 units / hour, which resulted in saving of 17,280 units for the financial year.
3. Distillery AA plant - 3HP product pump stopped and product transferred through the modified line by gravity, thereby saving 2 units/hour, which resulted in saving of 1170 units for the financial year.
4. Effective Utilization of Biogas in Canteen resulted in saving of 15 cylinders.

At Unit-II, Mundiampakkam

1. Optimized capacity of seed screw pump to 12.5HP in place of 25HP, resulted in energy saving of 223 units per day and 24,530 units for the financial year.
2. Tube lights, SV / MV lamps were replaced with LED lamps in Quarters street lights and Cogen VFD room, resulted in energy saving of 29 units per day and 10,548 units for the financial year.
3. Effective utilization of Biogas in Canteen resulted in saving of 110 cylinders.
4. Standby 75KW VFD connected to mill Imbibition water pump, resulted in energy saving of 150 units per day & 20,250 units for the financial year.

At Unit-III, Semmedu

1. Alternate supply source from 20.5MW provided for part of Distillery process operation to minimize 3MW load thereby reducing steam venting from 3 MW exhaust, which resulted in saving of 1.75 tons of 3 ATA Steam per hour.
2. Common VFD introduced for 20.5MW Cogen Coal spreaders (5 numbers) for reducing the speed to 300rpm, instead of running in full speed in DOL mode during empty run to avoid shaft bend / bearing failure, resulted in power saving of 70 units/day and for financial year 9,590 units.
3. Eliminating LPG cylinders by using Biogas at canteen resulted in saving of 1.5 cylinders per day and 440 cylinders in the financial year.
4. Solar power panel provided for two wheeler shed nearby main office, resulted in power saving of 315 units in the financial year.

- ii) The steps taken by the company for utilizing alternate sources of energy; Nil

- iii) The capital investment on energy conservation equipment (₹in lakhs)

- 1) At Unit-I - 1.20
- 2) At Unit-II - 0.31
- 3) At Unit-III - 5.01

## B. TECHNOLOGY ABSORPTION

- i) The efforts made towards technology absorption;
  - 1) New high yielding, high sugar and short duration variety viz., Co 11015 was identified for large scale evaluation from Sweet Bloom varietal evaluation project, a collaborative study between SISMA and ICAR Sugarcane Breeding Institute (SBI), Coimbatore. This variety recorded highest juice quality from 8th month onwards and recorded higher cane yield than existing ruling variety Co 86032 in two plant and one ratoon crop study.
  - 2) Based on the above study results, multi-location study was taken up with Co 11015 variety in different soil and environmental conditions to assess its suitability. Simultaneously multiplied this variety in 25 acres for large scale evaluation for Big Mill Test. Rapid multiplication of this variety through tissue culture and chip bud seedling is under progress as a replacement for other medium sugar varieties.
  - 3) New set of 18 Sweet Bloom clones obtained from Sugarcane Breeding Institute were multiplied and taken up for plant trial at Mundiampakkam as part of the SISMA-SBI project.
  - 4) New variety Co 0212 was evaluated for its yield and quality and found that the yield was 4 to 6 tonnes higher than Co 86032; however the big mill test results revealed that the CCS was 0.20 % lesser. Since this variety is performing well under drought conditions, planting of this variety in specific pockets and further evaluation is under progress.
  - 5) Three new clones viz., VSI 08121, Co 0238 and Co 06030 were planted in different soil and climatic conditions at Mundiampakkam and Varadaraj Nagar and the evaluation is under progress to assess its suitability.
  - 6) Evaluation of 38 new sugarcane clones obtained from ICAR Sugarcane Breeding Institute, Coimbatore (2012, 2013 and 2014 series clones) is under progress at Mundiampakkam and Varadaraj Nagar cane farm for yield and juice quality.
  - 7) New set of 29 clones for All India Co-ordinated Research Project on Sugarcane were obtained from ICAR Sugarcane Breeding Institute, Coimbatore and are being multiplied at Varadaraj Nagar for further evaluation in 2020.
  - 8) Research evaluation of more than 200 clones obtained from Sugarcane Breeding Institute, Coimbatore and Sadhana Agri Tech, Bangalore in the past years resulted in the identification of 10 promising clones performing better than the predominant variety, Co 86032 in terms of both yield and quality. Final evaluation with the selected varieties are under progress.
  - 9) Produced and supplied 0.77 lakhs Tissue culture sugarcane seedlings for the breeder seed nursery programme. Also produced 7069 new variety tissue culture seedlings. This quality seed nursery production initiative by the company was widely lauded by other sugar mills and Sugarcane Breeding Institute, Coimbatore during their surveys / field visits.
  - 10) 192 tonnes of rejuvenated Co 86032 and new variety seed material were obtained from Sugarcane Breeding Institute, Coimbatore for promotion of good quality seed material for the nursery and bulk planting so as to facilitate for the higher cane yield to the farmers and higher CCS % for the mill.
  - 11) The promising clones identified from R&D trials are being multiplied through Tissue Culture for rapid introduction of new varieties to bestow prime mover advantage to the company in terms of enabling realization of better profits by farmers and higher sugar recoveries by our company.
  - 12) Varietal purity for higher sugar recovery is being ensured through an exclusive R&D breeder seed nursery farm operational at Varadaraj Nagar and Mundiampakkam thus catering to the nursery seed requirement of farmers of all our Units.



- 13) Application of Samartha, an organic growth promoter manufactured by M/s Rajshree Biosolutions LLP, @ 6 litre / acre recorded higher CCS of 10.90 % and comparable yield increase of 8.40 tonne / acre over control. Hence large scale evaluation of that product in 20 acres has been initiated to study its efficacy on cane yield and juice quality at Mundiampakkam.
  - 14) A collaborative study with Rivulis Drip Irrigation Company has been initiated to study the suitability of Drip Irrigation System in wet land condition. First year plant crop study is under progress.
  - 15) New product field evaluation studies with Jivdhan (microbial bio mixture) and chelated zinc for sugarcane yield and quality improvement is under progress.
  - 16) Obtained "Soil Test Based Fertilizer Recommendation Software" from Sugarcane Breeding Institute, Coimbatore and being used for fertilizer recommendation to the sugarcane farmers.
  - 17) Integrated measures combining sound, smell and physical barriers were tested against Wild boar incidence. More than 15 field studies with different combinations were tested and the wild boar incidence was controlled up to 50 days period.
  - 18) Periodical monitoring of cane area through regular and mass pest and disease survey is being carried through the cane team and SBI Scientists. Forecast of the potential problem that may arise with recommendations of solutions is being given to farmers through cane team to manage the pest and disease problems.
  - 19) Trained the cane team and farmers through series of field demonstrations for promotion of sticky trap, INB management measures, Integrated method of Wild boar management, chip bud seedling production, vermi compost production technologies so as to improve the average cane yield and net income of the farmers.
  - 20) The entire cane team of all three factories attended the two days National Level Training on Advances in sugarcane cultivation held at ICAR Sugarcane Breeding Institute, Coimbatore as part of the knowledge update.
  - 21) Presented two research articles in XII ISSCT International Pathology Workshop held at Coimbatore jointly organized by ISSCT- Mauritius and SBI-Coimbatore during 3rd-7th September 2018. Mr. Balaji (Breeder, Mundiampakkam) got the "Young Scientist Award" for his presentation.
  - 22) Presented the status report of all Rajshree Group units on Strategies for cane yield improvement, mechanization, varietal performance and nursery in the 49th R&D Workshop at Erode on 1st and 2nd November 2018.
  - 23) The Company received Best Client Award from BNI Kultivate - Nandhi Tractors, Coimbatore during November 2018 in view of good support in popularizing Sugarcane Mechanisation especially Chisel Plough.
- ii) The benefits derived like product improvement, cost reduction, product development or import substitution;
- 1) The company's efforts is continuing in promotion of drip irrigation, trash shredding, trash mulching and rain gun irrigation to improve the crop yield and save the crop from drought condition.
  - 2) Developed two technical videos on "Rain Gun Irrigation in Sugarcane Crop" and "Sticky Pheromone Trap of INB Management" for educating the farmers and cane team and for improving the adoption level of the technologies.
  - 3) Large scale and targeted adoption of a specific drought management practice of potash and micronutrient foliar spray through entrepreneurs resulted in mitigating crop moisture stress and preventing crop perishals.
  - 4) Continual technology up-gradation of in-house R&D biological control agent production facilities and farmer-entrepreneur units resulted in coverage of 25 % of cane area across all units with eco-friendly biological control agents and significant reduction in pest incidence and better cost benefit to farmers.

- 5) A simple tool for Pocket Manuring of fertilizers near the root zone was developed and around 400 tools were distributed to the farmers for large scale adoption.
  - 6) 240 tube lights in TC lab have been replaced with LED bulbs to save the power cost and to improve the tissue culture seedling growth in the production process.
  - 7) Ring Bud cutting machine was introduced and is being used for promotion of single bud seed supply for planting High Sugar Varieties through Self Nursery scheme.
  - 8) Biodegradable packing cover method was introduced for packing of Tetrastichus bio control agents for field release as an Environment Friendly Measures.
- iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year); Not Applicable.
- iv) The expenditure incurred on Research and Development: ₹ 103.98 lakhs (₹ 144.22 lakhs)

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The Foreign Exchange earned in terms of actual inflows and the Foreign Exchange outgo during the year in terms of actual outflows (₹ in lakhs).

	<b>2018-19</b>	2017-18
Foreign exchange earned	<b>21.18</b>	Nil
Foreign exchange outgo	<b>0.90</b>	1790.90

For and on behalf of the Board

Place : Coimbatore  
Date : 20<sup>th</sup> May 2019

**R VARADARAJAN**  
Wholetime Director  
DIN 00001738

**R C H REDDY**  
Director  
DIN 00006184

## ANNEXURE 2

### BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH 2019

#### CORPORATE GOVERNANCE REPORT

##### 1. Company's philosophy on code of Governance

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

##### 2. Board of Directors

a) The Board of Directors of the Company is comprised of;

- 1 Promoter Non-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
- 5 Independent Directors Mr. G.R.Karthikeyan  
Mr. R.C.H.Reddy  
Mr. G.S.V.Subba Rao  
Dr. K.Mohan Naidu  
Mr. Sheilendra Bhansali

b) During the year, 4 Board meetings were held respectively on 14th May 2018, 11th August 2018, 3rd November 2018 and 14th February 2019.

c) The details relating to attendance, directorships, memberships and chairmanships are furnished below:

Name of Director	No. of Board Meetings attended	Last AGM attended	In Board of other Companies		In Committee of other Companies	
			Membership	Chairmanship	Membership	Chairmanship
Ms.Rajshree Pathy	4	Yes	9	–	3	1
Mr.R.Varadarajan	4	Yes	3	–	1	–
Mr.G.R.Karthikeyan	3	Yes	8	–	1	–
Dr.P.Surulinarayanasami	4	Yes	1	–	–	–
Mr.Raja M.J.Abdeen	4	Yes	11	–	–	–
Mr.R.C.H. Reddy	4	Yes	6	–	8	3
Mr.G.S.V.Subba Rao	4	Yes	–	–	–	–
Dr.K.Mohan Naidu	4	Yes	1	–	–	–
Mr.Sheilendra Bhansali	4	Yes	3	–	–	–
Mr.Aditya Krishna Pathy (upto 25.6.2018)	1	NA	8	–	1	–

There is no inter-se relationship among the Directors except that Mr.Aditya Krishna Pathy, who is son of Ms.Rajshree Pathy, Chairperson.

d) Names of the listed entities where the person is a director and the category of directorship:

Name of the Director	Name/s of the listed entities	Category of Directorship
Mr.R.C.H. Reddy	Lakshmi Automatic Loom Works Limited	Independent Director
Mr.R.Varadarajan	-do-	Independent Director
Ms.Rajshree Pathy	Jet Airways (India) Limited	Independent Director (resigned on 13th April 2019)
Mr.G.R.Karthikeyan	Lotus Eye Hospital and Institute Ltd	Independent Director

e) List of core skills/expertise/competencies identified by the Board of Directors as required in the context of its business and sector(s) for it to function effectively and those actually available with the board, is furnished below:

- 1) Skills attributable to the Industry / Sector, in which the Company operates
- 2) Financial Management Skills
- 3) Administrative Skills
- 4) Leadership Skills
- 5) Technical / Professional skills in relation to Company's Business Operations
- 6) Business Strategy & Sales & Marketing
- 7) Corporate Governance
- 8) Communication Skills and public relations
- 9) Decision making skills
- 10) Attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company.

### 3. Audit Committee

The Audit Committee constituted by the Board of Directors consists of the following Directors as members and during the year, four meetings were held respectively on 14th May 2018, 11th August 2018, 3rd November 2018 and 14th February 2019.

Name of Member	Category	No. of Audit Committee meetings attended
Mr. G.S.V.Subba Rao, Chairman	Independent Directors	4
Mr. G.R.Karthikeyan		3
Mr. R.C.H. Reddy		4
Mr. Sheilendra Bhansali		4
Mr. Raja M.J.Abdeen	Non-Executive and Non-Independent Director	4

Mr.M.Ponraj, Company Secretary is the secretary of the Audit Committee.

The terms of reference of Audit Committee includes matters specified in Section 147 of the Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations, 2015.

The brief description of terms of reference is as follows:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company
3. Approval of payment to statutory auditors for any other services rendered

4. Review of accounting and financial policies and practices
5. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems
6. Evaluation of internal financial controls and risk management systems
7. Reviewing with the management, the quarterly / annual financial statements and Auditors' Report before submission to the Board for approval
8. Approval or any subsequent modification of related party transactions
9. To review compliance with the provisions of SEBI (Prohibition of Insider Trading-PIT) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively (effective from 1st April 2019).
10. To review the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision effectively (effective from 1st April 2019).
11. Other terms of reference included from time to time based on provisions of SEBI (LODR) Regulations, 2015.

#### **4. Nomination and Remuneration Committee (NR Committee)**

The NR Committee consists of the following Directors as members:

Mr.G.R.Karthikeyan, Chairman	Independent Director
Mr.R.C.H.Reddy	Independent Director
Mr.Raja M.J.Abdeen	Non-Executive and Non-Independent Director

The brief description of terms of reference is as follows:

1. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal.
2. To carry out evaluation of every Director's performance.
3. To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees
4. To formulate the criteria for evaluation of Independent Directors and the Board.
5. To devise a policy on Board diversity.
6. To recommend/review remuneration of the Managing / Wholetime Director based on their performance and defined assessment criteria.
7. To recommend to the Board, all remuneration, in whatever form, payable to senior management.
8. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

During the year, two meetings of the NR Committee were held on 14th May 2018 and 14th February 2019 and all the Members have attended both the meetings.

The performance evaluation criteria for Independent Directors are (1) Awareness on general and business environment (2) Awareness on sector specific environment (3) Contribution to the discussions at the meeting (4) Awareness of the roles, duties and responsibilities of a Director (5) Contribution to strategic thinking and direction for the future growth of the Company (6) Whether the Director is independent from the entity and the other Directors and if there is no conflict of interest (7) Whether the Director exercises his own judgment and voices opinion freely. The grading scale has been fixed as 1 = Average, 2 = Good and 3 = Excellent.

## 5. Stakeholders' Relationship Committee

The Stakeholders Relationship Committee is headed by Mr.Raja M.J.Abdeen, Non-Executive & Non-Independent Director. Mr.Aditya Krishna Pathy, Executive Director (till 25th June 2018), Mr.R.Varadarajan, Executive Director and Mr.Sheilendra Bhansali, Independent Director (member of the committee w.e.f. 11th August 2018) are the other members. Mr.M.Ponraj, Company Secretary is the Compliance Officer. No complaints were received from the shareholders during the year under review. As of 31st March 2019, there are no complaints/queries/ pending reply. An exclusive email ID for addressing shareholders grievances, viz., investor@rajshreesugars.com is already available.

The brief description of terms of reference is as follows:

- (1) Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- (2) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrars & Share Transfer Agent.
- (4) Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

During the year, two meetings of the Committee were held respectively on 14th May 2018 and 14th February 2019. All the members have attended all the meetings during their tenure.

## 6. Corporate Social Responsibility Committee ('CSR Committee')

The CSR Committee consists of the following Directors as members:

Dr.K.Mohan Naidu, Chairman	Independent Director
Mr.Raja M.J.Abdeen	Non-executive & Non-Independent Director
Mr.R.Varadarajan	Executive Director

The broad terms of reference of the CSR Committee is furnished hereunder:

- a) To formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- b) To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- c) To monitor the CSR policy of the company from time to time.

The Company was not required to incur any expenditure during the year on CSR in terms of Section 135 of the Act and hence no meeting was held during the year.

## 7. Share Transfer Committee

The Share Transfer Committee consists of the following officials as members:

1. Mr.R.Varadarajan Chairman
2. Mr.Raja M.J.Abdeen Member
3. Mr.R.C.H.Reddy Member
4. Mr.Aditya Krishna Pathy Member (till 25th June 2018)
5. Dr.K.Mohan Naidu Member
6. Mr.Sheilendra Bhansali Member (w.e.f. from 11.8.2018)
7. Mr.M.Ponraj Company Secretary
8. Mr.K.Narendra Representative of SKDC Consultants Ltd.-RTA
9. Mrs.Vijayalakshmi Narendra Representative of SKDC Consultants Ltd.-RTA

The broad terms of reference of the Share Transfer Committee are to transfer / transmission / sub-division / consolidation etc., of shares of the Company.

During the year, 36 meetings were held respectively on 7.4.2018, 13.4.2018, 28.4.2018, 19.5.2018, 26.5.2018, 30.6.2018, 7.7.2018, 21.7.2018, 1.8.2018, 11.8.2018, 24.8.2018, 1.9.2018, 8.9.2018, 15.9.2018, 22.9.2018, 4.10.2018, 11.10.2018, 20.10.2018, 27.10.2018, 3.11.2018, 10.11.2018, 28.11.2018, 15.12.2018, 25.12.2018, 31.12.2018, 8.1.2019, 19.1.2019, 29.1.2019, 7.2.2019, 12.2.2019, 16.2.2019, 23.2.2019, 6.3.2019, 16.3.2019, 23.3.2019 and 30.3.2019.

## 8. Compensation Committee

The Compensation Committee consists of the following Directors as members:

Dr. K. Mohan Naidu, Chairman	Independent Director
Mr.G.R.Karthikeyan	Independent Director
Mr.R.C.H.Reddy	Independent Director
Mr.Raja M.J.Abdeen	Non-Executive and Non-Independent Director

The Committee was formed on 29th May 2017 to administer and superintendence of the Employee Stock Option Plan (ESOP) of the company. No meeting was held during the year.

## 9. Independent Directors' meeting

During the year, one meeting of the Independent Directors was held on 14th February 2019 without the attendance of non-independent directors and members of management. All the independent directors attended the meeting.

The Independent Directors, at the meeting;

- reviewed the performance of non-independent directors and the board of directors as a whole;
- reviewed the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
- assessed the quality, quantity and timeliness of flow of information between the management of the Company and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their duties.

## 10. Remuneration of Directors

The remuneration paid to Directors for the year 2018-19 were as follows (₹ in lakhs.)

Managerial Remuneration	Executive Directors		Non-Executive Directors							
	Mr. Aditya Krishna Pathy (upto 25.6.2018)	Mr. R. Varadarajan	Ms.Rajshree Pathy	Dr.P. Surulinarayanasami	Mr.G.R. Karthikeyan	Mr.R.C.H Reddy	Mr.G.S.V. Subba Rao	Mr.Raja MJ Abdeen	Dr.K.Mohan Naidu	Mr.Sheilendra Bhansali
Salary	43.44	67.60	-	-	-	-	-	-	-	-
Commission	-	-	-	-	-	-	-	-	-	-
Perquisites	-	8.26	-	-	-	-	-	-	-	-
Sitting Fees	0.50	2.00	2.00	2.00	2.10	2.80	2.80	2.80	2.00	2.80
<b>Total</b>	<b>43.94</b>	<b>77.86</b>	<b>2.00</b>	<b>2.00</b>	<b>2.10</b>	<b>2.80</b>	<b>2.80</b>	<b>2.80</b>	<b>2.00</b>	<b>2.80</b>
Details of performance linked incentives	-	-	-	-	-	-	-	-	-	-
Service Contracts	-	3 years	-	-	-	-	-	-	-	-
Notice Period	-	3 months	-	-	-	-	-	-	-	-
Severance fees	-	-	-	-	-	-	-	-	-	-

Mr.R.Varadarajan has been granted 1,01,088 Stock Options under the Company's Employee Stock Option Plan 2012 (ESOP 2012) at an exercise price of ₹ 55.40 per stock option, in the year 2012. The stock options were not issued at discount. The exercise period would be a maximum of 4 years from the date of vesting of options. Out of 1,01,088 stock options granted, 66,971 options were lapsed without exercising. No other Directors have been granted stock options.

