

**BOARD OF DIRECTORS**

Mr. M.P.Purushothaman Chairman & Managing Director  
Mr. Sheeju Purushothaman Joint Managing Director  
Mr. K.Jayachandran Joint Managing Director  
Ms. Nisha Purushothaman  
Mr. M.K.Mohan  
Lt. Gen. R.S.Nagra (Retd.) (upto 31.12.2008)  
Mr. M.P.Mehrotra  
Mr. T.S.Raghavan  
Mr. Shankar Menon (Additional Director w.e.f. 29.6.2009)

**VICE PRESIDENT -  
FINANCE & ACCOUNTS**

G.V.Ramana

**COMPANY SECRETARY**

S.S.K.Swarup

**AUDITORS**

Mr. R.Rajagopalan,  
Chartered Accountant  
15, Station Road, West Mambalam,  
Chennai- 600 033.

**BANKERS**

Indian Bank  
Union Bank of India  
Bank of Maharashtra  
The Federal Bank Ltd  
Indian Overseas Bank  
Bank of India  
Punjab National Bank  
Oriental Bank of Commerce  
Andhra Bank

**REGISTERED OFFICE**

Ayyapareddipalem  
Naidupet – 524 126  
Nellore District, Andhra Pradesh

**FACTORY**

1. Naidupet, Nellore District, A.P  
2. Integrated sugar Complex (under construction)  
at Ambasamudram, Tirunelveli Dist- T.N

**ADMINISTRATIVE OFFICE**

‘Empee Tower’, 59, Harris Road,  
Pudupet, Chennai – 600 002

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**NOTICE TO SHARE HOLDERS**

NOTICE is hereby given that the Nineteenth Annual General Meeting of Empee Sugars and Chemicals Limited will be held on Wednesday, the 30th September, 2009 at 11.30 am at the Registered Office of the Company at Ayyapareddipalem Village, Naidupet Mandal, Nellore District, Pin code-524 126, Andhra Pradesh to transact the following business:

**ORDINARY BUSINESS:**

1. To consider, approve and adopt the Profit & Loss Account for the year ended 31st March, 2009, the Balance Sheet as on that date, the report of the Board of Directors and the report of the Auditors.
2. To appoint a Director in place of Mr.M.P.Mehrotra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Ms.Nisha Purushothaman, who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint Auditors of the Company till the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS:**

5. To consider and if thought fit to pass with or without modification the following

Resolution as an Ordinary resolution:

“RESOLVED THAT Mr.Shankar Menon, who was appointed as an Additional Director pursuant to the Provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

By Order of the Board

For **Empee Sugars and Chemicals Limited**

Sd/-

**S.S.K.SWARUP**  
Company Secretary

Place : Chennai  
Date : 31/07/2009

**Notes:**

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll on his behalf and the proxy need not be a member. The proxy form duly completed and stamped must reach the registered office of the company not less than 48 hours before commencement of the Meeting.
2. The Registrar of members and share transfer books of the company will be closed from 23/09/2009 to 30/09/2009 (Both days inclusive).
3. Members/proxies should bring the attendance slip duly filed along with copy of Annual report for attending the meeting.
4. Members are requested to intimate changes if any, in their address to the Registrars and share transfer Agents of the Company at the following address:  
  
M/s. Cameo Corporate Services Limited,  
“Subramanian Building”, V Floor, 1, Club House Road, Chennai-600 002.
5. The Company's equity shares are listed on the Bombay Stock Exchange, and the Madras Stock Exchange Ltd.
6. An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the Meeting is annexed hereto.
7. The information/details pertaining to Mr. M.P.Mehrotra, Ms.Nisha Purushothaman and Mr.Shankar Menon are provided in terms of clause 49 of the Listing Agreement with the Stock Exchanges as annexure.

**ANNEXURE TO THE NOTICE:**

**Explanatory statement under Section 173(2) of the Companies Act, 1956**

**Item No 5:**

Mr. Shankar Menon was appointed as an Independent Director on the Board of the Company as an additional Director pursuant to Section 260 of the Companies Act, 1956 who will retire at this Annual General meeting who is eligible for re-appointment. In terms of the said Section, Mr. Shankar Menon holds office up to the date of this Annual General Meeting. The Company has received a notice in writing from a member along with a deposit of Rs.500/- proposing the candidature of Mr. Shankar Menon for the Office of Director of the Company, under the provisions of Section 257 of the Companies Act, 1956.