There are no pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis, the Company, except payment of sittings fees for attending the meetings of the Board / Committees.

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

Name of the Director	No. of Shares held	% to the total share capital of the company
Ms.Rajshree Pathy	1,13,17,313	40.178
Dr.P.Surulinarayanamsami	11,31,107	4.016
Mr.Raja M.J.Abdeen	10,10,000	3.585
Mr.G.R.Karthikeyan	1,040	0.004
Mr.R.C.H.Reddy	832	0.003
Dr.K.Mohan Naidu	1,000	0.004
Mr.G.S.V.Subba Rao	-	-
Mr.Sheilendra Bhansali	-	-

#### 11. A Statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual Director

Nomination and Remuneration Committee of the Board had prepared and sent through its Chairman draft paramaterialized feed-back forms for evaluation of the Board, Independent Directors, various Committees and Chairperson.

Independent Directors at a meeting without attendance of non-independent directors and anyone from the management, considered/evaluated the Board's performance, performance of the Chairperson and individual Director.

The Board subsequently evaluated performance of the Board, the Committees and Independent Directors (without participation of the relevant director).

#### 12. General Body meetings

Location and time for the last three Annual General Meetings / Postal Ballot.

Year	Location	Date	Time	No. of special resolutions passed
2016	Chamber Hall, Indian Chamber of Commerce & Industry Coimbatore - 641018	29.09.2016	10.00 AM	--
2017		28.08.2017	10.00 AM	7
2018		31.08.2018	10.00 AM	5

No Postal ballot process has been conducted during the year under review.

#### 13. Means of Communication

The company is publishing audited financial results / quarterly unaudited financial results and notice advertisements in Business Standard (in English) and Dinamani (in Tamil), normally. The company has also posted the corporate governance report, quarterly/annual results, shareholding pattern, and such other details as required under the SEBI (LODR) Regulations, 2015 / Companies Act, 2013, in the Company's Website [www.rajshreesugars.com](http://www.rajshreesugars.com) and in the website of stock exchanges viz., [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com).

The Company has not made any presentations to institutional investors or to the analysts, during the financial year. There was no official news releases during the financial year.



#### 14. General shareholder information

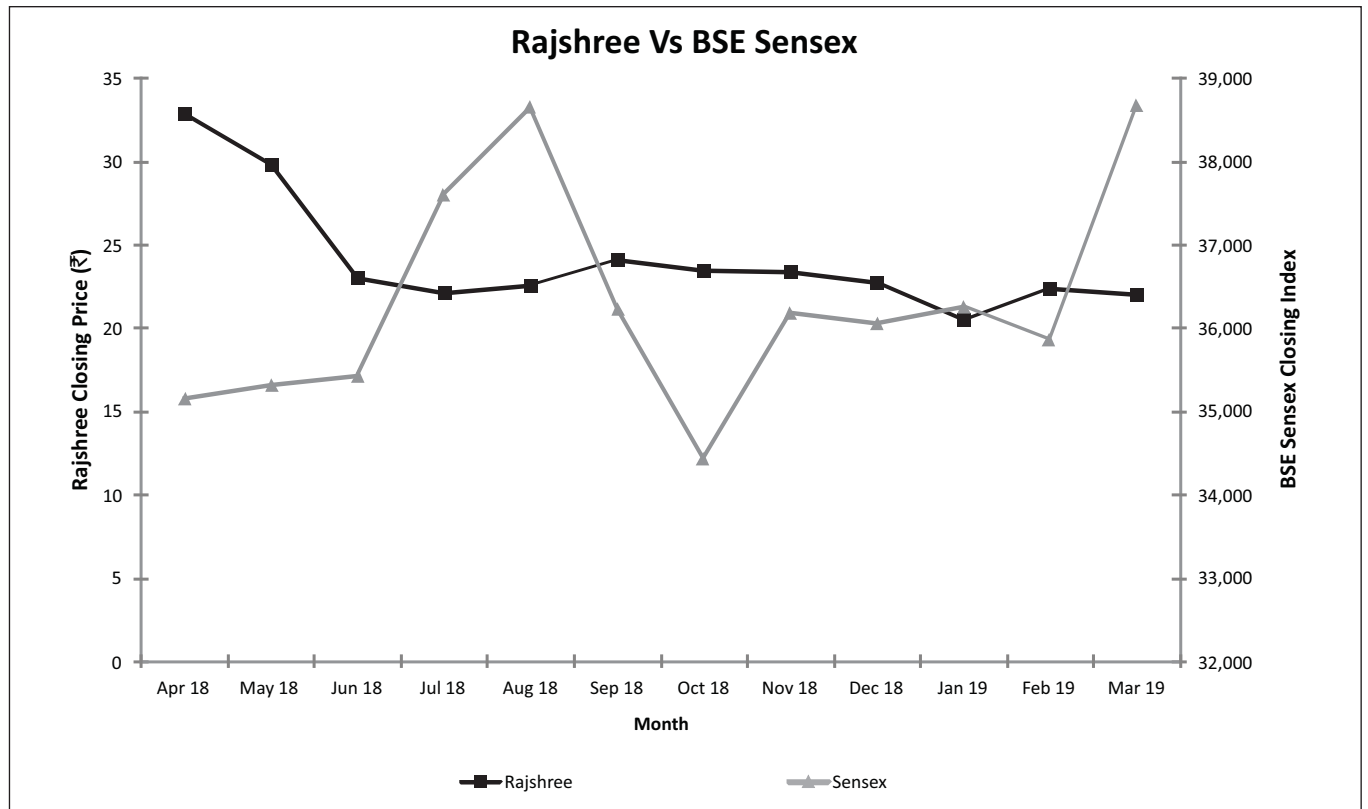
i.	AGM - Date, time and venue	30th September 2019 at 10.00 AM Chamber Hall, Indian Chamber of Commerce and Industry, Avanashi Road, Coimbatore 641 018.
ii.	Financial year	12 Months ending 31st March
iii.	Dividend	In view of the stringent financial position, your directors have not recommended payment of dividend for the financial year 2018-19.
iv.	Financial calendar 2019-20 First quarterly results Second quarterly results Third quarterly results Fourth quarterly and Audited yearly results	Before 14th August 2019 Before 14th November 2019 Before 14th February 2020 Before 30th May 2020
v.	Book Closure Date for AGM	24th September 2019 to 30th September 2019
vi.	Name and address of stock exchanges	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001 National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex Bandra (E), Mumbai - 400 051 The company has paid listing fees for the financial year 2019-20.
vii.	Stock Code	500354 (BSE) RAJSREESUG (NSE)

#### viii. Market Price Data – High/Low during each month of the Financial Year 2018-19.

Amount in ₹

Month	BSE		NSE	
	High	Low	High	Low
April 2018	37.00	30.30	37.45	30.30
May	35.00	25.75	35.00	26.30
June	31.60	22.00	30.30	22.20
July	24.50	19.00	24.20	20.05
August	28.25	20.65	29.00	22.10
September	35.95	21.15	36.60	21.50
October	27.00	21.45	27.70	21.90
November	26.00	21.30	26.70	21.80
December	24.55	22.50	24.35	22.05
January 2019	25.50	20.35	24.85	20.10
February	22.90	18.25	23.00	18.50
March	25.00	20.20	24.70	20.50

ix. Performance in comparison to BSE Sensex:



x.	Registrars and Share Transfer Agents (for physical & demat shares)	M/s SKDC Consultants Limited Kanapathy Towers, 3rd Floor 1391/A-1, Sathy Road, Ganapathy, Coimbatore 641 006.
xi.	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 regularly.  SEBI has notified vide Circular dated 20th April 2018 and 16th July 2018, that except in case of transmission or transposition of securities, requests for effecting the transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository. Essentially, the shares in physical mode cannot be transferred with effect from 1st April 2019.

xii. Distribution of shareholding as on 31st March 2019

No. of equity shares held	No. of Folios	No. of shares held	% of shareholding
Upto 5000	17,961	55,21,778	19.60
5001 to 10000	95	7,03,003	2.50
10001 to 20000	53	7,75,106	2.75
20001 to 30000	14	3,57,009	1.27
30001 to 40000	8	2,88,490	1.02
40001 to 50000	4	1,65,969	0.59
50001 to 100000	6	4,22,719	1.50
100001 and above	22	1,99,33,606	70.77
<b>Total</b>	<b>18,163</b>	<b>2,81,67,680</b>	<b>100.00</b>

xiii. Shareholding pattern as on 31st March 2019

Category	No. of Folios	No. of shares held	% of shareholding
Promoters and Promoters Group **	4	1,34,73,621	47.83
Directors & Relatives (incl. NRI Directors and their relatives)	11	26,81,165	9.52
Mutual funds and UTI	4	4,900	0.02
Banks, Financial institutions and insurance companies	6	1,626	0.01
Corporate bodies	249	16,07,253	5.71
Indian public	17,772	97,62,678	34.66
NRIs and OCBs	115	1,44,347	0.51
IEPF Authority	1	4,88,908	1.74
Unclaimed Share Suspense Account	1	3,182	0.01
GDRs	-	-	-
<b>Total</b>	<b>18,163</b>	<b>2,81,67,680</b>	<b>100.00</b>

\*\* Pledge has been created in respect of the entire holdings of 1,34,73,621 equity shares with voting rights of Promoter and Promoter Group in favour of M/s. SBICAP Trustee Company Ltd, who is holding the pledge on behalf of lenders of RAJSHREE SUGARS & CHEMICALS LTD, as per the final letter of approval dated 24th March 2014 from Corporate Debt Restructuring Cell, Mumbai.

xiv.	Dematerialization of shareholding and liquidity	92.365% of total equity share capital is held in dematerialized form with NSDL and CDSL.
xv.	Outstanding GDR/ADR/ Warrants or any convertible instruments, conversion date and impact on equity	NIL
xvi.	Plant locations	Unit I - Sugar, Cogeneration & Distillery Varadarajnaragar PO, PIN 625 562. Periakulam Taluk, Theni District  Unit II - Sugar & Cogeneration Mundiampakkam PO, PIN 605 601. Vikravandi Taluk, Villupuram District  Unit III - Sugar, Cogeneration & Distillery Semmedu Village, Gingee Taluk, PIN 604 153, Villupuram District
xvii.	Address for correspondence	"The Uffizi", 338/8 Avanashi Road Peelamedu, Coimbatore 641 004. Email ID: investor@rajshreesugars.com rscl@rajshreesugars.com

xviii. No dividend is pending as on date for transfer to the Investor Education and Protection Fund (IEPF) except unpaid dividend of ₹ 39,729/- for the financial year 2009-10 consequent to stay orders issued by the Courts.

xix. Commodity Price Risk or foreign exchanges risk and hedging activities:

Sugar being a commodity is exposed to cycles and price risk. To mitigate commodity risks, the company enters into forward sales contract with the reputed institutional buyers for a reasonable quantity.

Government in June 2018 has fixed a minimum selling price of sugar at ₹ 29 per kg for sale at factory gate in domestic market, below which no sugar mill can sell sugar. Later the price was increased to ₹ 31 per kg in February'2019. The Government also re-introduced the release order mechanism for controlling the sugar that can be sold in the market. This has helped in arresting the free fall of sugar price.

### 15. Various Policies of the Company

The policies viz., (a) Policy on Related Party Transaction (b) Whistle Blower Policy (c) Nomination and Remuneration Policy (d) Policy on disclosure of material events (e) CSR Policy and (f) Policy on Archival of Documents are available in the Company website [www.rajshreesugars.com](http://www.rajshreesugars.com) vide link <http://rajshreesugars.com/the-company/policies/>

### 16. Payment to Auditors

Total Fees for all services (excluding out of pocket expenses) paid by the Company to the Statutory Auditors and all entities in the network firm/network, for the year ended 31st March 2019: ₹ 7.55 lakhs (₹15.81 lakhs)

### 17. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- Number of complaints filed during the financial year : Nil
- Number of complaints disposed of during the financial year : Nil
- Number of complaints pending as on end of the financial year : Nil

### 18. Familiarization Program for Independent Directors

The Company has formulated a Familiarization Program for its Independent directors to familiarize them with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc.,

The details of such familiarization programmes are disclosed on the company's website vide web link [http://www.rajshreesugars.com/images/stories/Familiarisation\\_Program\\_for\\_Independent\\_Directors.pdf](http://www.rajshreesugars.com/images/stories/Familiarisation_Program_for_Independent_Directors.pdf)

## 19. Other Disclosures

- a) There are no material related party transactions that may have potential conflict with the interests of the Company at large.
- b) The company has complied with all requirements and no penalty or strictures have been imposed / made on the company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.
- c) The Company has complied with all the mandatory requirements of the various Regulations of SEBI (LODR) Regulations, 2015.
- d) Investor complaints of non-receipt of dividends, non-receipt of annual reports, etc. forwarded by SEBI are periodically resolved and uploaded into SCORES (SEBI Complaints Redressal System) website and no complaints were pending during the year under review.
- e) The Company has fulfilled non-mandatory requirement, namely, the Financial Statements are unqualified.
- f) The Board hereby confirm that all the Independent Directors have fulfilled the conditions specified under SEBI (LODR) Regulations, 2015; and they are totally independent of the management.
- g) Disclosure with respect to demat suspense account / unclaimed suspense account.

The following are the details of unclaimed shares pertaining to Public Issue / Rights Issue of the company.

Particulars	Number of shareholders	Number of shares
(i) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	23	3,182
(ii) Number of shareholders who approached issuer for transfer of shares from suspense account during the year	NIL	NIL
(iii) Number of shareholders to whom shares were transferred from suspense account during the year	NIL	NIL
(iv) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	23	3,182

The voting rights on these shares as on 31.3.2019 remain frozen till the rightful owner of such shares claims the shares.

## 20. Prevention of Insider Trading

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated persons of the Company as required under the SEBI (Prohibition of Insider Trading) Regulations 2015.

## 21. CEO/CFO Certification

The certification as per Regulation 17(8) of the SEBI (LODR) Regulations 2015 has been submitted by the CEO and CFO of the Company to the Board of Directors.

For and on behalf of the Board

Place : Coimbatore  
Date : 20<sup>th</sup> May 2019

**R VARADARAJAN**  
Wholtime Director  
DIN 00001738

**R C H REDDY**  
Director  
DIN 00006184

**APPENDIX – 1**

Declaration under Schedule V (D) of Regulation 34(3) of SEBI (LODR) Regulations, 2015 by the Wholetime Director

The Shareholders,

I, R.Varadarajan, Wholetime 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 & Chemicals Limited.

For and on behalf of the Board

Place : Coimbatore  
Date : 20<sup>th</sup> May 2019

**R VARADARAJAN**  
Wholetime Director  
DIN 00001738

**APPENDIX – 2****CEO / CFO CERTIFICATION**

We the undersigned, in our respective capacities as Wholetime Director and Chief Financial Officer of Rajshree Sugars & Chemicals Limited (“the Company”) to the best of our knowledge and belief, certify that:

- a. We have reviewed the financial statements of the company for the financial year ended 31st March 2019, and that to the best of our knowledge and belief, we state that:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting of the Company and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee:
  - i. significant changes, if any, in internal control over financial reporting during the year;
  - ii. significant changes, if any, in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over the financial reporting.

**R VARADARAJAN**  
Wholetime Director  
DIN 00001738

**V.B. GOPAL KRISHNAN**  
Chief Financial Officer

Place : Coimbatore  
Date : 20<sup>th</sup> May 2019

**APPENDIX – 3**

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To

The Members of M/s. RAJSHREE SUGARS & CHEMICALS LIMITED

We have examined the compliance of conditions of Corporate Governance by Rajshree Sugars & Chemicals Limited ('the Company'), for the year ended 31st March 2019, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with National Stock Exchange of (India) Limited and BSE Limited.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement entered into by the Company with National Stock Exchange of India Limited and BSE Limited.

We further state that this certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For S. KRISHNAMOORTHY & CO.**  
Chartered Accountants  
Regn.No.001496S

Place : Coimbatore  
Date : 20<sup>th</sup> May 2019

**K. RAGHU**  
Membership No.011178  
Partner, Auditor

**Certificate from a Company Secretary in Practice**

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by M/s. RAJSHREE SUGARS & CHEMICALS LIMITED (CIN- L01542TZ1985PLC001706) "THE UFFIZI" 338/8 AVANASHI ROAD, PEELA.MEDU, COIMBATORE-641 004 and also the information provided by the Company, its officers, agents and authorized representatives, I hereby report that during the Financial Year ended on March 31, 2019, in my opinion, none of the director on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of Company by the Board/Ministry of Corporate Affairs or any such Statutory authority.

Place : Coimbatore  
Date : 20<sup>th</sup> May 2019

**G. SOUNDARRAJAN**  
Practicing Company Secretary  
ACS - 13993 - C.P.No.4993

## ANNEXURE 3

### TO BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2019

Statement under Section 197 (12) of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- 1) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year;

SN	Name of Officials	Ratio
1.	Mr.Aditya Krishna Pathy, Managing Director (upto 25.6.2018)	18.83
2.	Mr.R.Varadarajan, Wholetime Director	32.87

Note: For this purpose, Sitting fees paid to the Directors have not been considered as remuneration.

- 2) The percentage increase / decrease (-) in remuneration of each director, Chief Financial Officer, Managing Director & Wholetime Director, Company Secretary in the financial year;

SN	Name of Director / Official	% increase / decrease (-)
1	Mr.Aditya Krishna Pathy, Managing Director (upto 25.6.2018)	-67.08
2	Mr.R.Varadarajan, Wholetime Director	-6.00
3	Mr.V.B.Gopal Krishnan, Chief Financial Officer	-2.83
4	Mr.M.Ponraj, Company Secretary	-9.38

- 3) The percentage decrease in the median remuneration of employees in the financial year; 4.39%.
- 4) The number of permanent employees on the rolls of Company as on 31st March 2019 : 847.
- 5) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

The previous long term settlement entered by The South Indian Sugar Mills Association (SISMA) with Joint Action Council of Trade Unions has expired on 30.9.2018. The Trade Unions have submitted a Charter of Demands to SISMA and asked for negotiations. However, due to adverse business scenario the discussion has been deferred.

- 6) If remuneration is as per the remuneration policy of the Company; Yes
- 7) Information as per Section 197(12) of the Companies Act, 2013 read with rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) rules, 2014.



Name / (Age)	Designation of the Employee	Remuneration ₹ in lakhs	Qualification / Experience (Years)	Date of Commencement of Employment	Previous Employment
Aditya Krishna Pathy 33 Years	Managing Director (upto 25.6.2018)	43.44	Graduate in Business and Management from the University of Exeter, UK - 14 Years	30-Jun-2017	Lakshmi Mills Company Ltd
Varadarajan R 61 Years	Wholetime Director	75.86	Master's Degree in Business Management and English Literature 39 Years	05-Jun-2003	PSG Institutions
Sathiyamoorthi G 56 Years	President	43.18	B.Sc., ADSI - 34 Years	05-Nov-1990	Sirugappa Sugars & Chemicals Ltd.
Gopal Krishnan V B 43 Years	Chief Financial Officer	42.17	B.Com (Hons), ACA Dip IFRS (ACCA-UK) - 22 Years	22-Jan-2010	Uttam Sucrotech International Limited
Narayan R K 50 Years	Sr. Vice President - Sales & Marketing	38.98	B.Com., PGDBA - 25 Years	26-May-2010	EID Parry (I) Ltd
Mathiyalagan D 58 Years	Sr. Vice President - Operations	38.86	BE Mechanical - 32 Years	14-Dec-2011	EID Parry (I) Ltd
Ramesh S M 49 Years	Vice President - Mundiampakkam	33.26	BE Mechanical, BOE - 22 Years	11-Dec-2009	GMR Industries
Subramanian K 47 Years	Vice President - Finance & Taxation	33.97	B.Sc., ACA - 23 Years	21-Jan-2010	Perfetti Vanmalle India Pvt Ltd
Karthikeyan M 51 Years	Vice President - Semmedu	30.80	BE (Mechanical), ANSI, BOE -29 Years	09-Oct-2000	South India Sugars
Aishwarya Pathy 37 Years	Chief Operating Officer	30.11	UG from Wheaton College, USA - 3 Years	01-Jun-2016	Trident Sugars Ltd
V. Kathiravan 57 Years	General Manager	20.75	BSc Agriculture - Cane - 34 Years	01-Apr-2002	South India Sugars

**Notes:**

- (1) The nature of employment of Mr.Aditya Krishna Pathy, Managing Director (upto 25.6.2018) and Mr.R.Varadarajan, Wholetime Director are contractual. Mr.Aditya Krishna Pathy is son of Ms.Rajshree Pathy, Chairperson. Ms.Aishwarya Pathy is daughter of Chairperson & Sister of ex-Managing Director, Mr.Aditya Krishna Pathy. Other employees are not related to any Director of the Company.
- (2) The employment of all others is non-contractual and terminable by notice on either side.
- (3) None of the employees are covered under Rule 5(2)(ii) and 5(2)(iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

For and on behalf of the Board

 Place : Coimbatore  
 Date : 20<sup>th</sup> May 2019

**R VARADARAJAN**  
 Wholetime Director  
 DIN 00001738

**R C H REDDY**  
 Director  
 DIN 00006184

## ANNEXURE 4

### BOARD'S REPORT FOR THE YEAR ENDED 31st MARCH 2019

#### Statement as at March 31, 2019, pursuant to (Disclosure in the Directors' Report) SEBI (Share Based Employee Benefits) Regulations, 2014

##### A. Summary of Status of ESOPs Granted

The position of the existing schemes is summarized as under -

S.No.	Particulars	RSCL Employee Stock Option Plan 2012
1	Date of Shareholder's Approval	10th October 2012
2	Total Number of Options approved under ESOPs	11,89,585
3	Vesting requirement	(i) 50% of options due for vesting on each vesting date shall vest on the basis of time i.e. mere continuance of employment as on date of vesting; and (ii) 50% of options due for vesting on each vesting date shall vest on the basis of achievement of individual key result areas set at the beginning of each financial year preceding the financial year in which the individual vesting date falls.
4	Exercise Price or Pricing Formula	-
5	Maximum term of Options granted	8 years
6	Source of shares	Primary
7	Variation in terms of ESOP	No Variation
8	Method used to account for ESOP	Intrinsic Value Method

##### B. Option Movement during the year 2018-19

S.No.	Particulars	Numbers	Weighted Average Exercise price
1	Options outstanding at the beginning of the year	4,25,314	55.40
2	Number of options granted during the year	-	-
3	Options Forfeited / Surrendered during the year	2,06,752	55.40
4	Options Vested during the year	-	-
5	Options Exercised during the year	-	-
6	Options Lapsed during the year	-	-
7	Total number of shares arising as a result of exercise of options	-	-
8	Money realised by exercise of options (₹ in Lakhs)	-	-
9	Options outstanding at the end of the year	2,18,562	55.40
10	Options exercisable at the end of the year	2,18,562	55.40

C. Employee-wise details of options granted during the financial year 2018-19 :

No options granted during the year.

D. Diluted Earnings / (Loss) Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 (In ₹) : (14.85)

E. Weighted average exercise price / fair value of Options granted during the year : No options granted during the year

F. The weighted average market price of options exercised during the year : Nil

G. Weighted average remaining contractual life

Exercise Price Range (₹)	Years
0-100	2.42
100-200	Nil
200-300	Nil

H. Net Income

Particulars	₹ in Lakhs
Net Income as reported	(4183.12)
Less: Fair Value Compensation Cost	-
Net Income	(4183.12)

I. Method and Assumptions used to estimate the fair value of options granted during the year:

No option granted during the year

For and on behalf of the Board

Place : Coimbatore  
Date : 20<sup>th</sup> May 2019

**R VARADARAJAN**  
Wholetime Director  
DIN 00001738

**R C H REDDY**  
Director  
DIN 00006184

## ANNEXURE 5

### TO BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2019

#### SECRETARIAL AUDIT REPORT

(Form No.MR-3)

#### FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,  
M/s. RAJSHREE SUGARS & CHEMICALS LIMITED  
Coimbatore.

I have conducted the SECRETARIAL AUDIT of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. RAJSHREE SUGARS & CHEMICALS LIMITED (CIN: L01542TZ1985PLC001706) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2019 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
- v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') (wherever applicable) viz. :-
  - 1) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - 2) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - 3) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014;
  - 4) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
  - 5) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (as amended up-to-date)
- vi) and the following Acts and Rules specifically applicable to a Sugar Industry viz.,
  1. Agricultural and Processed Food Products Act, 1985
  2. Acts and Rules prescribed under prevention and control of pollution, environmental protection and energy conservation.
  3. Essential Commodities Act, 1955
  4. Export (Quality Control and Inspection) Act, 1963

5. Food Safety and Standards Act, 2006 and Rules, 2011
6. Indian Electricity Act, 2003
7. The Indian Boilers Act, 1923
8. Levy Sugar Price Equalization Fund Act, 1976
9. Sugar Development Fund Act, 1982
10. Sugar Cess Act, 1982
11. Sugarcane (Control) Order, 1966
12. The Sugar (Control) Order, 1966
13. The Sugar (Packing & Marking) Order, 1970
14. The Tamil Nadu Molasses Control and Regulation Rules, 1958
15. The Tamil Nadu Distillery Rules, 1981
16. Other local laws as applicable to various plants and offices

The company was not required to comply with the following laws/regulations/ guidelines as these were not applicable during the financial year.

- a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (as amended up-to-date)
- b) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018
- c) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
- d) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013

I have also examined compliance with the applicable clauses of the following:

- Secretarial Standards issued by The Institute of Company Secretaries of India.
- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended up-to-date)

During the period under review the Company has complied with all the applicable Acts, Rules, Regulations, Guidelines, Standards, etc. including the laws mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate Notice is given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through unanimously and recorded in the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no specific instances in respect of :

- a) Public /Rights /Debentures/Sweat Equity
- b) Redemption/Buy Back of Securities
- c) Foreign Technical Collaboration
- d) Major decisions taken by measures in pursuance of section 180 of the Companies Act, 2013

Place : Coimbatore

Name : **G. SOUNDARRAJAN**

Date : 20<sup>th</sup> May 2019

Designation : Practicing Company Secretary  
ACS-13993-C.P. No. 4993

This report is to be read with my letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.

To  
The Members  
M/s. RAJSHREE SUGARS & CHEMICALS LIMITED  
Coimbatore

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. The Company has maintained Legal Management System which takes care of regular Compliance of applicable laws and the amendments are updated then and there by the Company. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Coimbatore  
Date : 20<sup>th</sup> May 2019

**G. SOUNDARRAJAN**  
Practicing Company Secretary  
ACS-13993-C.P. No. 4993

## ANNEXURE 6

### BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH 2019

Form No.MGT-9

#### EXTRACT OF ANNUAL RETURN As on the financial year ended 31st March 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L01542TZ1985PLC001706
ii)	Registration Date	13/12/1985
iii)	Name of the Company	RAJSHREE SUGARS & CHEMICALS LIMITED
iv)	Category / Sub-Category of the Company	Company Limited by Shares
v)	Address of the Registered Office and contact details	"The Uffizi", 338/8 Avanashi Road, Peelamedu, Coimbatore 641 004 Phone: + 91 422 4226222 Fax : +91 422 2577929 Email : rscl@rajshreesugars.com
vi)	Whether listed company	YES
vii)	Name, Address and contact details of Registrar and Transfer Agents	M/s SKDC Consultants Limited Kanapathy Towers, 3rd Floor 1391/A-1, Sathy Road, Ganapathy, Coimbatore 641 006. Phone: 0422-4958995, 2539835-36 Fax : 0422-2539837

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company is furnished hereunder:

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the company
1.	White Crystal Sugar	1072	66
2.	Co-generation of Power	35106	11
3.	Industrial Alcohol	1101	23

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

NIL

**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**(i). Category-wise Shareholding**

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A. PROMOTERS</b>									
<b>(1) Indian</b>									
a. Individual/HUF	1,20,24,290	Nil	1,20,24,290	42.688	7,06,977	Nil	7,06,977	2.510	(40.178)
b. Bodies Corporates	14,49,331	Nil	14,49,331	5.145	14,49,331	Nil	14,49,331	5.145	Nil
<b>Sub-Total (A)(1)</b>	<b>1,34,73,621</b>	<b>Nil</b>	<b>1,34,73,621</b>	<b>47.833</b>	<b>21,56,308</b>	<b>Nil</b>	<b>21,56,308</b>	<b>7.655</b>	<b>(40.178)</b>
<b>(2) Foreign (A)(2)</b>									
Individuals (Non-Resident Individuals / Foreign Individuals)	Nil	Nil	Nil	Nil	1,13,17,313	Nil	1,13,17,313	40.178	40.178
<b>Total Shareholding of Promoters (A) = (A)(1)+(A)(2)</b>	<b>1,34,73,621</b>	<b>Nil</b>	<b>1,34,73,621</b>	<b>47.833</b>	<b>1,34,73,621</b>	<b>Nil</b>	<b>1,34,73,621</b>	<b>47.833</b>	<b>Nil</b>
<b>B. Public Shareholding</b>									
a. Mutual Funds / UTI	100	4,800	4,900	0.017	100	4,800	4,900	0.017	Nil
b. Financial Institutions / Banks	8,973	1,200	10,173	0.036	426	1,200	1,626	0.006	(0.030)
<b>Sub-Total (B) (1)</b>	<b>9,073</b>	<b>6,000</b>	<b>15,073</b>	<b>0.053</b>	<b>526</b>	<b>6,000</b>	<b>6,526</b>	<b>0.023</b>	<b>(0.030)</b>
<b>2. Non-Institutions</b>									
a. Bodies Corporates- Indian	14,88,576	1,13,197	16,01,773	5.687	13,81,050	1,13,197	14,94,247	5.305	(0.382)
b. Individual shareholders holding nominal share capital upto ₹1 lakh	44,51,359	10,96,526	55,47,885	19.696	46,82,134	9,53,339	56,35,473	20.008	0.312
c. Individual shareholders holding nominal share capital in excess of ₹1 lakh	33,52,249	30,000	33,82,249	12.008	38,24,250	30,000	38,54,250	13.683	1.675
d. Others									
i) Directors & relatives	7,81,519	3,040	7,84,559	2.785	5,08,018	2,040	5,10,058	1.811	(0.974)
ii) Non Resident Indians	12,55,618	10,46,163	23,01,781	8.172	12,69,291	10,46,163	23,15,454	8.220	0.048
iii) Clearing Members	3,11,335	Nil	3,11,335	1.105	1,13,006	Nil	1,13,006	0.401	(0.704)
iv) Hindu Undivided families	2,57,314	Nil	2,57,314	0.914	2,72,955	Nil	2,72,955	0.969	0.055
v) IEPF Authority	4,88,908	Nil	4,88,908	1.736	4,88,908	Nil	4,88,908	1.736	Nil
vi) Unclaimed Share Suspense Account	3,182	Nil	3,182	0.011	3,182	Nil	3,182	0.011	Nil
<b>Sub-Total (B) (2)</b>	<b>1,23,90,060</b>	<b>22,88,926</b>	<b>1,46,78,986</b>	<b>52.114</b>	<b>1,25,42,794</b>	<b>21,44,739</b>	<b>1,46,87,533</b>	<b>52.144</b>	<b>0.030</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>1,23,99,133</b>	<b>22,94,926</b>	<b>1,46,94,059</b>	<b>52.167</b>	<b>1,25,43,320</b>	<b>21,50,739</b>	<b>1,46,94,059</b>	<b>52.167</b>	<b>Nil</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Grand Total (A+B+C)</b>	<b>2,58,72,754</b>	<b>22,94,926</b>	<b>2,81,67,680</b>	<b>100.000</b>	<b>2,60,16,941</b>	<b>21,50,739</b>	<b>2,81,67,680</b>	<b>100.000</b>	<b>Nil</b>

**Note 1 :** Pledge has been created in respect of 1,34,73,621 equity shares with voting rights of Promoter & Promoter Group in favour of SBICAP Trustee Company Ltd, who is holding the pledge on behalf of CDR lenders (State Bank of India, UCO Bank, Bank of India, ICICI Bank Ltd, Axis Bank Ltd and Federal Bank Ltd) of the Company, as per the final letter of approval dated 24.3.2014 from Corporate Debt Restructuring Cell, Mumbai.

**Note 2 :** The Company has received a letter dated 6.4.2018 from Smt Rajshree Pathy, belonging to the Promoter and Promoter Group of the Company (holding 1,13,17,313 shares), intimating that she had become Non Resident Indian from the Financial Year 2017-18, as per Section 6 of the Income Tax Act, 1961 and Section 2(w) read with Section 2(v) of the Foreign Exchange Management Act, 1999. Out of 1,13,17,313 shares, 28,48,976 shares held by her in dematerialized form are yet to be classified under NRI Category by the Depositories. However, for the purpose of this shareholding pattern, we have classified the entire shareholding under NRI category, as at the year end.



**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			Shares of % change in shareholding during the year
		No. of shares	% of total shares of company	% of shares pledged / encumbered to total shares **	No. of shares	% of total shares of company	% of shares pledged / encumbered to total shares **	
1.	Rajshree Pathy	1,13,17,313	40.178	100.000	1,13,17,313	40.178	100.000	--
2.	Aishwarya Pathy	2,18,674	0.776	100.000	2,18,674	0.776	100.000	--
3.	Aditya Krishna Pathy	4,88,303	1.734	100.000	4,88,303	1.734	100.000	--
4.	RSCL Properties Pvt. Ltd.	14,49,331	5.145	100.000	14,49,331	5.145	100.000	--
	<b>Total</b>	<b>1,34,73,621</b>	<b>47.833</b>	<b>100.000</b>	<b>1,34,73,621</b>	<b>47.833</b>	<b>100.000</b>	<b>--</b>

\*\* Please refer the note on pledge given in the previous page.

**(iii) Change in Promoters' shareholding**

There is no change in Promoters' shareholding during the year under review, excepting that the shareholding of Ms. Rajshree Pathy, Promoter has been categorised under Non-Resident Individual.

**(iv) Shareholding Pattern for top ten shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)**

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Shareholding at the end of the year		Increase / (Decrease) during the year	
		No. of Shares	% of total shares of company	No. of shares	% of total shares of company	No. of shares	% of total shares of company
1.	K.Mohan	6,82,624	2.423	7,00,613	2.487	17,989	0.064
2.	Jaishree Varadaraj	7,68,462	2.728	4,93,961	1.754	(2,74,501)	(0.974)
3.	Investor Education and Protection Fund (IEPF)	4,88,908	1.736	4,88,908	1.736	-	-
4.	Hitesh Ramji Javeri	2,75,112	0.977	2,80,000	0.994	4,888	0.017
5.	Harsha Hitesh Javeri	2,75,000	0.976	2,80,000	0.994	5,000	0.018
6.	Anvar Jay Varadaraj	1,46,200	0.519	2,37,700	0.844	91,500	0.325
7.	Maya Jay Varadaraj	1,40,200	0.498	2,31,700	0.823	91,500	0.325
8.	Varun Jay Varadaraj	1,40,000	0.497	2,31,500	0.822	91,500	0.325
9.	G Nagarajan	2,29,979	0.816	2,29,979	0.816	-	-
10.	Elgi Equipments Limited	2,29,000	0.813	2,29,000	0.813	-	-

Note: Since the shares are traded on a daily basis, date wise increase / decrease is not indicated.

**(v) Shareholding of Directors and Key Managerial Personnel (KMP)**

Sl. No.	Name	Shareholding at the beginning of the year		Shareholding at the end of the year		Increase / (Decrease) during the year	
		No. of Shares	% of total shares of company	No. of shares	% of total shares of company	No. of shares	% of total shares of company
1	Ms.Rajshree Pathy	1,13,17,313	40.178	1,13,17,313	40.178	--	--
2	Dr.K.Mohan Naidu	1,000	0.004	1,000	0.004	--	--
3	Mr.G.R.Karthikeyan	1,040	0.004	1,040	0.004	--	--
4	Dr.P.Surularayanasami	11,31,107	4.016	11,31,107	4.016	--	--
5	Mr.Raja M.J.Abdeen	10,10,000	3.586	10,10,000	3.586	--	--
6	Mr.R.C.H.Reddy	832	0.003	832	0.003	--	--
7	Mr.V.B.Gopal Krishnan	2,390	0.008	2,390	0.008	--	--

Note : Mr.G.S.V.Subba Rao, Mr.R.Varadarajan and Mr.Sheilendra Bhansali, Directors and Mr.M.Ponraj, Company Secretary are not holding any shares at the beginning and end of the year.

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in lakhs)

	Secured Loans	Unsecured Loans	Total
Indebtedness at the beginning of the financial year			
i) Principal Amount	44,387.33	1,440.64	45,827.97
ii) Interest due but not paid	1,489.28	-	1,489.28
iii) Interest accrued but not due	-	-	-
<b>Total (i+ii+iii)</b>	<b>45,876.61</b>	<b>1,440.64</b>	<b>47,317.25</b>
Change in Indebtedness during the financial year			
Addition	-	-	-
Reduction	5,396.81	139.71	5,536.52
Net change Indebtedness	(5,396.81)	(139.71)	(5,536.52)
At the end of the financial year			
i) Principal Amount	38,990.52	1,300.93	40,291.45
ii) Interest due but not paid	5,891.93	-	5,891.93
iii) Interest accrued but not due	-	-	-
<b>Total (i+ii+iii)</b>	<b>44,882.45</b>	<b>1,300.93</b>	<b>46,183.38</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNAL

### A. Remuneration to Managing Director, Wholetime Director and/or Manager

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Mr.Aditya Krishna Pathy (upto 25.6.2018)	Mr.R.Varadarajan	
1.	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	43.44	67.60	111.04
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	--	8.26	8.26
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	--	--	--
2.	Fee for attending Board meetings	0.50	2.00	2.50
3.	Others, if any	--	--	--
	<b>Total</b>	<b>43.94</b>	<b>77.86</b>	<b>121.80</b>
	<b>Ceiling as per the Act</b>	<b>₹ 180.82 lakhs per annum</b>	<b>₹ 240 lakhs per annum</b>	<b>--</b>

### B. Remuneration to other Directors

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors								Total Amount
		Ms.Rajshree Pathy	Dr.P. Surulinarasami	Mr.G.R. Karthikeyan	Mr.R.C.H Reddy	Mr.G.S.V. Subba Rao	Mr.Raja MJ Abdeen	Dr.K.Mohan Naidu	Mr.Sheelendra Bhansali	
1.	Independent Directors - Fee for attending Board / Committee Meetings	NA	NA	2.10	2.80	2.80	NA	2.00	2.80	12.50
	Others	NA	NA	Nil	Nil	Nil	NA	Nil	Nil	Nil
	Total (1)	NA	NA	2.10	2.80	2.80	NA	2.00	2.80	12.50
2.	Other Non-Executive Directors - Fee for attending Board / Committee Meetings	2.00	2.00	NA	NA	NA	2.80	NA	NA	6.80
	Others	Nil	Nil	NA	NA	NA	Nil	NA	NA	Nil
	Total (2)	2.00	2.00	NA	NA	NA	2.80	NA	NA	6.80
	Total (1+2)	2.00	2.00	2.10	2.80	2.80	2.80	2.00	2.80	19.30
	<b>Overall Ceiling as per the Act</b>	11% on the net profits of the Company as per the provisions of Section 197 of the Companies Act, 2013. The Company may pay sitting fees to the Directors for attending Board / Committee meetings as may be decided by the Board of Directors, subject to a maximum of ₹1 lakh per meeting.								