Mr. Shankar Menon holds a Degree BSC from Madras University, MBA from Indiana University USA, Masters degree in Hotel & Restaurant Administration from Cornell University and Hilton School of Hotel Management at University of Houston. He had over 35 years of experience in national and international Hotels. The Board of Directors recommends his appointment as an independent Director to make use of his valuable services to the Company.

Accordingly, Ordinary Resolution set out under Item 5 of the Notice is submitted to the Meeting.

None of the Directors except Mr. Shankar Menon is deemed to be concerned or interested in the resolution.

**I. GENERAL INFORMATION:**

1. Nature of Industry:  
The Company is engaged in the business of manufacture of Sugars and Industrial Alcohol.
2. Date or expected date of commencement of Commercial production:  
Not applicable as the Company is an existing Company.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not applicable as the Company is an existing Company.

4. Financial Performance based on given indicators.

(Rs. in Lakhs)

Particulars	Year ended 30-6-2007	Year ended 30-06-2008	Year ended 31-03-2009
Sales	5752.14	5962.22	4643.58
PBID	612.31	888.41	921.49
Net Profit	87.57	129.66	95.48

5. Export performance: Nil.
6. Foreign investments or collaborations, if any: Nil

**II. Additional information on directors recommended for appointment or seeking re-election at the annual general meeting:**

The brief resumes of the Directors seeking re-appointment and election are given below:

**Mr. M.P.Mehrotra: (69)**

Mr. M.P.Mehrotra is a senior practicing Chartered Accountant aged about 69 years joined our company as an Independent Director. He is on the Board of various companies and it is in the interest of the Company to continue to avail the services of Mr.M.P.Mehrotra.

He holds the following Directorship and Membership in Committees of other Companies as follows:

Directorship in other Companies	Membership in Committees
1. Cogent Corporate Infrastructure (P) Ltd	Nil
2. VLS Finance Ltd	Audit Committee
3. VLS Capital Ltd	Nil
4. South Asian Enterprises Ltd	Nil
5. Gaurav Overseas Export (P) Ltd	Nil
6. Pragati Moulders Ltd	Nil
7. India Securities Ltd	Audit Committee
8. Delton Cables Ltd	Nil
9. Empee Distilleries Limited	Audit Committee
10. Dhampur Sugar Mills Ltd	Audit Committee
11. Moonrock Hospitality (P) Ltd	Nil

He is not holding any shares in the Company.

**Ms. Nisha Purushothaman : (36)**

Ms. Nisha Purushothaman holds a degree in Masters in Business Administration from London Business School. She has around 15 years of experience in Liquor and Sugar Industry in the field of administration and human resource management

She holds the following Directorship and Membership in Committees of other Companies as follows:

<b>Directorship in other Companies</b>	<b>Membership in Committees</b>
1. Empee Distilleries Limited	Audit Committee
2. Empee International Hotels & Resorts Ltd	Nil
3. Empee Holdings Limited	Nil
4. Empee Power Company (India) Ltd	Nil
5. Empee Hotels Limited	Nil
6. Aruna Constructions (India) Ltd	Nil
7. Empee Agro Farm Products Pvt Ltd	Nil
8. Universal Spirits Limited	Nil
9. Appollo Distilleries Pvt Ltd.	Nil

She is holding 28300 shares in the Company.

**Mr. Shankar Menon : (69)**

Mr. Shankar Menon holds a Degree BSC from Madras University, MBA from Indiana University USA, Masters degree in Hotel & Restaurant Administration from Cornell University and Hilton School of Hotel Management at University of Houston. He had over 35 years of experience in national and international Hotels. The Board of Directors recommends his appointment as an independent Director to make use of his valuable services to the Company.

He holds the following Directorship and Membership in Committees of other Companies as follows:

<b>Directorship in other Companies</b>	<b>Membership in Committees</b>
Empee International Hotels and Resorts Ltd	Nil
ETL Hospitality Services Ltd	Nil
Aitken Spence Hotel Managements (South India) Pvt Ltd	Nil
Federation of Hotel & Restaurant Association of India (FHRAI)	Nil
South India Hotel and Restaurant Association (SIHRA)	Nil

He is not holding any shares in the Company.