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD, etc.

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr.V.B.Gopal Krishnan CFO	Mr.M.Ponraj Company Secretary	
1.	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	41.95	8.29	50.24
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.22	--	0.22
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	--	--	--
2.	Others	--	--	--
	<b>Total</b>	<b>42.17</b>	<b>8.29</b>	<b>50.46</b>

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL**

For and on behalf of the Board

Place : Coimbatore  
Date : 20<sup>th</sup> May 2019

**R VARADARAJAN**  
Wholtime Director  
DIN 00001738

**R C H REDDY**  
Director  
DIN 00006184

## ANNEXURE 7

### BOARD'S REPORT FOR THE YEAR ENDED 31.3.2019

#### MANAGEMENT DISCUSSION AND ANALYSIS

##### Industry Scenario and Development

##### Global Sugar Outlook

According to Platts-Kingsmen (International Sugar Analyst), global sugar production in 2019-20 (October - September) was estimated at 189 million tons and consumption was estimated at 183 million tons.

##### Sugar Sector in India

As estimated for the sugar season 2018-19, the sugar production is likely to be over 32.5 million tons almost at the same levels as in the previous year. India has emerged as the largest producer of sugar in the world. With the consumption estimate of 26-27 million tons and exports of over 3 million tons the closing stock is expected to be in range of 13-14 million tons as compared to the opening stock of 10.7 million tons. It remains to be seen how much is actually exported considering the lack of parity between the global and domestic prices and considering the export incentives which the Government has announced.

##### Sugar Sector in Tamil Nadu

Tamil Nadu sugar industry is passing through a most traumatic period due to continuous failure of monsoon rains, inadequate cane availability, low sugar recovery, increasing cane cost, gross underutilization of capacities and consequent increase in the cost of production. The capacity utilization at the sugar mills have fallen to 25%. Tamil Nadu is witnessing continuous drop of sugar production over the past 6 seasons on account of successive deficit monsoons. Season wise cane crushed by Tamil Nadu sugar mills is given below :

Sugar season	Cane crushed (in Lac MT)
2011-12	255
2012-13	215
2013-14	158
2014-15	141
2015-16	156
2016-17	119
2017-18	65
2018-19 (estimate)	70

Revenue Department, Government of Tamil Nadu vide Notification No. II(1)/REV/D/2017 dated 18.1.2017 has declared 32 districts as Drought affected due to failure of North East Monsoon in 2016. Further, the Revenue and Disaster Management Department of Government of Tamil Nadu has vide Notification No. ii(1)/REVDM/1 (h)/2019 dated 7.3.2019 declared 24 districts and 38 blocks of 7 districts in the State of Tamil Nadu as affected by Hydrological Drought during North East Monsoon in 2018.

Tamil Nadu sugar mills have been served a double whammy – very low sugar prices due to glut in the National and Global level and higher cost of production, much higher than that of sugar mills in other States due to years of successive drought and consequent drastically lower sugarcane production. Due to steep fall in capacity utilization coupled with increasing cane price and falling revenues from the downstream products, cash flows of Tamil Nadu sugar industry were severely stressed.

Due to the deficit in monsoon over past six years and more particularly the drought in 2016 and 2018, the cane crushing in your company has dropped from 28.4 Lakh tons in Financial Year (FY) 2012-13 to 9.22 lakh tons in FY 2018-19. Your company did not have adequate revenue generation to pay cane price to the farmers and simultaneously service and repay the loans taken from Banks. As a result the company defaulted to the banks and was categorized as a Non-performing Asset (NPA) in the month of June '2018.

The company is in discussion with the banks for resolution, including the restructuring of debt.

## Government of India Sugar Policies

The Government had announced slew of measures to revive the sugar industry.

### (A) Minimum sale price of sugar and Release order mechanism:

The Government of India in June '2018 had fixed a minimum selling price of sugar at ₹ 29/- per kg for sale at factory gate in the domestic market, below which no sugar mill should sell sugar. Later the price was increased to ₹ 31 per kg in February '2019. The Government also re-introduced the release order mechanism for controlling the quantity of sugar that can be sold in the market. This has helped in arresting the free fall of sugar price.

### (B) Creation of Buffer Stock:

With a view to improve the liquidity position of the sugar mills, enabling them to clear cane price arrears of farmers and to stabilize domestic sugar price, the central government has created a buffer stock of 30 LMT (Lakh Metric Tonnes) of sugar in August 2018 for which the Government will reimburse carrying cost of ₹ 1175 crores towards maintenance of buffer stock.

### (C) Minimum Indicative Export Quota (MIEQ):

Government of India allocated 50 lac tons of sugar for export under MIEQ for the season 2018-19. Government announced an export subsidy of ₹ 138.8 per ton of cane crushed and ₹ 1000 - 2500 per ton of sugar towards transportation subsidy depending on the distance to the port or actuals whichever is lower. This would help in removing the surplus sugar from the domestic market.

### (D) Ethanol directly from Sugarcane juice:

The Central Government on July 26, 2018, amended the Sugarcane (Control) Order, 1966 vide Sugarcane (Control) Amendment Order, 2018. Following are the key amendments:

- (i) Production of Ethanol directly from sugarcane juice to be allowed in case of sugar mills only.
- (ii) For Ethanol produced directly from sugarcane juice or B-Heavy molasses, the recovery rate to be determined by considering every 600 litres of Ethanol as equivalent to one MT of production of sugar.

### (E) Soft Loan

With a view to facilitate payment of cane dues of the farmers for the current sugar season 2018-19, the Central Government notified a scheme for extending soft loan to sugar mills. The quantum of soft loan has been determined at 85% of reported production of white sugar by mills in sugar season 2017-18, valued at ₹ 31,000/- per MT.

The financial assistance extended is by way of interest subvention for the soft loan for a period of one year, calculated at 7% simple interest or actual rate of interest charged by the bank, whichever is lower. As per the scheme, only those mills which had cleared at least 25% of Fair & Remunerative Price (FRP) dues of Sugar Year (SY) 2018-19 by 26.3.2019 were eligible for interest subvention. Since the Company is under NPA, it need sovereign guarantee from the State Government for availing this soft loan, which was not forthcoming. Also, the Company did not want to add burden of further debts. Hence, the company did not avail the Soft loan

### (F) Tamil Nadu state sugarcane policy

During the year, the Tamil Nadu (TN) Government paid a transitional production incentive of Rs.200/- per MT of sugarcane, directly to the bank account of farmers of Varadarajnagar, Mundiampakkam, and Semmedu, who had supplied sugarcane during 2017-18 sugar season, to bridge the difference between FRP and the higher State Advised Price (SAP) announced earlier by the State Government.

## Opportunities & Threats

Sugar business is cyclical and is highly dependent upon the monsoon. Pricing of sugar cane is beyond the control of the sugar mill and is announced by Central Government. The sugar price realizations are also subject to market sentiments inconsistent with the fundamentals of actual demand and supply.

Delays in the collection of cogeneration dues also pose a challenge in the management of cash flows.

## Sugarcane Price

For the season 2018-19, Central Government has fixed FRP of ₹ 275/- per quintal for a basic recovery rate of 10% in place of ₹ 255/- per quintal for season 2017-18; providing a premium of ₹ 2.75 per quintal for each 0.1 % increase in recovery over and above 10%. However in case of the mill with a recovery of lower than 9.5%, the price has been fixed at ₹ 261.25 per quintal for the 2018-19 season in place of ₹ 255/- per quintal for season 2017-18. This policy of differentiating the price based on the recovery, would help the Tamil Nadu mills as most of the mills (barring few) normally operate at less than 9.5% recovery.

Tamil Nadu state has enacted an Act to regulate the price of the sugarcane purchased by the sugar factories from the farmers in the State of Tamil Nadu. This Act is called "Tamil Nadu Sugarcane (Regulation of Purchase Price) Act 2018". Under the said Act the sugar cane price shall be calculated on the basis of revenue sharing. The sugarcane price shall be the higher value among the following namely:-

- i) the sugarcane price arrived at a sum equal to seventy percent of the ex-factory basic value of sugar and primary by-products such as bagasse, molasses and press mud: or
- ii) the sugarcane price arrived at as a sum equal to seventy-five percent of the ex-factory basic value of the sugar alone.

This has been a long pending demand of the Tamil Nadu sugar Industry. TN government has in the past announced SAP which was far in excess of affordability of the sugar mills. This welcome step would help in eliminating the mismatch of sugar price and cane price and thus stabilize the long term viability of the Tamil Nadu sugar mills.

## Ethanol

The Cabinet Committee on Economic Affairs (CCEA) in September'2018 has increased Ethanol price from ₹ 40.85 to ₹ 43.46 as the base price per liter of ethanol produced from C-Heavy molasses. They have also fixed ₹ 52.43 as the base price per liter of Ethanol produced from B-Heavy Molasses and ₹ 59.13 as the base price per liter for Ethanol produced from Cane juice for the Ethanol season 2018-19 (December to November). The decision will serve multiple purposes of reducing excess sugar in the country, increasing liquidity with the sugar mills for settling cane farmer's dues and making higher ethanol available for Ethanol Blended Petrol program (EBP). Increased ethanol blending in petrol has many benefits including reduction in import dependency, support to agricultural sector, more environmental friendly fuel, lesser pollution and additional income to farmers. All distilleries will be able to take benefit of the scheme and large number of them are expected to supply ethanol for the EBP program and thereby improve the financial position of the distillery units. At the Company, we already have a ethanol capacity of 125 KLPD and are benefitted by these policy amendments.

## Outlook

While Tamil Nadu has had a dismal sugar production because of low sugarcane availability, the country as a whole had produced 325 lakh tons in the season 2017-18, leaving a large surplus of 107 lakh tons, and is set to produce 330 lakh tons in the current season 2018-19. Therefore, sugar prices will remain depressed or anchored to the Minimum Support Price fixed by the Government of India. However, monsoon and Government policy on sugar would continue to have a significant bearing on the prospects of the industry in the coming years.

## Risks and concerns

Your company continues to review and manage the risks emanating from such a dynamic environment at periodic intervals.

The major risks faced by the industry include sugarcane availability, price realization and regulatory control by Government and financial liquidity amongst others.

## Sugarcane availability

Sugarcane is the main raw material in sugar mills. Sugarcane cultivation is monsoon dependent. Hence it becomes unpredictable in adverse climatic conditions. Similarly other factors like scarcity of harvest labour, sugarcane price, and availability of remunerative/alternate crops will have a direct impact on cane availability and affect our business.

Risk mitigation:

- ❖ Continuous yield improvement activities to obtain a better quality cane leading to a better recovery.
- ❖ Close monitoring of cane development activities, which includes supply of good quality seeds, fertilizers and manure, among others.
- ❖ Promoting drip irrigation with support of State subsidy.

- ❖ Testing new improved varieties of cane with support of Sugarcane Breeding Institute.
- ❖ Careful monitoring of cane planting and harvesting schedule.
- ❖ Introduction of farmers mechanisation in agricultural operations.
- ❖ Maintaining good relationship with farmers.

### **Sugar price realization risk**

Sugar being a commodity, the price remains volatile and realizations get adversely affected during a downturn. Coupled with this, higher cane price too affects profitability.

Risk mitigation: To address the challenge of cyclical in the sugar business, the Company has adopted an integrated business model manufacturing sugar and also producing alcohol and cogenerating power from sugarcane residue viz., molasses and bagasse. The Power and Alcohol business enhances the profitability of the company and de-risks the business from the adverse movements of sugar price.

The Company is also focusing on improving direct sales to institutional buyers to lock down on prices, thereby balancing the volatility of the market.

### **Regulatory risk**

The sugar industry continues to be regulated by State Governments by other controls viz., reservation of cane area and fixation of sugarcane price.

In order to stabilize the domestic sugar prices, due to glut in the sugar production in the country, and to enable the sugar mills across the country to clear the cane price arrears, the government had taken the following measures, during the year:

- a) The Government had allowed 2 million tonnes of export under Minimum Indicative Export Quota (MIEQ) scheme for the 2017-18 marketing year, with each Mill being allocated a certain fixed quantity.
- b) The Government had also brought back the monthly sugar release mechanism to control sugar supply to the domestic market.
- c) The Government had created a buffer stock of 3 million tonnes of sugar.
- d) The Government had announced Minimum Selling Price (MSP) of Rs.31/- per kg, below which the mills cannot sell sugar.
- e) Central Government notified a scheme for extending soft loan to sugar mills. The quantum of soft loan has been determined at 85% of reported production of white sugar by mills in sugar season 2017-18, valued at ₹ 31,000/- per MT.
- f) The Government had announced a production incentive of ₹ 13.88 per quintal of cane crushed during the 2018-19 sugar crushing season.

Since, the Company is working at 32% of its production capacity due to continuous drought for the last 5 years, it is not possible to meet some or all of the regulatory measures taken by the Government.

Risk mitigation:

- ❖ Indian Sugar Mills Association (ISMA) and South Indian Sugar Mills Association (SISMA) of which the Company is a member are in the process of presenting recommendation for appropriate policy changes to reduce governmental influence in the sugar sector and work toward complete decontrol of the sugar industry.
- ❖ The Company had challenged the monthly sugar release mechanism, before the court of law and got an order in favour of the Company.
- ❖ The State Government had also sent representations to the Ministry of Consumer Affairs, Food & Public Distribution seeking exemption from MIEQ and monthly release mechanism, and to release the production incentive of Rs.13.88 per quintal to the Tamil nadu sugar mills without linking it to compliance with MIEQ, release mechanism and supply of ethanol to oil marketing companies.



### Financial liquidity risk

Sugar industry is highly working capital intensive. Raising adequate and rightly-priced working capital and arranging funds for payment of the interest and principal with respect to loans availed might pose a challenge. The other associated risk is soaring interest rates.

The sugarcane availability and sugar price risk continue to have significant impact on the financial liquidity of the Company.

Since the Company has been declared NPA in June 2018, it is operating without working capital facilities.

Risk mitigation:

- ❖ The Company has been granted holding-on-operations by the lenders, with certain conditions including cut-back from cash flows, enabling the Company to continue its operations.
- ❖ The Company has also obtained an interim stay on the application of release mechanism from the High Court of Judicature at Chennai enabling sale of sugar as needed.
- ❖ Further, the Company is also under discussions with the Banks for possible debt restructuring or assignment of debt to Asset Reconstruction Companies.

### Internal control systems and their adequacy

The Company has a well-established internal control systems in the form of well-documented policies, authorization guidelines commensurate with the level of responsibility and standard operating procedures, to ensure proper functioning of operations. Moreover there exists an effective internal audit system, commensurate with the requirements of the company.

The Board, Audit Committee and the Management review the findings and recommendations of the Internal Auditors and take corrective action, wherever necessary. Moreover the Audit Committee periodically interacts with Statutory Auditors and makes continuous assessments of the adequacy and effectiveness of the internal control systems.

### Human Resources

The Management Staff Strength as on 31<sup>st</sup> March 2019 is 210. The Non-Management Staff strength as on 31<sup>st</sup> March 2019 is 637. Industrial Relations are cordial and there is no significant development.

### Financial performance with respect to operational performance

#### Operational Performance

Particulars	Year ended		% Increase (Decrease)
	31.3.2019	31.3.2018	
Cane Crushed (MT)	<b>9,21,726</b>	7,56,525	17.92
Recovery %	<b>8.48</b>	8.84	(0.36*)
Sugar Production (MT)	<b>78,183</b>	66,859	14.48
Sugar Sales (MT)	<b>86,987</b>	1,16,362	(25.24)
Power Production (Lakh Kwh)	<b>1,113</b>	1,052	5.48
Power Export to Grid (Lakh Kwh)	<b>662</b>	638	3.62
Alcohol Production (Lakh Litres)	<b>186.20</b>	192.03	(3.04)

\* Absolute change

**Financial Performance- Segment Wise**

The company is engaged in three segments, namely Sugar, Cogeneration and Distillery

(₹ in Lakhs)

Particulars	31.3.2019	31.3.2018
<b>Sales Turnover</b>		
Sugar	<b>28,380.16</b>	42,948.77
Co-generation	<b>4,683.06</b>	5,632.66
Distillery	<b>10,212.13</b>	10,179.79
Less: Inter Segment revenue	<b>3,329.99</b>	2,590.51
Net Sales / Income from Operations	<b>39,945.36</b>	56,170.71
<b>Profit / (Loss) before tax</b>		
Sugar	<b>(5,980.53)</b>	(2,477.62)
Co-generation	<b>2,158.64</b>	1,570.20
Distillery	<b>4,472.18</b>	4,153.10
Less: i. Interest	<b>5,796.23</b>	6,008.78
ii. Other un-allocable expenditure	<b>1,382.81</b>	2,144.79
Add: Exceptional Income	-	2,201.20
<b>Profit/(Loss) before tax</b>	<b>(6,528.75)</b>	(2,706.69)

**Ratio's where there has been significant change from the Financial Year 2017-18 to Financial Year 2018-19**

Sl. No.	Key Profitability Ratios	FY 2018-19	FY 2017-18	Remarks
1.	EBITDA / Sales % (Operating Profit Margin)	<b>4.4%</b>	6.5%	Operating EBITDA for the year 2018-19 stood at ₹ 17.38 crores as against ₹ 36.78 crores for year 2017-18. Owing to drought, capacity utilization recorded a significant fall and resultant poor sugar recovery coupled with mismatch between the Cost of production and Selling price of sugar resulted in fall in the EBITDA.
2.	Net Profit Margin (%)	<b>-16.3%</b>	-4.7%	Interest cost for the year 2018-19 stood at ₹ 57.96 crores as against ₹ 60.08 crores for year 2017-18. Insufficient operating EBITDA resulted in negative net profit margins.
3.	Return on Net Worth	<b>-46.6%</b>	-9.3%	As explained in point no. 1 and 2 above

Sl. No.	Key Liquidity Ratios	FY 2018-19	FY 2017-18	Remarks
1.	Current Ratio	0.44	0.62	Negative net profit margin resulted in the tightness of working capital and mounting current liabilities.
2.	Debtors Turnover Ratio	6.35	11.80	Owing to drought conditions and consequent drop in sugar production, sugar sales dropped from 1.16 lakh tons in FY 2017-18 to 0.87 lakh tons in FY 2018-19. The cogeneration dues for export of power to TANGEDCO mounted from ₹ 25.50 crores to ₹ 49.80 crores during the same period.
3.	Inventory Turnover	3.52	4.01	Drop in the sugar sales led to the fall in the ratio, however the lower sugar stocks in the current year helped to moderate the fall.

Sl. No.	Key Capital Structure Ratios	FY 2018-19	FY 2017-18	Remarks
1.	Debt Equity Ratio	5.10	3.57	Loss after tax resulted in the erosion of the reserves and surplus and thus resulted in inflated Debt equity ratio
2.	Interest Coverage Ratio	0.30	0.61	Dismal operating margin resulted in EBITDA being insufficient to service debt. The interest charge remained at identical levels because of the default on term loan. This led to the drop of interest coverage ratio.

### 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.

For and on behalf of the Board

Place : Coimbatore  
Date : 20<sup>th</sup> May 2019

**R VARADARAJAN**  
Wholetime Director  
DIN 00001738

**R C H REDDY**  
Director  
DIN 00006184

## INDEPENDENT AUDITOR'S REPORT

**To the Members of Rajshree Sugars & Chemicals Limited**

### Report on the Financial Statements

#### Opinion

We have audited the Financial Statements of Rajshree Sugars & Chemicals Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the Loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.No.	Key Audit Matter	Auditor's Response
1	<p><b>Accounting for Interest on loans from Banks consequent to loan accounts being treated as NPA:</b></p> <p>The company's loan accounts with banks have become NPA and the consortium of bankers other than ICICI Bank and Federal Bank have not debited interest with effect from 28.06.2018.</p> <p>However, the Company has recognized the liability towards accrued interest, as per terms of sanction read with CDR concessions, aggregating to ₹ 4363.29 lakhs and shown it under interest accrued and due .</p>	<p>The accounting for interest accrued and due as stated has given rise to the carrying amount of outstanding loan and interest at variance compared to statement of account from the respective bankers.</p> <p>At the request of the Company, bankers have allowed operation of the accounts as before under certain restrictions.</p> <p>The Company is in negotiation for an amicable resolution of the matter as permitted by law and the matter is pending.</p> <p>We have reviewed the relevant documents and have no alternate view on the accounting of interest on loans in the circumstances.</p>

S.No.	Key Audit Matter	Auditor's Response
2	<p><b>Unsecured Loan from Sugar Development Fund :</b> The Company has defaulted in repayment of dues towards Principal and Interest on account of stringent financial position and have represented for rescheduling of the terms of repayment. There has been no favourable response from the SDF.</p> <p>In this background, the Company has accounted for Interest payable at the rates as per terms of sanction aggregating to ₹ 1528.64 lakhs and shown it under interest accrued and due.</p>	<p>The method of accounting of interest due/overdue has resulted in the carrying amount of outstanding loan and interest at variance from the demand received from SDF on the specified due dates.</p> <p>The Company has pursued the matter with concerned authorities through Industry Association and the matter is pending.</p> <p>We have reviewed the relevant documents and have no alternate view on the accounting of interest in the circumstances.</p>

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance / conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive, income changes in equity and cash flows of the Company in accordance with the IndAS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in

- (i) planning the scope of our audit work and in evaluating the results of our work; and
- (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and 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 it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure " B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

The remuneration paid by the Company to its Directors by way of fee for attending meetings of the Board or committee thereof, is in accordance with the provisions of Section 197(5) of the Act

The Remuneration paid to the Managing Director and the Whole Time Director, is in accordance with the provisions of Section 197 of the Companies Act and that the same is not in excess of the limit laid down under the said section. The same has been approved by the Consortium of Bankers from whom the Company has availed loan facilities. Approval from Sugar Development Fund, the only other Secured Creditor has not been received till date as detailed in Note No.37(14).
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company except unpaid dividend of ₹ 39,729/- for the Financial Year 2009-10 as per the stay orders issued by the Court.

**For S. Krishnamoorthy & Co.**  
Chartered Accountants  
Registration No.001496S

Place : Coimbatore  
Date : 20<sup>th</sup> May 2019

**K Raghu**  
Membership No:011178  
Auditor, Partner



## ANNEXURE - A

Referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements

According to the information and explanations sought by us and given by the Company and the books and records examined by us during the course of our Audit and to the best of our knowledge and belief we report the following:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (b) 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 the nature of its assets. No material discrepancies have been noticed on such physical verification.
- (c) The title deeds of all the immovable properties of land and building which are freehold are held in the name of the company as at the Balance Sheet date. In respect of building that has been taken on lease and disclosed as fixed assets in the Ind AS financial statements, the Lease Agreements are in the name of the Company.
- (ii) The physical verification of inventory has been conducted by the management at reasonable intervals. 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) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act.
- (iv) The Company has not advanced any loans to its directors or any other person in whom the directors are interested or given any guarantee or provided any security in connection with any loan taken by the directors or such other person as contemplated under section 185 of the Act.
- (v) The Company has not accepted any deposits from the public. Therefore the provisions of clause (v) of para 3 of the order are not applicable to the company.
- (vi) The Central Government has prescribed the maintenance of cost records under section 148(1) of the Act, in respect of manufacture of sugar and alcohol as well as generation and transmission of electricity 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.
- (vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employee's state insurance, income-tax, goods and service tax, duty of customs, duty of excise, cess and other material statutory dues with the appropriate authorities. There are no undisputed arrears of statutory dues which were outstanding as at 31 March 2019 for a period of more than six months from the date they became payable.
- (b) The details of disputed statutory dues which have not been deposited by the Company are as given below:

Name of the Statute	Nature of Demand	Amount (₹ in Lakhs)	Period to which the Amount Relates	Forum where dispute is pending
Central Excise	Excise Duty	550.50	April 2013- March 2014	CESTAT
		476.55	January 2012- December 2014	Commissioner of Central Excise
TNVAT	Tax	56.89	2011-12 & 2012-13	Asst. Commissioner Appeals

- (viii) The Company has not borrowed from any financial institution and has not issued any debentures till date. In respect of borrowings from Banks and Sugar development fund, the details of default in repayment is as given in Note No. 37(1) of notes to financial statements.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. The Company has not availed any new term loans during the year.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) In our opinion the managerial remuneration has been paid in accordance with the requisite approval mandated by the provisions of section 197, read with schedule V of the Act, excepting that the approval from the only other secured creditor is awaited as detailed in Note No.37(14).
- (xii) The Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) In our opinion the transactions with the related parties are in compliance with sections 177 and 188 of the Act and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- (xiv) The Company has not made preferential allotment or private placement of shares or fully or partly paid convertible debentures during the year and hence reporting under paragraph 3 clause (xiv) of the Order is not applicable to the Company.
- (xv) The Company has not entered into non-cash transactions with directors or persons connected with the directors and hence provisions of section 192 of the Act are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For S. Krishnamoorthy & Co.**  
Chartered Accountants  
Registration No.001496S

Place : Coimbatore  
Date : 20<sup>th</sup> May 2019

**K Raghu**  
Membership No:011178  
Auditor, Partner

## **ANNEXURE - B TO THE AUDITORS' REPORT**

(Referred to in Paragraph 2(f) of Report on Other Legal and Regulatory Requirements)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Rajshree Sugars & Chemicals Limited (“the Company”) as of March 31, 2019 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining Internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that;

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S. Krishnamoorthy & Co.**  
Chartered Accountants  
Registration No.001496S

Place : Coimbatore  
Date : 20<sup>th</sup> May 2019

**K Raghu**  
Membership No:011178  
Auditor, Partner

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019**

(₹ in Lakhs)

<b>PARTICULARS</b>	<b>Note</b>	<b>31.3.2019</b>	<b>31.3.2018</b>
<b>Non-current assets</b>			
Property, plant and equipment	2	<b>50,421.83</b>	52,740.82
Capital work in progress		<b>214.37</b>	186.96
Investment property	3	<b>13.06</b>	13.06
Other intangible assets	2	<b>24.17</b>	24.17
Financial assets			
i. Other financial assets	4	<b>142.19</b>	112.22
Non Current tax assets (Net)	5	<b>534.31</b>	490.22
Deferred Tax Assets (Net)	6	<b>3,119.23</b>	799.46
Other non-current assets	7	<b>486.52</b>	489.60
<b>Total non-current assets</b>		<b>54,955.68</b>	54,856.51
<b>Current assets</b>			
Inventories	8	<b>11,349.55</b>	13,990.40
Financial assets			
i. Trade receivables	9	<b>6,285.89</b>	4,758.29
ii. Cash and cash equivalents	10	<b>246.85</b>	276.99
iii. Bank balances other than cash and cash equivalents	11	<b>116.24</b>	49.30
iv. Other financial assets	12	<b>482.88</b>	608.37
Other current assets	13	<b>871.39</b>	1,461.33
<b>Total current assets</b>		<b>19,352.80</b>	21,144.68
<b>Total Assets</b>		<b>74,308.48</b>	76,001.19

(Continued...)

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019 (Continued)**

(₹ in Lakhs)

PARTICULARS	Note	31.3.2019	31.3.2018
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	14	<b>2,816.77</b>	2,816.77
Other Equity	15	<b>6,163.75</b>	10,346.87
<b>Total equity</b>		<b>8,980.52</b>	13,163.64
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
i. Borrowings	16	<b>21,210.04</b>	28,498.44
<b>Total non-current liabilities</b>		<b>21,210.04</b>	28,498.44
<b>Current liabilities</b>			
Financial liabilities			
i. Borrowings	17	<b>6,964.79</b>	8,284.21
ii. Trade payables	18		
a. Total outstanding dues of micro enterprises and small enterprises		<b>112.53</b>	-
b. Total outstanding dues of creditors other than micro enterprises and small enterprises		<b>17,134.60</b>	12,830.90
iii. Other financial liabilities	19	<b>18,008.95</b>	10,535.59
<b>Provisions</b>	20	<b>242.48</b>	254.68
Current tax liabilities		-	-
Other current liabilities	21	<b>1,654.57</b>	2,433.73
<b>Total current liabilities</b>		<b>44,117.92</b>	34,339.11
<b>Total liabilities</b>		<b>65,327.96</b>	62,837.55
<b>Total equity and liabilities</b>		<b>74,308.48</b>	76,001.19

Significant Accounting Policies Note No. 1

See accompanying notes to the financial statements

As per our report of even date

**For S. Krishnamoorthy & Co.**

Chartered Accountants

Registration No.001496S

**K Raghu**

Membership No:011178

Auditor, Partner

**R C H Reddy**

Director

DIN 00006184

**R Varadarajan**

Wholetime Director

DIN 00001738

Place : Coimbatore

Date : 20<sup>th</sup> May 2019

**V B Gopal Krishnan**

Chief Financial Officer

**M Ponraj**

Company Secretary

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

(₹ in Lakhs)

PARTICULARS	Note	31.3.2019	31.3.2018
<b>Income</b>			
Revenue from operations	22	<b>39,945.36</b>	56,170.71
Other income	23	<b>299.84</b>	231.31
<b>Total income</b>		<b>40,245.20</b>	56,402.02
<b>Expenses</b>			
Cost of materials consumed	24	<b>26,415.22</b>	23,740.00
Changes in inventories of work-in-progress, Stock-in -Trade and finished goods	25	<b>2,434.75</b>	15,949.63
Excise duty		-	943.32
Employee benefit expenses	26	<b>3,441.17</b>	3,703.11
Depreciation and amortisation expense	27	<b>2,469.53</b>	2,530.57
Other expenses	28	<b>6,217.05</b>	8,434.50
Finance costs	29	<b>5,796.23</b>	6,008.78
<b>Total expenses</b>		<b>46,773.95</b>	61,309.91
<b>Profit/(loss) before exceptional items and tax</b>		<b>(6,528.75)</b>	(4,907.89)
Exceptional items			
Gain from sale of investment in subsidiary		-	2,201.20
<b>Profit/(loss) before tax</b>		<b>(6,528.75)</b>	(2,706.69)
Tax expense/(benefit)	30		
Current tax		<b>(24.20)</b>	-
Deferred tax		<b>(2,320.29)</b>	(1,448.91)
<b>Tax expense/(benefit)</b>		<b>(2,344.49)</b>	(1,448.91)
<b>Profit/(Loss) for the year</b>		<b>(4,184.26)</b>	(1,257.78)
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of post employment benefit obligations		<b>1.66</b>	47.01
Income tax relating to these items		<b>(0.52)</b>	(14.55)
<b>Other comprehensive income/(loss) net of tax</b>		<b>1.14</b>	32.46
<b>Total comprehensive income/(loss) for the period</b>		<b>(4,183.12)</b>	(1,225.32)
Earnings / (Loss) per equity of ₹ 10/- each (Amount in ₹)			
Basic	36	<b>(14.85)</b>	(4.47)
Diluted	36	<b>(14.85)</b>	(4.47)

Significant Accounting Policies Note No. 1

See accompanying notes to the financial statements

As per our report of even date

**For S. Krishnamoorthy & Co.**

Chartered Accountants

Registration No.001496S

**K Raghu**

Membership No:011178

Auditor, Partner

**R C H Reddy**

Director

DIN 00006184

**R Varadarajan**

Wholetime Director

DIN 00001738

Place : Coimbatore

 Date : 20<sup>th</sup> May 2019

**V B Gopal Krishnan**

Chief Financial Officer

**M Ponraj**

Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

₹ in Lakhs

PARTICULARS	31.3.2019	31.3.2018
<b>Profit before income tax</b>	<b>(6,528.75)</b>	(2,706.69)
Adjustments for;		
Depreciation and amortisation expense	<b>2,469.53</b>	2,530.57
(Gain)/loss on disposal of property, plant and equipment	<b>(1.64)</b>	(16.44)
(Gain)/loss on disposal of subsidiary	-	(2,201.20)
Finance costs	<b>5,796.23</b>	6,008.78
<b>Change in operating assets and liabilities</b>		
(Increase)/Decrease in trade receivables	<b>(1,527.60)</b>	958.45
(Increase) / Decrease in inventories	<b>2,640.86</b>	17,307.84
Increase in trade payables	<b>4,416.23</b>	(4,413.97)
(Increase) in other financial assets	<b>58.55</b>	38.16
(Increase)/decrease in other non-current assets	<b>3.08</b>	3.08
(Increase)/decrease in other current assets	<b>589.94</b>	133.43
Increase/(decrease) in provisions	<b>(10.54)</b>	(2.61)
Increase/(decrease) in security deposits	<b>(29.97)</b>	22.42
Increase in other current liabilities	<b>(779.16)</b>	(1,833.63)
<b>Cash generated from operations</b>	<b>7,096.76</b>	15,828.19
Income taxes paid	<b>(19.89)</b>	(1,073.61)
<b>Net cash inflow from operating activities</b>	<b>7,076.87</b>	14,754.58
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	<b>(178.41)</b>	(559.17)
Proceeds from sale of subsidiary	-	1,863.31
Proceeds from sale of property, plant and equipment	<b>2.09</b>	96.54
<b>Net cash outflow from investing activities</b>	<b>(176.32)</b>	1,400.68
<b>Cash flows from financing activities</b>		
Proceeds from Issue of Share Capital	-	0.10
Securities premium on such issue	-	0.44
Proceeds from Borrowings	<b>(5,537.11)</b>	(15,727.66)
Interest paid	<b>(1,393.58)</b>	(5,841.62)
<b>Net cash inflow / (outflow) from financing activities</b>	<b>(6,930.69)</b>	(21,568.74)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(30.14)</b>	(5,413.48)
Cash and cash equivalents at the beginning of the financial year	<b>276.99</b>	5,690.47
<b>Cash and cash equivalents at the end of the year</b>	<b>246.85</b>	276.99

Significant Accounting Policies Note No. 1

See accompanying notes to the financial statements

As per our report of even date

**For S. Krishnamoorthy & Co.**

Chartered Accountants

Registration No.001496S

**K Raghu**

Membership No:011178

Auditor, Partner

**R C H Reddy**

Director

DIN 00006184

**R Varadarajan**

Wholetime Director

DIN 00001738

Place : Coimbatore

Date : 20<sup>th</sup> May 2019

**V B Gopal Krishnan**

Chief Financial Officer

**M Ponraj**

Company Secretary



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2019 (₹ in Lakhs)**

**i) Equity Share Capital**

Particulars	Notes	Amounts
Balance as at April 1, 2017		2,816.67
Changes in equity share capital during the year	14	0.10
Balance as at March 31, 2018		2,816.77
Changes in equity share capital during the year	14	0.00
<b>Balance as at March 31, 2019</b>		<b>2,816.77</b>

**ii) Other Equity**

Particulars	Notes	Reserves and Surplus			Other Reserves		Total
		Securities Premium Account	General Reserve	Capital Reserve	Retained Earnings	Share Option Outstanding Reserve	
Balance as at April 1, 2017		1,359.50	7,575.90	158.70	2,445.34	32.31	11,571.75
Profit for the period	15	-	-	-	(1,257.78)	-	(1,257.78)
Other comprehensive income	15	-	-	-	32.46	-	32.46
Issue of Shares	15	0.44	-	-	-	-	0.44
Balance as at March 31, 2018		1,359.94	7,575.90	158.70	1,220.02	32.31	10,346.87
Profit for the period	15	-	-	-	(4,184.26)	-	(4,184.26)
Share option outstanding reserve to retained earnings	15	-	-	-	16.60	(16.60)	-
Other comprehensive income	15	-	-	-	1.14	-	1.14
<b>Balance as at March 31, 2019</b>		<b>1,359.94</b>	<b>7,575.90</b>	<b>158.70</b>	<b>(2,946.50)</b>	<b>15.71</b>	<b>6,163.75</b>

Significant Accounting Policies Note No. 1

See accompanying notes to the financial statements

As per our report of even date  
**For S. Krishnamoorthy & Co.**  
Chartered Accountants  
Registration No.001496S

**K Raghu**  
Membership No:011178  
Auditor, Partner

**R C H Reddy**  
Director  
DIN 00006184

**R Varadarajan**  
Wholetime Director  
DIN 00001738

Place : Coimbatore  
Date : 20<sup>th</sup> May 2019

**V B Gopal Krishnan**  
Chief Financial Officer

**M Ponraj**  
Company Secretary

## NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)

### Company overview

RAJSHREE SUGARS & CHEMICALS LIMITED ('the Company') is a public limited company incorporated in India. The company's equity shares are listed on BSE and NSE. The registered office is located at The Uffizi, 338/8, Avinashi Road, Peelamedu, Coimbatore - 641 004, Tamilnadu, India.

### 1. Significant accounting policies

#### 1.1 Statement of compliance

The financial statements have been prepared as a going concern in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

#### 1.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies mentioned below. Historical cost is generally based on the fair value of the consideration given in exchange of goods or services.

The principal accounting policies are set out below:

All assets and liabilities have been classified as current or non-current according to the Company's operating cycle and other criteria set out in the Act. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

#### 1.3 Going concern

The Board of Directors have considered the financial position of the Company at 31st March 2019 and projected cash flows and financial performance of the Company for at least twelve months from the date of approval of these financial statements as well as planned cost and cash improvement actions, and believe that the plan for sustained profitability remains on course.

The Board of Directors have taken actions to ensure that appropriate long-term cash resources are in place at the date of signing the accounts to fund the Company's operations.

#### 1.4 Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods affected.

#### 1.5 Revenue recognition

The company derives revenue primarily from the sale of Sugar.

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset.

## NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and Goods and Services Tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

Ind AS 115 provides a single model of accounting for revenue arising from contracts with customers based on the identification and satisfaction of performance obligations.

### 1.6 Foreign currencies

#### 1.6.1. Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in Indian rupee, which is the company's functional and presentation currency.

#### 1.6.2. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year-end exchange rates are generally recognized in profit or loss.

### 1.7 Employee Benefits

#### 1.7.1. Short term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

#### 1.7.2. Other long term employee benefit

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of the expected future payments to be made in respect of services provided by employee up to the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the period-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

## NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)

### 1.7.3. Post-employment obligation

The Company operates the following post-employment schemes:

- a) Defined benefit plans such as gratuity for its eligible employees and
- b) Defined contribution plans such as provident fund.

#### Defined benefit plan:

The Company has a gratuity defined benefit plans for its employees. The costs of providing benefits under these plans are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and the balance sheet. The Company has funded this with Life Insurance Corporation of India ('LIC') and HDFC Standard Life Insurance Company. The contributions made to the LIC are treated as plan assets. The defined benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets.

#### Defined contribution plan:

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme and pension scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

### 1.7.4. Bonus plans

The Company recognizes a liability and an expense for bonus. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

## 1.8. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

### 1.8.1 Current tax

The income tax expenses or credit is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted.

### 1.8.2 Deferred tax

Deferred tax is provided in full, using the balance sheet approach, on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and incurred tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

## NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 1.8.3 Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the income taxes are also recognized in other comprehensive income or directly in equity respectively.

### 1.9. Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any.

Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. The other repairs and maintenance of revenue nature are charged to profit or loss during the reporting period in which they are incurred.

#### 1.9.1. Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

### 1.10. Intangible assets

Intangible assets are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any.

### 1.11. Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

## NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)

### 1.12. Inventories

Inventories are valued at the lower of cost and net realizable value.

The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and appropriate proportion of variable and fixed overhead expenditure. Overhead expenditures are being allocated on the basis of normal operating capacity. Raw materials are valued at first in first out. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Non-production inventory (other than those supplied along with main plant and machinery, which are capitalized and depreciated accordingly) are charged to profit or loss on consumption.