**III. OTHER INFORMATION:**

S.NO.	DESCRIPTION	PARTICULARS
1.	Reason of loss or inadequate profits.	Substantial fall in the availability of Sugar Cane.
2.	Steps taken or proposed to be taken for improvement.	New and existing cane growers are encouraged to plant sugar cane. Loans are being arranged to the farmers through tie up with the Nationalised Banks. Further the price of sugar is not in the control of the Company, steps are being taken to achieve maximum profitability by increasing the production improving the recovery of the sugar and optimization of IAP Production and bring out new products in IAP division i.e. Ethanol and bottling of Carbon dioxide.
3.	Expected increase in productivity and profits in measurable terms	Not ascertainable at this stage.

BY ORDER OF THE BOARD  
For **EMPEE SUGARS AND CHEMICALS LIMITED**

Sd/-

**S.S.K.SWARUP**  
Company Secretary

Place : Chennai  
Date : 31/07/2009

**DIRECTORS' REPORT**

To the Members,  
 Yours Directors take pleasure in presenting their report together with the audited accounts for the period ended 31st March, 2009.

**FINANCIAL RESULTS**

(Rs.in Lakhs)

Particulars	2008 - 2009 (9 months period ended 31.3.2009)	2007 - 2008 (12 months period ended 30.6.2008 )
Operating Profit before Interest and Depreciation	858.55	845.30
Other income	62.93	43.12
Less: Interest	393.87	573.78
Less: Depreciation	329.70	270.82
Profit before Tax	197.91	43.82
Provision for Taxation (MAT) including FBT	21.25	6.01
Deferred Tax Liability/(Asset)	81.18	(91.85)
Profit/(Loss) after Tax	95.48	129.66
Brought Forward Loss	575.81	610.08
Carry Forward Loss	656.39*	575.81

\* includes Rs.176.06 lakhs of income tax and fringe benefit tax paid for earlier years.

Performance of the Year under Review:

Quantitative Particulars	2008 - 2009 (9 months period ended 31.3.2009)	2007 - 2008 (12 months period ended 30.6.2008 )
Cane Crushed (MTS)	188451	361066
Recovery of Sugar From Cane (%)	8.90	9.20
Production of Sugar (Qtls)	167810	332200
Total Production of Sugar (Qtls)	167810	332200
Production of Sprits (Ltrs)	5175156	8653961
Sale of Sugar (Qtls)	193430	307280
Total Sale of Sugar (Qtls)	193430	307280
Sale of Spirits (Ltrs)	4064084	7301754

The operating profit before interest and Depreciation for the year is Rs.858.55 lakhs which is 18.49% of sales as against Rs.845.30 lakhs which is 14.18% of Sales in the previous year. This increase of 4.31% in operating profit is mainly due to increase in the free sale price of sugar.

The period ending 31st March, 2009 ( 9 Months) have witnessed severe shortage of sugar cane availability, accordingly the crushing of cane has come down drastically and the season came to an end in February, 2009 as against May every year. The shortage of sugar cane is mainly due to the conscious switchover by the farmer community to other competing crops that now fetch him a much higher realization. Further there is also shortage of efficient harvesting labour for cutting the sugar cane. Price parity being the bedrock of market economics, sugarcane price must match with and measure up to other competing crops to reignite farmers' interest in cane.

**Dividend:**

In view of the past accumulated losses and to source the expansion plans to achieve growth oriented stability in future financial performance the Directors are unable to recommend any Dividend for the year under review.

**Subsidiary:**

20 MW Multi fuel based cogen power plant at the factory site at Naidupet is ready to commence its operations and is awaiting final clearances from Government of Andhra Pradesh and trial runs are taken and the plant will be ready to commission and synchronizing with the grid on 31st July, 2009.

**Future Outlook:**

The progress of the Company's prestigious greenfield integrated sugar complex at Idaikkal Village, Ambasamudram Taluk, Tirunelveli District, Tamilnadu consisting of 5000 TCD Sugar plant expandable to 8000 TCD, 50MW co-generation plant and 100 KL/day Distillery plant is under progress.

The expected date of commissioning of cogen power plant, sugar plant and distillery are 15th December, 2009, 15th January, 2010 and 15th April, 2010 respectively. Required statutory clearances for establishment of the project are obtained and orders for the machinery/equipment were placed and the plant & machinery and other necessary equipment are started reaching the project site and erection works under progress in full swing. With regard to financial tie-up, seven nationalized banks have tied up for financial closure.