### 1.13 Provisions and contingencies

*Provisions:* Provisions are recognized when there is a present obligation or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

*Contingent Liabilities:* Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

### 1.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

### 1.15 Financial assets

All purchases or sales of financial assets are recognized and de-recognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place;

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

#### 1.15.1. Classification of financial assets

Classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

## NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset that meets the following two conditions is measured at amortized cost unless the asset is designated at fair value through profit or loss under the fair value option:

- *Business model test* : the objective of the Company's business model is to hold the financial asset to collect the contractual cash flows.
- *Cash flow characteristic test* : the contractual term of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option:

- *Business model test* : the financial asset is held within a business model whose objective is achieved by both collecting cash flows and selling financial assets.
- *Cash flow characteristic test* : the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value through profit or loss.

### 1.15.2. Financial assets at fair value through profit or loss (FVTPL)

Investment in equity instrument are classified at fair value through profit or loss, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets that do not meet the amortized cost criteria or fair value through other comprehensive income criteria are measured at fair value through profit or loss. A financial asset that meets the amortized cost criteria or fair value through other comprehensive income criteria may be designated as at fair value through profit or loss upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets and liabilities or recognizing the gains or losses on them on different bases.

Investments in debt based mutual funds are measured at fair value through profit and loss.

Financial assets which are fair valued through profit or loss are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognized in profit or loss.

### 1.15.3. Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment.

### 1.15.4. Cash and cash equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, cheques and drafts in hand, balances with bank and deposits held at call with financial institutions, short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and

## NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)

which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet and forms part of financing activities in the cash flow statement. Book overdrafts are shown within other financial liabilities in the balance sheet and forms part of operating activities in the cash flow statement.

### 1.15.5. Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model to the following :

- financial assets measured at amortized cost
- financial assets measured at fair value through other comprehensive income

Expected credit loss are measured through a loss allowance at an amount equal to :

- the twelve month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within twelve months after the reporting date); or
- full life time expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

### 1.15.6. Income recognition

Interest income from debt instruments is recognized using the effective interest rate method.

## 1.16 Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest rate method or at fair value through profit or loss.

### 1.16.1. Trade and other payables

Trade and other payables represent liabilities for goods or services provided to the Company prior to the end of financial year which are unpaid.

### 1.16.2. Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

### 1.16.3. Foreign exchange gains or losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the exchange rate at the end of the reporting period. For financial liabilities that are measured as at fair value through profit or loss, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss.

### 1.17. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

### 1.18. Leases

Leases of property, plant and equipment where the Company, as a lessee has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### 1.19 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

### 1.20. Government grants

Grants from the Government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

### 1.21. Earnings Per Share

Basic earnings per share have been computed by dividing the net income by the weighted average number of shares outstanding during the year. Diluted earnings per share has been computed using the weighted average number of shares and diluted potential shares, except where the result would be anti-dilutive.

## NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)

### 1.22. Dividends

Final dividends on shares are recorded on the date of approval by the shareholders of the Company.

### 1.23 New Amendments issued yet not effective:

#### **Ind AS 116, Leases:**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The Company is in the process of evaluating the impact of the standard.

## NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)

### 2. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Land	Buildings	Plant & Equipment	Furniture and fixtures	Vehicles	Office Equipment	Electrical Equipment	Tools & Equipment	Lab Equipment	Total	SAP Software	Total of PPE and Intangible Assets
<b>Year ended March 31, 2018</b>												
<b>Gross carrying amount</b>												
Cost as at April 1, 2017	9,185.42	14,517.15	60,333.38	195.69	833.43	168.47	512.05	97.04	137.08	85,979.71	483.34	86,463.05
Additions	-	28.29	128.27	1.78	152.99	10.44	2.42	0.59	-	324.79	-	324.79
Disposal	0.04	-	3.95	1.71	283.02	2.57	-	-	-	291.30	-	291.30
<b>Closing gross carrying amount</b>	<b>9,185.37</b>	<b>14,545.44</b>	<b>60,457.71</b>	<b>195.76</b>	<b>703.40</b>	<b>176.34</b>	<b>514.47</b>	<b>97.63</b>	<b>137.08</b>	<b>86,013.20</b>	<b>483.34</b>	<b>86,496.54</b>
<b>Accumulated depreciation</b>												
Opening accumulated depreciation	-	4,433.13	24,985.00	123.67	638.66	147.40	459.98	80.19	84.98	30,953.02	459.17	31,412.19
Depreciation charged during the year	-	476.90	1,947.52	15.41	60.18	6.93	8.44	3.66	11.54	2,530.57	-	2,530.57
Disposals	-	-	3.78	1.54	203.42	2.46	-	-	-	211.20	-	211.20
<b>Closing Accumulated depreciation</b>	<b>-</b>	<b>4,910.04</b>	<b>26,928.74</b>	<b>137.53</b>	<b>495.42</b>	<b>151.87</b>	<b>468.41</b>	<b>83.85</b>	<b>96.52</b>	<b>33,272.38</b>	<b>459.17</b>	<b>33,731.56</b>
<b>Net carrying amount - 31.03.2018</b>	<b>9,185.37</b>	<b>9,635.40</b>	<b>33,528.97</b>	<b>58.23</b>	<b>207.97</b>	<b>24.47</b>	<b>46.06</b>	<b>13.78</b>	<b>40.56</b>	<b>52,740.82</b>	<b>24.17</b>	<b>52,764.99</b>
<b>Year ended March 31, 2019</b>												
<b>Gross carrying amount</b>												
Cost as at April 1, 2018	9,185.37	14,545.44	60,457.71	195.76	703.40	176.34	514.47	97.63	137.08	86,013.20	483.34	86,496.54
Additions	-	41.09	83.23	0.08	22.02	-	-	1.76	2.80	150.99	-	150.99
Disposal	-	-	-	-	5.02	-	9.18	-	-	14.21	-	14.21
<b>Closing gross carrying amount</b>	<b>9,185.37</b>	<b>14,586.53</b>	<b>60,540.95</b>	<b>195.85</b>	<b>720.39</b>	<b>176.34</b>	<b>505.28</b>	<b>99.39</b>	<b>139.89</b>	<b>86,149.99</b>	<b>483.34</b>	<b>86,633.33</b>
<b>Accumulated depreciation</b>												
Opening accumulated depreciation	-	4,910.04	26,928.74	137.53	495.42	151.87	468.41	83.85	96.52	33,272.38	459.17	33,731.56
Depreciation charged during the year	-	441.42	1,945.15	14.71	39.63	6.02	7.72	3.46	11.41	2,469.53	-	2,469.53
Disposals	-	-	-	-	5.02	-	8.72	-	-	13.75	-	13.75
<b>Closing Accumulated depreciation</b>	<b>-</b>	<b>5,351.46</b>	<b>28,873.89</b>	<b>152.25</b>	<b>530.03</b>	<b>157.89</b>	<b>467.41</b>	<b>87.31</b>	<b>107.93</b>	<b>35,728.16</b>	<b>459.17</b>	<b>36,187.34</b>
<b>Net carrying amount - 31.03.2019</b>	<b>9,185.37</b>	<b>9,235.07</b>	<b>31,667.06</b>	<b>43.60</b>	<b>190.36</b>	<b>18.45</b>	<b>37.88</b>	<b>12.08</b>	<b>31.95</b>	<b>50,421.83</b>	<b>24.17</b>	<b>50,445.99</b>

Refer Note No. 37(3) : for Capital commitments

Refer Note No. 37(1) : for Securities provided for borrowing

## NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)

### 3. Investment Property

Particulars	31.3.2019	31.3.2018
<b>Gross carrying amount</b>		
Opening gross carrying amount / Deemed cost	13.06	13.06
Additions	-	-
<b>Closing gross carrying amount</b>	<b>13.06</b>	13.06
<b>Net carrying amount</b>	<b>13.06</b>	13.06

#### (i) Amounts recognised in profit or loss for investment properties

Particulars	31.3.2019	31.3.2018
Rental income	33.00	30.00
Profit from investment properties before depreciation	33.00	30.00
Depreciation	-	-
Profit from investment property	33.00	30.00

#### (ii) Leasing arrangements

Certain investment properties are leased to tenants along with machineries under long-term operating leases with rentals payable monthly. Minimum lease payments receivable under non-cancellable operating leases of investment properties are as follows:

Particulars	31.3.2019	31.3.2018
Within one year	33.00	33.00
Later than one year but not later than 5 years	152.46	132.00
<b>Total</b>	<b>185.46</b>	165.00

#### (iii) Fair Value

Particulars	31.3.2019	31.3.2018
Investment property	13.06	13.06

#### Estimation of fair value

The fair values of investment properties have been determined with reference to the guideline value as determined by the Government for the location at which the property is located adjusted for the depreciated value of buildings.

**NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)**

PARTICULARS	31.3.2019	31.3.2018
<b>4 Other financial asset</b>		
Deposit - maturity more than 12 months	-	5.25
Security Deposits	<b>142.19</b>	106.97
<b>Total Other financial assets</b>	<b>142.19</b>	112.22
<b>5 Non Current Tax Assets (Net)</b>		
Income tax asset	<b>534.31</b>	490.22
<b>Total Non Current Tax Assets (Net)</b>	<b>534.31</b>	490.22
<b>6 Deferred tax assets / (liabilities)</b>		
The balance comprises temporary differences attributable to:		
Depreciation	<b>(9,082.60)</b>	(9,488.87)
Total deferred tax liabilities	<b>(9,082.60)</b>	(9,488.87)
Set-off of deferred tax assets pursuant to set-off provisions		
Unabsorbed Depreciation and losses	<b>7,744.45</b>	7,237.34
Others including Disallowance u/s 43B	<b>1,746.47</b>	340.08
Minimum Alternate Tax credit - (MAT) entitlement	<b>2,710.91</b>	2,710.91
<b>Total deferred tax assets</b>	<b>12,201.83</b>	10,288.33
<b>Net deferred tax assets / (liabilities)</b>	<b>3,119.23</b>	799.46

Particulars	Depreciation	Unabsorbed Depreciation and Losses	Others including Disallowance u/s 43B	Minimum Alternate tax credit-(MAT)	Total
As at March 31, 2017	(9,665.71)	6,034.37	590.78	2,405.67	(634.89)
Charged/(credited):					
- to profit or loss	(176.84)	(1,202.97)	236.14	(305.24)	(1,448.91)
- to other comprehensive income	-	-	14.55	-	14.55
As at March 31, 2018	(9,488.87)	7,237.34	340.08	2,710.91	799.46
Charged/(credited):					
- to profit or loss	(406.27)	(507.11)	(1,406.91)	-	(2,320.29)
- to other comprehensive income	-	-	0.52	-	0.52
<b>As at March 31, 2019</b>	<b>(9,082.60)</b>	<b>7,744.45</b>	<b>1,746.47</b>	<b>2,710.91</b>	<b>3,119.23</b>

Deferred tax asset as shown above has been created by credit to Statement of Profit & Loss, as the Board of Directors of the Company are of the view that the Company would be able to generate adequate profits in the immediate future as soon as the cane availability position improves and reaches normal levels.

**NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)**

PARTICULARS	31.3.2019	31.3.2018
<b>7 Other non-current assets</b>		
Capital advances:		
Loans & Advances due by Director :		
Land Purchase Advance	465.00	465.00
Others - Prepaid Rent	21.52	24.60
<b>Total other non-current assets</b>	<b>486.52</b>	<b>489.60</b>
<b>8 Inventories</b>		
Work-in-progress at cost	559.93	259.65
Finished Goods-at Cost / Net Realisable Value	8,991.94	11,726.98
Stock In Trade - Properties at Cost	540.89	540.88
Stock In Trade - Others at Cost	159.73	182.03
Stores & Spares at cost	1,097.06	1,280.86
<b>Total Inventories</b>	<b>11,349.55</b>	<b>13,990.40</b>
<b>9 Trade receivables</b>		
Unsecured and considered good	6,285.89	4,758.29
Less : Allowance for credit losses	-	-
<b>Total Trade receivables</b>	<b>6,285.89</b>	<b>4,758.29</b>
Includes dues from companies / firms where directors are interested	117.78	1.02
<b>10 Cash and cash equivalents</b>		
<b>Balances with banks</b>		
- in current accounts	208.34	241.21
- in deposit with banks	5.00	-
Cash on hand	33.51	35.78
<b>Total cash and cash equivalents</b>	<b>246.85</b>	<b>276.99</b>
<b>11 Bank Balances other than cash &amp; cash equivalents</b>		
Unpaid Dividend accounts	0.40	0.40
Deposits with maturity of more than 3 months but less than 12 months	0.44	-
Guarantee Margin Account	115.40	48.90
<b>Total bank balances other than cash &amp; cash equivalents</b>	<b>116.24</b>	<b>49.30</b>
<b>12 Other financial assets</b>		
Income receivable	296.17	252.09
Interest receivable on Excise Duty Loan	186.71	356.28
<b>Total Other financial assets</b>	<b>482.88</b>	<b>608.37</b>
<b>13 Other current assets</b>		
Staff and other advance	22.74	49.64
Advance to suppliers	407.05	323.91
Advance Sales Tax	20.17	20.17
Balance with indirect tax authorities	134.62	844.75
Prepaid Expenses	286.81	222.86
<b>Total other current assets</b>	<b>871.39</b>	<b>1,461.33</b>

**NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)**

PARTICULARS	31.3.2019	31.3.2018
<b>14 Equity share capital</b>		
Authorised equity share capital	Number of shares	<b>Amount</b>
As at 1 April 2017	3,00,00,000	3,000.00
Increase during the year	-	-
As at 31 March 2018	3,00,00,000	3,000.00
Increase during the year	-	-
<b>As at 31 March 2019</b>	<b>3,00,00,000</b>	<b>3,000.00</b>
(i) Movements in equity share capital	Number of shares	Equity share capital (par value)
As at 1 April 2017	2,81,66,700	2,816.67
Increase during the year	980	0.10
As at 31 March 2018	2,81,67,680	2,816.77
Increase during the year	-	-
<b>As at 31 March 2019</b>	<b>2,81,67,680</b>	<b>2,816.77</b>
<i>Terms and rights attached to equity shares</i>		
Equity Shares : The Company has only one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The shareholders have rights in proportion to their shareholding for dividend as well as for assets, in case of liquidation.		
<b>(ii) Details of shareholders holding more than 5% shares in the company</b>		
	<b>March 31, 2019</b>	
	<b>Number of shares</b>	<b>% holding</b>
Ms. Rajshree Pathy	<b>1,13,17,313</b>	<b>40.18%</b>
M/s RSCL Properties Pvt Limited	<b>14,49,331</b>	<b>5.15%</b>
	<b>1,27,66,644</b>	<b>45.33%</b>
	March 31, 2018	
	Number of shares	% holding
Ms. Rajshree Pathy	1,13,17,313	40.18%
M/s RSCL Properties Pvt Limited	14,49,331	5.15%
	1,27,66,644	45.33%
<b>15 Other Equity</b>		
<b>(1) Reserves and surplus</b>		
Securities premium reserves	<b>1,359.94</b>	1,359.95
General reserve	<b>7,575.90</b>	7,575.90
Capital reserve	<b>158.70</b>	158.70
Retained earnings	<b>(2,946.50)</b>	1,220.01
<b>Total reserves and surplus</b>	<b>6,148.04</b>	<b>10,314.56</b>

**NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)**

<b>PARTICULARS</b>	<b>31.3.2019</b>	<b>31.3.2018</b>
<b>a) Securities premium reserves</b>		
Opening balance	<b>1,359.94</b>	1,359.50
Additions during the year	-	0.44
Deductions/Adjustments during the year	-	-
<b>Closing balance</b>	<b>1,359.94</b>	<b>1,359.94</b>
<b>b) Capital reserves</b>		
Opening balance	<b>158.70</b>	158.70
Additions during the year	-	-
Deductions/Adjustments during the year	-	-
<b>Closing balance</b>	<b>158.70</b>	<b>158.70</b>
<b>c) General reserve</b>		
Opening balance	<b>7,575.90</b>	7,575.90
Additions during the year	-	-
Deductions/Adjustments during the year	-	-
<b>Closing balance</b>	<b>7,575.90</b>	<b>7,575.90</b>
<b>d) Retained earnings</b>		
Opening balance	<b>1,220.02</b>	2,445.34
Net profit/(loss) for the year	<b>(4,184.26)</b>	(1,257.78)
Items of other comprehensive income/(loss) recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax		
Appropriations / Adjustments	<b>1.14</b>	32.46
Transfer from share option outstanding reserve	<b>16.60</b>	-
<b>Closing balance</b>	<b>(2,946.50)</b>	<b>1,220.02</b>
<b>(2) Other Reserve</b>		
<b>Share option outstanding reserve</b>		
As at 31st March 2018	<b>32.31</b>	32.31
Less: Transfer to Retained earnings	<b>16.60</b>	-
As at 31st March 2019	<b>15.71</b>	32.31
<b>Other equity (Total) 15(1) + 15(2)</b>	<b>6,163.75</b>	<b>10,346.87</b>
i) General reserve: Part of retained earnings was earlier utilised for declaration of dividends as per the erstwhile Companies Act, 1956. This is available for distribution to shareholders.		
ii) Retained earnings: Company's cumulative earnings since its formation minus the dividends/capitalisation and earnings transferred to general reserve		
iii) Securities Premium: Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act 2013.		
iv) Capital Reserve: Comprises of amount forfeited on lapse of share warrants, the same is not available for distribution.		
v) Share option outstanding: The share options outstanding account is used to recognise the grant date fair value of options issued to employees under Employee stock option plan.		



**NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)**

PARTICULARS	31.3.2019	31.3.2018
<b>16 Borrowings (Non-current)</b>		
<b>Secured</b>		
Term Loans		
From Banks	19,909.11	27,057.80
From Other parties :		
Sugar Development Fund	-	-
Refer note no:37(1) for terms of the borrowing		
<b>Unsecured</b>		
Lease Payable and effective interest rate measurement	1,300.93	1,440.64
<b>Total Borrowings (Non-current)</b>	<b>21,210.04</b>	<b>28,498.44</b>
<b>17 Borrowings (Current)</b>		
Loans repayable on demand		
Unsecured		
From Banks		
Cash Credit Account	6,964.79	8,284.21
Refer note no: 37(1) for terms of the borrowing		
<b>Total borrowings (Current)</b>	<b>6,964.79</b>	<b>8,284.21</b>
<b>18 Trade payables</b>		
Current		
Due to Micro & Small Enterprises	112.53	-
Due to Others	17,134.60	12,830.90
<b>Total trade payables</b>	<b>17,247.13</b>	<b>12,830.90</b>
Refer note no: 37(2)		
<b>19 Other financial liabilities</b>		
Current maturities of long term debt	12,116.61	9,045.91
Interest accrued but not due on Loans	-	-
Interest Accrued & Due on Loans	5,891.93	1,489.28
Unpaid Dividend	0.40	0.40
<b>Total other current financial liabilities</b>	<b>18,008.95</b>	<b>10,535.59</b>
<b>20 Provisions</b>		
Provision for employee benefits :		
Leave Encashment	58.80	49.99
Gratuity Contribution	183.68	204.69
<b>Total Provisions</b>	<b>242.48</b>	<b>254.68</b>
Refer note no: 31		
<b>21 Other current liabilities</b>		
Advance received from Customers	969.13	1,799.25
Statutory dues payables	685.44	634.48
<b>Total other current liabilities</b>	<b>1,654.57</b>	<b>2,433.73</b>

**NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)**

<b>PARTICULARS</b>	<b>31.3.2019</b>	<b>31.3.2018</b>
<b>22 Revenue from operations</b>		
Sale of products (including excise duty)	<b>39,909.09</b>	56,070.45
Other operating revenue	<b>36.27</b>	100.26
<b>Total revenue from operations</b>	<b>39,945.36</b>	56,170.71
<b>23 Other income</b>		
Rental Income	<b>49.34</b>	41.95
Interest income	<b>176.21</b>	102.19
Profit on Sale of Assets	<b>1.63</b>	16.44
Miscellaneous income	<b>72.66</b>	70.73
<b>Total other income</b>	<b>299.84</b>	231.31
<b>24 Cost of Materials Consumed</b>		
Raw Materials at the beginning of the year	-	-
Add: Purchases	<b>26,415.22</b>	23,740.00
Less: Raw Materials at the end of the year	-	-
<b>Total Cost of Materials Consumed</b>	<b>26,415.22</b>	23,740.00
<b>25 Changes in inventories of work-in-progress, Stock-in -Trade and finished goods</b>		
Opening Balance		
Work-in-Progress	<b>259.65</b>	408.37
Finished Goods	<b>11,726.98</b>	29,044.52
Traded Goods	<b>540.89</b>	540.89
<b>Total Opening Balance</b>	<b>12,527.52</b>	29,993.78
<b>Closing Balance</b>		
Work-in-Progress	<b>559.93</b>	259.65
Finished Goods	<b>8,991.94</b>	11,726.98
Traded Goods	<b>540.89</b>	540.89
<b>Total Closing Balance</b>	<b>10,092.76</b>	12,527.52
Less: Excise duty on Increase / (Decrease) in stock of Finished Goods	-	1,516.63
<b>Total Changes in inventories of work-in-progress, Stock-in -Trade and finished goods</b>	<b>2,434.75</b>	15,949.63
<b>26 Employee benefit expense</b>		
Salaries, wages and bonus	<b>2,955.61</b>	3,069.76
Contribution to provident and other funds	<b>247.24</b>	267.13
Staff welfare expenses	<b>238.33</b>	366.22
<b>Total employee benefit expense</b>	<b>3,441.17</b>	3,703.11
<b>27 Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipment and Amortisation of intangible assets	<b>2,469.53</b>	2,530.57
<b>Total depreciation and amortisation expense</b>	<b>2,469.53</b>	2,530.57

**NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)**

PARTICULARS	31.3.2019	31.3.2018
<b>28 Other expenses</b>		
Consumption of Stores and Spares	586.81	610.60
Consumption of Packing Materials	366.96	362.22
Power & Fuel	1,675.41	1,667.27
Building rent	61.11	66.14
Repairs to Building	42.31	117.47
Repairs to Machinery	790.34	1,419.98
Insurance Premium	148.19	146.91
Licence Fees & Tax	256.34	145.50
Cartage & Freight	688.75	1,252.82
Payment to Auditors	7.55	15.81
Cost Audit fees	1.55	1.76
Contribution to Chief Minister's Relief Fund	12.75	-
Managerial Remuneration	120.57	750.78
Miscellaneous Expenses	1,458.41	1,877.24
<b>Total other expenses</b>	<b>6,217.05</b>	<b>8,434.50</b>
<b>Payment to auditors</b>		
Audit fee	7.00	7.00
<b>In other capacities</b>		
Taxation & other matters	0.25	0.50
Company law matters	-	7.50
Certification fees	0.30	0.81
<b>Total payment to auditors</b>	<b>7.55</b>	<b>15.81</b>
<b>29 Finance Cost</b>		
Interest expense	5,711.63	5,919.01
Other borrowing costs	84.60	89.77
<b>Total Finance Cost</b>	<b>5,796.23</b>	<b>6,008.78</b>
<b>30 Tax expense</b>		
<b>(a) Tax expense</b>		
<i>Current tax</i>		
Current tax on profits for the year	-	-
Adjustments for current tax of prior periods	(24.20)	-
<b>Total current tax expense</b>	<b>(24.20)</b>	<b>-</b>
<b>Deferred tax</b>		
Decrease / (increase) in deferred tax assets	(1,914.02)	(1,272.07)
(Decrease) / increase in deferred tax liabilities	(406.27)	(176.84)
<b>Total deferred tax expense/(benefit)</b>	<b>(2,320.29)</b>	<b>(1,448.91)</b>
<b>Total Tax expense</b>	<b>(2,344.49)</b>	<b>(1,448.91)</b>

## NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)

PARTICULARS	31.3.2019	31.3.2018
<b>(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b>		
Profit / (Loss) before income tax expense	(6,528.75)	(2,706.68)
<b>Tax at the Indian tax rate of 31.20% (2017-2018 – 34.698%)</b>	<b>(2,036.97)</b>	<b>(936.73)</b>
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Adjustments for current tax of prior periods	(24.20)	-
Long term capital gain tax at lesser rate	-	(512.18)
Other items	(283.32)	-
Adjustments for current tax of prior periods	-	-
Tax losses for which no deferred income tax was recognised	-	-
<b>Total Tax expense</b>	<b>(2,344.49)</b>	<b>(1,448.91)</b>

### 31 Employee benefit obligations

	Current	March 31, 2019	
		Non-current	Total
Leave Encashment	58.80	-	58.80
Gratuity Contribution	183.68	-	183.68
<b>Total employee benefit obligations</b>	<b>242.48</b>	<b>-</b>	<b>242.48</b>
		March 31, 2018	
	Current	Non-current	Total
Leave Encashment	49.99	-	49.99
Gratuity Contribution	204.69	-	204.69
<b>Total employee benefit obligations</b>	<b>254.68</b>	<b>-</b>	<b>254.68</b>

#### (i) Gratuity

The company extends defined benefit plans in the form of gratuity to employees. The Company has formed "RSCL Gratuity Trust" with Life Insurance Corporation of India (LIC) and HDFC Standard Life Insurance Company. Contribution to gratuity is made to LIC in accordance with the scheme framed by the corporation. The Company has made contribution towards Gratuity based on the actuarial valuation.

#### (ii) Defined contribution plans

Contribution to provident fund is in the nature of defined contribution plan and are made to provident fund account maintained by the Government on its account.

**NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)**

PARTICULARS	31.3.2019	31.3.2018
<b>(iii) DEFINED BENEFIT PLAN :</b>		
<b>TYPE OF PLAN</b>	<b>GRATUITY (FUNDED)</b>	
<b>A. Expense recognised in Income Statement</b>		
1. Current Service cost	45.09	45.42
2. Interest expense	64.91	61.21
3. Interest (Income on plan asset)	(49.11)	(42.19)
4. Net interest	15.80	19.02
5. Immediate recognition of (gain) / losses	-	-
6. Defined Benefits cost included in Statement of Profit & Loss	60.89	64.44
<b>B. Expense recognised in Other Comprehensive Income</b>		
1. Actuarial (gain) / losses on DBO		
(a) Due to Experience	(1.25)	(20.07)
(b) Due to Change in Financial Assumptions	(2.25)	(26.55)
2. Return on plan assets (Greater) / Less than Discount rate	1.84	0.01
3. Total actuarial (gain) / loss included in OCI	(1.66)	(46.61)
<b>C. Net Asset / (Liability) recognised in the Balance Sheet</b>		
1. Present value of benefit obligation	870.30	839.75
2. Fair value of plan assets	686.62	635.30
3. Funded Status (Surplus / Deficit)	(183.68)	(204.45)
4. Net Asset / (Liability) recognised in Balance Sheet	(183.68)	(204.45)
<b>D. Change in Present value of the obligation during the year</b>		
1. Present value of the obligation at the beginning of the year	839.75	841.97
2. Current service cost	45.09	45.42
3. Interest cost	64.91	61.21
4. Benefits paid	(75.95)	(62.23)
5. Actuarial (gain) / loss on obligation		
(a) Due to Experience	(1.25)	(20.07)
(b) Due to Change in Financial Assumptions	(2.25)	(26.55)
6. Present value of obligation at the end of the year	870.30	839.75
<b>E. Reconciliation of opening &amp; closing values of Plan Assets</b>		
1. Fair value of plan assets at the beginning of the year	635.30	580.35
2. Interest Income	49.11	42.19
3. Contributions made	80.00	75.00
4. Benefits paid	(75.95)	(62.23)
5. Actuarial gain / (loss) on plan assets	(1.84)	(0.01)
6. Fair value of plan assets at the end of the year	686.62	635.30
<b>F. Actuarial Assumptions</b>		
1. Discount rate	7.77%	7.73%
2. Salary escalation	4.00%	4.00%
3. Attrition rate	2.00%	2.00%
4. Expected rate of return on plan assets	7.77%	7.73%
5. Mortality rate		Indian Assured Lives Mortality (2006-08)

## NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)

PARTICULARS	31.3.2019	31.3.2018
<b>(iv) Sensitivity analysis</b>		
Projected Benefit Obligation on Current Assumptions	<b>870.30</b>	839.75
Delta Effect of +1% Change in Rate of Discounting	<b>(52.93)</b>	(52.79)
Delta Effect of -1% Change in Rate of Discounting	<b>59.74</b>	59.76
Delta Effect of +1% Change in Rate of Salary Increase	<b>61.42</b>	61.42
Delta Effect of -1% Change in Rate of Salary Increase	<b>(55.23)</b>	(55.07)
Delta Effect of +1% Change in Rate of Employee Turnover	<b>16.44</b>	17.09
Delta Effect of -1% Change in Rate of Employee Turnover	<b>(18.17)</b>	(18.87)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet. The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

### (v) Brief description of the Plans & risks

**Interest rate risk :** A fall in the discount rate which is linked to the Government Securities. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the market value of the assets depending on the duration of asset.

**Salary Risk :** The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability

**Investment Risk :** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

**Asset Liability Matching Risk:** The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

**Mortality risk:** Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

**Concentration Risk:** Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

**NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)**
**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

PARTICULARS	31.3.2019	31.3.2018
<b>32 Fair value measurements</b>		
<b>Financial instruments by category</b>		
		<b>Amortised Cost</b>
<b>Financial assets</b>		
Loans - Deposits of more than 12 months	-	5.25
Security Deposits	<b>142.19</b>	106.97
Trade Receivables	<b>6,285.89</b>	4,758.29
Cash and cash equivalents and other bank balances	<b>363.08</b>	326.29
Other financial assets	<b>482.88</b>	608.37
<b>Total financial assets</b>	<b>7,274.05</b>	5,805.17
<b>Financial liabilities</b>		<b>Amortised Cost</b>
Borrowings	<b>46,183.38</b>	47,317.84
Trade payables	<b>17,247.13</b>	12,830.90
Other financial liabilities	<b>0.40</b>	0.40
<b>Total financial liabilities</b>	<b>63,430.91</b>	60,149.14

**(i) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value of an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**(ii) Fair value of assets carried at amortised cost**

The carrying amounts of trade receivables, trade payables, loans, deposits, advances, borrowings, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

## NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)

### FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd.)

#### 33 Financial risk management

The company's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk

##### (A) Credit risk

Credit risk on deposit is mitigated by depositing the funds in reputed private sector bank.

For trade receivables, the primary source of credit risk is that these are unsecured. The Company sells the products to customers only when the collection of trade receivables is certain and whether there has been a significant increase in the credit risk on an on-going basis is monitored throughout each reporting period. As at the balance sheet date, based on the credit assessment the historical trend of low default is expected to continue. An impairment analysis is performed at each reporting date on an individual basis for major clients. Any recoverability of receivables is provided for based on the impairment assessment. Historical trends showed as at the transition date, 31st March 2017 and 31st March 2018 that the company had no significant credit risk.

##### (B) Liquidity risk

Objective of liquidity risk management is to maintain sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. The company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal requirements.

##### (I) Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

#### Contractual maturities of financial liabilities:

	Less than 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Above 5 years	Total
<b>31st March 2019</b>						
<b>Non-derivatives</b>						
Long term loans	16,697.72	4,243.02	8,179.69	16,170.50	-	45,290.93
Short term Borrowings	6,964.79					6,964.79
Trade payables	17,247.13					17,247.13
Other financial liabilities	0.40					0.40
<b>Total non-derivative liabilities</b>	<b>40,910.04</b>	<b>4,243.02</b>	<b>8,179.69</b>	<b>16,170.50</b>	<b>-</b>	<b>69,503.25</b>



**NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)**
**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd.)**

	Less than 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Above 5 years	Total
31st March 2018						
Non-derivatives						
Long term loans	9,961.16	4,372.37	9,197.53	22,921.00	2,624.93	49,076.99
Short term Borrowings	8,284.21					8,284.21
Trade payables	12,830.90					12,830.90
Other financial liabilities	0.40					0.40
<b>Total non-derivative liabilities</b>	<b>31,076.67</b>	<b>4,372.37</b>	<b>9,197.53</b>	<b>22,921.00</b>	<b>2,624.93</b>	<b>70,192.50</b>
31st March 2017						
Non-derivatives						
Long term loans	10,905.02	6,599.25	13,135.53	28,870.43	15,731.11	75,241.34
<b>Total non-derivative liabilities</b>	<b>10,905.02</b>	<b>6,599.25</b>	<b>13,135.53</b>	<b>28,870.43</b>	<b>15,731.11</b>	<b>75,241.34</b>

**34 Capital management**
**(a) Risk management**

The company's objectives when managing capital are to;

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue of new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by

Total 'equity' (as shown in the balance sheet).

The company's strategy is to maintain an optimal gearing ratio. The gearing ratios were as follows:

	<b>March 31, 2019</b>	March 31, 2018
Net debt	<b>45,820.30</b>	46,991.56
Total equity	<b>8,980.52</b>	13,163.64
<b>Net debt to equity ratio</b>	<b>5.10</b>	3.57

**(b) Dividends**

The company has not declared any dividends during the current year and the previous year.

## NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)

### 35 Share based payments

#### (a) Employee option plan

- i) 50% of options due for vesting on each vesting date shall vest on the basis of time i.e. mere continuance of employment as on date of vesting; and(ii) 50% of options due for vesting on each vesting date shall vest on the basis of achievement of individual key result areas set at the beginning of each financial year preceding the financial year in which the individual vesting date falls.

- ii) Summary of options granted under plan :

	March 31, 2019		March 31, 2018	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
Opening balance	55.40	4,25,314	55.40	6,05,262
Granted during the year	-	-	-	-
Exercised during the year	-	-	55.40	(980)
Forfeited during the year	55.40	(2,06,752)	55.40	(1,78,968)
		<b>2,18,562</b>		<b>4,25,314</b>

- iii) Share options outstanding at the end of year have following expiry date and exercise prices

Plan	Grant Date	Expiry Date	Exercise Price	Share Options	
				March 31, 2019	March 31 2018
RSCL Employees Stock Option Plan 2012	10th October 2012	10th October 2017 to 10th October 2021	55.40	2,18,562	4,25,314
				<b>2,18,562</b>	<b>4,25,314</b>

#### (b) Expense arising from share based payment transaction

	March 31, 2019	March 31, 2018
RSCL Employees Stock Option Plan 2012	-	-
Total expense recorded as part of employee cost	-	-

**NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)**

PARTICULARS	31.3.2019	31.3.2018
<b>36 Earnings per share</b>		
<b>(a) Basic</b>		
Basic earnings/(loss) per share attributable to the equity holders of the Company	(14.85)	(4.47)
Profit/(loss) attributable to equity holders of the company used in calculating basic earnings per share	(4,184.26)	(1,257.78)
<b>Weighted average number of equity shares used as the denominator in calculating basic earnings per share</b>	<b>2,81,67,680</b>	2,81,66,800
<b>(b) Diluted</b>		
Diluted earnings/(loss) per share attributable to the equity holders of the Company	(14.85)	(4.47)
Profit/(loss) attributable to equity holders of the company used in calculating diluted earnings per share	(4,184.26)	(1,257.78)
<b>Adjustments</b>		
Used in calculating diluted earnings per share	-	-
Profit attributable to equity holders of the company used in calculating diluted earnings per share	(4,184.26)	(1,257.78)
<b>Weighted average number of equity shares used as the denominator in calculating diluted earnings per share</b>	<b>2,81,67,680</b>	2,81,66,800

**37 OTHER ADDITIONAL INFORMATION**

- 1) Rate of Interest and Maturity Profile of long term/short term borrowings:

***(Forming part of note for Long-term borrowings & Short term borrowings)***

The consortium of bankers have declared the Company's loans as NPA with effect from 28.06.2018, consequent to default in payment of interest accrued on due dates and has not charged interest on the loans from such date. However ICICI Bank Limited has sent the interest debit details and Federal Bank Limited has debited interest on the loans as per their bank policy. The interest for other accounts are accounted on accrual basis as per the terms of sanction of the loans.

	Loans under CDR Scheme		Total
	SOFT Loan	Restructured Loan	
	12% /12.5%	11% /12% /12.5%	
2019-20	747.40	4,858.35	5,605.75
<b>Total</b>	<b>747.40</b>	<b>4,858.35</b>	<b>5,605.75</b>
2020-21	681.70	5,287.97	5,969.67
2021-22	699.00	5,926.56	6,625.56
2022-23	365.94	4,470.11	4,836.05
2023-24	-	2,477.83	2,477.83
<b>Total</b>	<b>1,746.64</b>	<b>18,162.47</b>	<b>19,909.11</b>

## NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)

Interest Rate for Restructured Loans	
Financial Year	Rate of Interest
April 2014 - Mar 2016	11.00%
April 2016 - Mar 2017	12.00%
Apr 2017 onwards	12.50%

### Security details for long term borrowings:

- i) The term loans aggregating to ₹ 26,166.22 lakhs as on 31.03.2019 (01.4.2018 ₹ 29,747.42 lakhs) under Corporate Debt Restructuring Scheme (CDR) are secured as detailed below:
- a) First pari-passu charge on the fixed assets of the company except the following:
    - i. Co-generation assets of Unit-II at Mundiampakkam, which are exclusively charged to SBI and entire fixed assets of Unit-III at Gingee whose first pari-passu charge is exclusively charged to Sugar Development Fund (SDF) and SBI.
    - ii. 5.19 Acres land with buildings at Vilankurichi Village belonging to Company exclusively charged to ICICI Bank.
    - iii. Land at Pallipuram Village, Alleppey Dist., Kerala belonging to Company exclusively charged to ICICI Bank.
    - iv. Registered office (Uffizi) at Coimbatore exclusively charged to ICICI Bank.
  - b) Second pari-passu charge on the entire fixed assets of Unit-III at Gingee subject to approval for sharing the security from SDF.
  - c) First pari-passu charge over the cogeneration receivables of Unit-II & III.
  - d) Second pari-passu charge over the remaining current assets of the company.
  - e) First Paripassu charge on the additional securities, as briefed below, provided by the company for CDR package.
    - i. Vacant Land situated at TS No 613/2(Part), TS Ward 10, Krishnaraya Puram Village, Coimbatore North Taluk, Coimbatore District within Coimbatore City Municipal Corporation measuring 80 cents.
    - ii. Land and building (Bio Control Unit at Unit 1 Theni) situated at Gullapuram Village, Periyakulam Taluk, Theni District, Gullapuram Panchayat.
    - iii. Residential Flat No 2 at Door No 9 Sathyanarayana Avenue, Raja Annamalaipuram, Chennai 600 028.
  - f) The Cogeneration receivables of Unit- II & III, are pooled into the Trust and Retention Account for all lenders under CDR Package.
  - g) The Promoter(s) have pledged their entire shares in demat form with voting rights, in favour of the CDR Lenders.
  - h) The mortgages, charges and pledges referred to above shall rank pari passu with the mortgages, charges and pledges created and/or to be created in favour of the Acceding Lenders.
  - i) At the instance of the consortium bankers, creation of charge on all the remaining immovable properties owned by the company and not previously mortgaged, is in progress
- ii) Term loans (SDF) aggregating to ₹ 2,661.17 lakhs as on 31.03.2019 (01.4.2018 ₹ 2,661.17 lakhs) are secured by 1st paripassu charge on the fixed/immovable assets of Unit-III (Sugar, Cogeneration & Distillery).

**NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)**

- iii) The soft loans aggregating to ₹ 3,198.33 lakhs as on 31.03.2019 (01.4.2018 ₹ 3,695.11 lakhs) is secured by (a) First charge over the current assets of the Borrower on pari passu basis with other Working Capital (WC) Lenders (b) First pari passu charge on the fixed assets of the Borrower except the exclusively charged assets. (c) First pari passu charge on the additional securities provided by the Borrower for CDR package (d) Second pari passu charge on the entire fixed assets of the Unit-III at Gingee subject to approval for sharing the security for Sugar Development Fund. Bank of India needs to modify hypothecation charge to align to this security structure.
- iv) The loans aggregating to ₹ 29,364.55 lakhs as on 31.3.2019 (01.4.2018 ₹ 33,442.53 lakhs) has been personally guaranteed by the Chairperson.
- v) Term loans guaranteed by others is Nil.
- vi) Period and amount of continuing default in respect of the aforesaid loans is as detailed below:

Name of the Lender	Amount of Default (Principal)	Period of default	Remarks
Sugar Development Fund - Cogen	211.00	From Jun 2016	The Company has requested for restructuring of the loan.
-do-	211.00	From Dec 2016	-do-
-do-	211.00	From June 2017	-do-
Sugar Development Fund - Distillery	405.64	From March 2016	-do-
-do-	405.64	From Sept 2016	-do-
-do-	405.64	From March 2017	-do-
-do-	405.64	From Sept 2017	-do-
-do-	405.64	From March 2018	-do-
<b>TOTAL</b>	<b>2,661.20</b>		
Axis Bank Limited	115.49	Overdue term loan dues as on 31.03.2019	The company is in discussion with the banks for the resolution of debt
State Bank of India	1,778.25		
Federal Bank Ltd	127.17		
ICICI Bank Ltd.,	1,127.24		
State Bank of Hyderabad (SBI)	153.71		
Bank of India	297.09		
State Bank of Mysore (SBI)	250.73		
<b>TOTAL</b>	<b>3,849.69</b>		

**NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)**

Name of the Lender	Amount of Default (Interest)		Period of default	Remarks
Sugar Development Fund	1,528.64		Overdue interest as on 31.3.2019	The Company has requested for restructuring of the loan.
<b>Total (a)</b>	<b>1,528.64</b>			
	Term loan	Cash credit		
Axis Bank Ltd.,	288.09		Accrued up to 31.3.2019	The company is in discussion with the banks for the resolution of debt
Federal Bank Ltd.,	310.08			
ICICI Bank Ltd.,	253.49			
State Bank of India	1,915.15	288.10		
State Bank of Hyderabad (SBI)	261.32	146.62		
Bank of India	374.12	101.98		
UCO Bank	54.01	9.45		
State Bank of Mysore (SBI)	196.67	164.21		
<b>Total (b)</b>	<b>3,652.93</b>	<b>710.36</b>		
<b>Grand Total (a+b)</b>	<b>5,891.93</b>			

**Security Details for short term borrowings:**

- i) The Working Capital facilities aggregating to ₹ 6,964.79 lakhs as on 31.3.2019 (01.4.2018 ₹ 8,284.21 lakhs) under the CDR are secured as detailed below:
  - a) First pari-passu charge over the current assets of the company.
  - b) Second pari-passu charge on the fixed assets of the company except the following:
    - i. Co-generation assets of Unit-II at Mundiampakkam, which are exclusively charged to SBI and entire fixed assets of Unit-III at Gingee whose first pari-passu charge is exclusively charged to SDF and SBI.
    - ii. 5.19 Acres land with buildings at Vilankurichi Village belonging to Company exclusively charged to ICICI Bank.
    - iii. Land at Pallipuram Village, Alleppey Dist., Kerala belonging to Company exclusively charged to ICICI Bank.
    - iv. Registered office (Uffizi) at Coimbatore exclusively charged to ICICI Bank.
  - c) Second pari-passu charge on the additional securities, as briefed below, provided by the company for CDR package.
    - i. Vacant Land situated at TS No 613/2(Part), TS Ward 10, Krishnaraya Puram Village, Coimbatore North Taluk, Coimbatore District within Coimbatore City Municipal Corporation measuring 80 cents.
    - ii. Land and building (Bio Control Unit at Unit 1 Theni) situated at Gullapuram Village, Periyakulam Taluk Theni District, Gullapuram Panchayat.
    - iii. Residential Flat No 2 at Door No 9, Sathyanarayana Avenue, Raja Annamalaipuram, Chennai 600 028
  - d) First pari-passu charge over the cogeneration receivables of Unit-II & III.
  - e) Third pari-passu charge on the entire fixed assets of Unit-III at Gingee subject to approval for sharing the security from Sugar Development Fund.
  - f) The Cogeneration receivables of Unit- II & III, are pooled into the Trust and Retention Account for all lenders under CDR Package.

**NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)**

- g) The Promoter(s) have pledged their entire shares in demat form with voting rights, in favour of the CDR Lenders.
- h) The mortgages/charges and pledges referred to above shall rank pari passu with the mortgages/charges and pledges created and/or to be created in favour of the Acceding Lenders.
- ii) Working Capital facilities aggregating to ₹ 6,964.79 lakhs as on 31.3.2019 (1.4.2018 ₹ 8,284.21 lakhs) guaranteed by the Chairperson.
- iii) Short term loans guaranteed by others is Nil.
- iv) Period and amount of default in respect of the aforesaid loans is Nil.

	31.3.2019	31.3.2018
2) The details of amounts outstanding to Micro and Small Enterprises based on available information with the Company is as under:		
Principal amount due and remaining unpaid	112.53	-
Interest due on above and the unpaid interest	-	-
Interest paid	2.57	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding years	-	-
The parties have not submitted the MSME declaration to the company as on 31.03.2018. *(The company is under the process of obtaining the same)		*
3) Capital and other commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for:	-	7.60
4) The future minimum lease payments for properties held on lease for operating purpose are		
a) Not later than one year	7.57	38.27
b) Later than 1 year and not later than 5 years	-	8.13
c) Later than 5 years	-	-
d) Lease payments recognized in the Statement of Profit & Loss (excluding rent payments for sugarcane divisional offices taken on temporary basis)	36.59	40.88
5) The company held one machinery on lease for operating purpose and the future minimum lease payments are as under:		
a) Not later than one year	12.00	12.00
b) Later than 1 year and not later than 5 years	43.00	48.00
c) Later than 5 years	-	7.00
d) Lease payments recognized in the Statement of Profit & Loss	12.00	12.00
6) Future minimum lease rentals receivables with respect to leased out properties are as under:		
a) Not later than one year	47.76	47.27
b) Later than 1 year and not later than 5 years	190.82	190.35
c) Later than 5 years	-	47.92
d) Lease receipts recognized in the Statement of Profit & Loss	47.31	41.91
7) Borrowing costs capitalized	4.11	0.91
8) Borrowing costs included in Capital Work in progress	8.15	2.60

## NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)

9) 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.

10) Contingent Liabilities not provided for

a) Claims against the company not acknowledged as debt:

- i) CESTAT had set aside the central excise demand of ₹ 397.78 Lakhs with interest and penalty for the period Apr'12 to Mar'13 and passed orders in favour of the Company in the matter of eligibility of exemption on molasses captively consumed and eligibility of cenvat credit availed on molasses procured from other Units in case of Unit III. The department has filed an appeal against this order in the Supreme Court of India and the decision is awaited. On the same issue for the period from Apr'13 to Mar'14, the Commissioner of Central Excise, Pondicherry has confirmed demand of ₹ 550.40 Lakhs with interest and penalty of ₹ 10.00 Lakhs against which the company has preferred an appeal before CESTAT. The department has further issued notices for demand of ₹ 1197.71 Lakhs (Apr'14 to Mar'16), ₹ 80.38 Lakhs (Apr'12 to Jun'12) and ₹ 896.83 Lakhs (Apr'16 to Jun'17) which are yet to be adjudicated by the department. The department has also issued a notice for demand of ₹ 456.45 Lakhs towards Cenvat credit availed on Distillery capital goods on the same grounds as the other notices. This notice is also pending for adjudication before the Commissioner of Central Excise, Pondicherry.
- ii) In case of Unit I, a demand of ₹ 27.80 Lakhs on the same issue of eligibility of exemption on molasses captively consumed for the period April'10 to Feb'11 was set aside by the CESTAT, Chennai and the department of Excise has preferred an appeal against this decision in the Supreme Court. For the subsequent periods (Jan'12 to Dec'14), demand of ₹ 476.55 Lakhs with interest and penalty is also being contested by the Company. In view of the CESTAT order, the Company feels that they have a strong case and hence have not provided for these contingent liabilities in the account.
- iii) VAT (Assessment year 2011-12 & 2012-13) Appeal is pending before the Assistant Commissioner Commercial Taxes, in respect of a demand raised by the department, due to wrong classification of the product code. The total demand raised is ₹ 75.85 lakhs and the amount paid is ₹ 18.96 lakhs, towards initial payment for the appeal. Appeal has closed in favour of the Company and the order is awaited from the Assessment Circle.
- iv) The South Indian Sugar Mills Association (SISMA), of which the company is a member, had filed W.P. No.7872/2015 before the Hon'ble Madras High Court against Union of India and Director of Sugar, Tamil Nadu challenging the very jurisdictional basis of fixing additional cane price for the Sugar years 2004-05 to 2008-09 in the absence of any statutory power to do so. In the said writ on 19/3/15 there is a direction to respondents that they shall not initiate any coercive proceedings to recover any amount pursuant to impugned order. No provision was made by the Company to the alleged cane dues pursuant to the above direction of the Court.

The Hon'ble Justice T S Sivagnanam by order dt. 13th February 2019 has dismissed the said Writ Petition. The judgement further directs Sugar mills to furnish the details called for by the Director of Sugar by his communication dated 11th Mar'15 and 13th Mar'15 ( i.e particulars which forms the basis for fixation of clause 5A price ) within a period of 7 days from the date of receipt of copy of the certified copy of judgement. SISMA has decided to challenge the said judgement by way of Appeal before Madras High Court . The principal ground of attack by Sugar Mills is that "L " factor has to be determined on All India basis once and for all and there is no scope or legal permissibility to fix "provisional L factor" for Tamil Nadu and Pondicherry Zone alone. There are other grounds also in favour of Sugar Mills to dispute the said liability.

Hence the amount is indeterminate at this juncture.



## NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)

- v) Recompense amount payable as per Corporate Debt Restructuring (CDR) scheme as at the close of the previous year ending 31.03.2018 is ₹ 4,767 lakhs.

The company's loan accounts have been treated as Non performing assets by the consortium banks as a result of default in payment of interest and loan installments with effect from 28th June 2018. The matter is under negotiation with the concerned authorities for regularization.

- b) The Government of Tamilnadu notified the State Advised Price (SAP) of ₹ 2,650/ per MT of sugarcane for the sugar seasons 2013-14 and 2014-15 and ₹ 2,850/- per year for sugar season 2015-16 & 2016-17. The company has accounted the cane purchase at the rate of ₹ 2,350/- per MT (for the cane procured during Apr 2014 to Sep 2014) and at the rate of ₹ 2,400/- per MT (for the cane procured during the period October 2014 - September 2016). For the sugar season 2016-17, the company has paid ₹ 2,425/- per MT. All the private mills in Tamilnadu are disputing the SAP, and the case is pending before the High Court of Madras. The total disputed price involved is ₹ 17,790 Lakhs (₹ 17,130.90 lakhs)
- 11) Income Tax assessments have been completed up to Assessment year 2016-17. Disallowances made in the order of assessment in some of the years, purely technical in nature, have been disputed in appeal before the appellate authorities. No provision has been made therefor since there are no tax demands for the present.
- 12) In terms of Ind AS-36, the company had 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 save and except the following:
- The Tamil Nadu Government has issued a G.O. dated 31.08.2010 as directed by the Hon'ble Madras High Court, notifying the elephant corridor in the Nilgiris District, which includes company's land of 7.83 acres in Masinagudi Village Nilgiris District. The GO has now been disputed before the Hon'ble Supreme Court by the Company in SLP (C) 16898/2011 and interim stay has been granted and the petition is still pending. The carrying value of the said land in the books is ₹ 35.57 lakhs (31.03.2018 ₹ 35.57 lakhs)
- 13) CSR activities
- Gross amount required to be spent by the company during the year - NIL
- Amount spent by the company during the year - NIL
- 14) As required u/s 197 of the Act, the payment of remuneration to the Managing Director, Mr.Aditya Krishna Pathy till 25.6.2018 (date of resignation) and to the Wholetime Director Mr.R.Varadarajan, is as approved by the Board of Directors of the company, the Nomination and Remuneration Committee of the Board and in terms of Resolution passed at the 31st AGM held on 28.08.2017. Approval has been obtained from the Consortium of Bankers who have extended loan to the company. Approval from Sugar Development Fund, the only other Secured Creditor, has not been received till date.

**NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)**

## 15) Transactions with Related Parties

Particulars	Key Management Personnel	Relatives of Key Management personnel	Other Related Parties
<b>Purchase of Goods</b>			
Mr.Aditya Krishna Pathy		9.67 (3.22)	
RSCL Properties (P) Ltd			20.53(1.31)
Greenplus Manures LLP			8.47(1.54)
Sri Krishna Potable Products (P) Ltd			19.23(4.75)
Rajshree Biosolutions LLP			7.08(-)
<b>Sale of goods</b>			
Lavik Foodworks LLP			1323.11(2,124.11)
Rajshree Biosolutions LLP			2.35(0.92)
<b>Purchase of Assets / Accessories</b>			
CAI Industries (P) Ltd			0.06(0.03)
Rajshree Autos (P) Ltd			-(14.32)
<b>Sale of asset</b>			
Srivalli Varadaraj Matriculation School			0.30(-)
<b>Remuneration paid *</b>			
Ms.Rajshree Pathy	-(525.39)		
Mr.Aditya Krishna Pathy (upto 25.6.2018)	43.44(131.96)		
Mr.R.Varadarajan	75.86(80.70)		
Mr.V.B.Gopal Krishnan	42.17(43.39)		
Mr.M.Ponraj	8.29(9.02)		
Ms.Aishwarya Pathy		30.11(28.12)	
<b>Sitting fee paid</b>			
Mr.Aditya Krishna Pathy	0.50(1.50)		
Mr.R.Varadarajan	2.00(2.00)		
Ms.Rajshree Pathy	2.00 (2.00)		
<b>Receiving of Services</b>			
CAI Industries (P) Ltd			-(0.06)
Aloha Tours & Travels (India) (P) Ltd			0.72 (0.78)
Rajshree Automotive (P) Ltd			-(0.05)
Major Corporate Services (India) LLP			282.94(357.35)
<b>Services Rendered</b>			
The Lakshmi Mills Company Ltd			1.04(-)
<b>Lease rent received</b>			
Rajshree Biosolutions LLP			46.73(42.22)
Major Corporate Services India LLP			0.68(0.68)
Rajshree Spinning Mills Ltd.,			0.21(0.18)
Lavik Foodworks LLP			0.72(0.56)
Lavik Estates Ltd			1.94(2.12)
COCCA Art & Design Institute (P) Ltd.,			0.21(0.18)

\* Calculated as per the provision of Section 17(1) of the Income Tax Act, 1961

**NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)**

## Transactions with Related Parties (Contd...)

Particulars	Key Management Personnel	Relatives of Key Management personnel	Other Related Parties
Argead Enterprises (P) Ltd.,			0.21(0.18)
Lavik Holdings (P) Ltd.,			0.82(0.18)
Petal Home LLP			0.21(0.06)
Raj Fabrics & Accessories Cbe Ltd			0.21(0.06)
<b>Lease rent paid</b>			
Lavik Estates Ltd.,			136.91(129.57)
Rajnisha Textiles & Exports (P) ltd			-(4.41)
<b>Bio-fertiliser received for supply to farmers of the company (less returns)</b>			
Rajshree Biosolutions LLP			69.31(91.14)
<b>Purchase of uniform cloth materials</b>			
The Lakshmi Mills Company Ltd			-(7.14)
<b>Outstanding as at 31st March 2019</b>			
Payable	- (-)	9.07(3.48)	181.78 (111.79)
Receivable	465.00 (465.00)	- (-)	151.06 (28.05)

**Notes :**
**Names of Related parties and description of relationship**

- a) Holding Companies: None
- b) Subsidiaries: None
- c) Fellow Subsidiaries: None
- d) Associates: None
- e) Key Management Personnel
  - 1) Ms.Rajshree Pathy, Chairperson (Managing Director till 29.6.2017)
  - 2) Mr.R.Varadarajan, Wholetime Director
  - 3) Mr.V.B.Gopal Krishnan, Chief Financial Officer
  - 4) Mr.M.Ponraj, Company Secretary
- f) Relatives of Key Management Personnel :
  - 1) Ms.Aishwarya Pathy (Daughter of Chairperson)
  - 2) Mr.Aditya Krishna Pathy, (Son of Chairperson; and also Managing Director of the Company till 25.6.2018)

## NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)

- g) Enterprises over which key management personnel or their relatives are able to exercise significant influence:
- 1) RSCL Properties (P) Ltd
  - 2) Lavik Holdings (P) Ltd
  - 3) Argead Enterprises (P) Ltd
  - 4) CAI Industries (P) Ltd
  - 5) COCCA Art & Design Institute (P) Ltd
  - 6) Rajshree Automotive (P) Ltd
  - 7) Aloha Tours & Travels (India) (P) Ltd
  - 8) Rajshree Spinning Mills Ltd
  - 9) Raj Fabrics and Accessories Cbe Ltd
  - 10) Rajshree Autos (P) Ltd
  - 11) The Lakshmi Mills Company Ltd
  - 12) Lavik Estates Ltd
  - 13) Sri Krishna Potable Products (P) Ltd
  - 14) Rajnisha Textiles & Exports (P) Ltd
  - 15) Rajshree Biosolutions LLP
  - 16) Greenplus Manures LLP
  - 17) Major Corporate Services (India) LLP
  - 18) Lavik Foodworks LLP
  - 19) Petal Home LLP
  - 20) Srivalli Varadaraj Matriculation School.

**NOTES TO THE FINANCIAL STATEMENTS (₹ in Lakhs)**

16) Information about segment: Primary segment – Business segments.

Particulars	31.3.2019				31.3.2018			
	Sugar	Cogen	Distillery	Total	Sugar	Cogen	Distillery	Total
<b>REVENUE</b>								
External Sales	26,926.85	2,806.38	10,212.13	39,945.36	41,820.77	4,170.15	10,179.79	56,170.71
Inter-segment Sales	1,453.31	1,876.68	-	3,329.99	1,128.00	1,462.51	-	2,590.51
Total Revenue	28,380.16	4,683.06	10,212.13	43,275.35	42,948.77	5,632.66	10,179.79	58,761.22
<b>RESULT</b>								
Segment result	(5,980.53)	2,158.64	4,472.18	650.29	(2,477.62)	1,570.20	4,153.10	3,245.68
Unallocated corporate expenses				1,382.81				2,144.79
Operating Profit				(732.52)				1,100.89
Interest Expenses				5,796.23				6,008.78
Income Taxes / Deferred tax				(2,345.63)				(1,481.37)
Profit from ordinary activities				(4,183.12)				(3,426.52)
Extraordinary loss / profit - Net				-				2,201.20
Net Profit				(4,183.12)				(1,225.32)
<b>OTHER INFORMATION</b>								
Segment assets	44,196.48	17,695.79	11,875.21	73,767.48	46,644.55	15,930.47	12,885.17	75,460.19
Unallocated corporate assets				541.00				541.00
Total Assets				74,308.48				76,001.19
Segment liabilities	53,828.55	3,302.09	8,197.32	65,327.96	52,112.58	3,277.77	7,447.20	62,837.55
Total Liabilities				65,327.96				62,837.55
Depreciation	1,138.26	782.40	548.87	2,469.53	1,196.59	786.12	547.86	2,530.57

The Company operates wholly within the geographical limits of India. Revenue from sales to customers outside India is/was nil in the current and previous year. Hence, disclosures on geographical segments are not applicable.

17) Previous year figures have been regrouped wherever necessary to conform to current year's classification.

As per our report of even date  
**For S. Krishnamoorthy & Co.**  
Chartered Accountants  
Registration No.001496S

**K Raghu**  
Membership No:011178  
Auditor, Partner

Place : Coimbatore  
Date : 20<sup>th</sup> May 2019

**R C H Reddy**  
Director  
DIN 00006184

**V B Gopal Krishnan**  
Chief Financial Officer

**R Varadarajan**  
Wholtime Director  
DIN 00001738

**M Ponraj**  
Company Secretary



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