With the present trend of increase in sugar prices, the steps taken by the company to increase the area of sugar cane cultivation in the allotted lands, continuous efforts to increase efficiency and productivity in existing operations, contribution expected from cogen power plant and expansion plans envisaged by the company into integrated sugar complex, barring unforeseen circumstances your Directors are expecting that the company will generate good revenues and post better performance in the years to come.

**Directors:**

Mr. M.P.Mehrotra, Director and Ms.Nisha Purushothaman, are retiring by rotation at the ensuing annual general meeting and being eligible offers themselves for re-appointment.

Lt. Gen. R.S.Nagra (Retd), Director has resigned from the Board and his resignation was effective from 1/1/2009, the Board places on record its appreciation of his contribution as Director during his tenure.

Mr. Shankar Menon has been appointed as additional director of the company during the year will be retiring at the conclusion of the annual general meeting. Company has received notice under section 257 of the Companies Act, 1956 from members proposing his candidature for the office of the Director. Accordingly resolution is proposed in the notice for the annual general meeting for his appointment.

**Auditors:**

Mr. R.Rajagopalan, the Auditor of the Company will retire at the conclusion of the ensuing annual general meeting and being eligible offer himself for reappointment. The company has received a certificate from the Auditor to the effect that his re-appointment, if made would be in accordance with Section 224 (1B) of the Companies Act, 1956. The Board recommends his re-appointment.

**Fixed Deposits:**

Your Company has not accepted any fixed deposits from the public during the year.

**Employees:**

The Particulars of employees drawing remuneration within the provision of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 is annexed to this Report. (Annexure.1)

**Directors' Responsibility Statement:**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- a) In the preparation of the profit and loss account for the period ended 31.3.2009 and the balance sheet as at that date ("Financial Statements") applicable accounting standards have been followed;
- b) Appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at the end of the period and of the profit of the company for that period.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, to ensure this, the company has established internal control systems, consistent with its

size and nature of operations. In weighing the assurance provided by any such system of internal controls its inherent limitations should be recognized. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The audit committee meets at regular intervals to review the internal audit function.

- d) The financial statements have been prepared on a going concern basis.
- e) The financial statements have been audited by Mr.R.Rajagopalan, statutory auditor and his report is appended thereto.

**Conservation of Energy, Technology Absorption and Foreign Exchange outgo:**

Information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 is annexed to this Report. (Annexure 2)

**Corporate Governance:**

The Management discussion and analysis and the compliance of recommendations on

corporate governance are annexed to this report. (Annexure.3)

**Cost Auditors:**

Messrs. Vivekanandan Unni & Associates, have been appointed as cost auditors for the sugar unit of the company for the financial year 2008-09.

**Financial Year:**

The company has closed the books of account for 9 months ending 31/03/2009 to change the financial year of the company from 1st April to 31st March of every year.

**Acknowledgement:**

Your Directors thank for the continuous assistance and support extended by the Banks, cane growers, customers and government authorities and also to the shareholders for their forbearance and their faith in the management. Further, your Directors also place on record their deep sense of appreciation for the contributions made by employees at various levels to the growth and success of the Company.

For and on behalf of the Board of Directors

Sd/-

Chennai  
31/07/2009

**M.P.Purushothaman**  
Chairman & Managing Director

**ANNEXURE 1 TO DIRECTORS' REPORT**

**Statement under Sub Section 2 (A) of Section 217 of the Companies Act, 1956**

S. No.	Name of the Employee	Designation	Remuneration payable for the Year 2008-09	Qualification & Experience	Date of Commencement of Employment	Age	Last Employment
1	Mr. M.P.Purushothaman	Chairman & Managing Director	35.28 Lakhs	Higher Secondary. 48 Years in Sugars, Hotel, Transport and Power	01/03/1990	73 Years	-
2	Mr. K.Jayachandran	Joint Managing Director	27.50 Lakhs	B.Sc., ANSC-Sugar Technology	28/04/2007	64 Years	Chief Executive, Empee Sugars & Chemicals Limited
3	Mr. Sheeju Purushothaman	Joint Managing Director	25.20 Lakhs	B.A	01/04/2008	32 Years	-



**ANNEXURE 2 TO THE DIRECTORS REPORT**

Information pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors report for the period ended 31st March, 2009.

**A. CONSERVATION OF ENERGY**

The Company has installed necessary energy conserving machinery as per the standard specification list prescribed by the Government of India for the factory of its size.

**FORM A**

2008-2009    2007-2008

**(A) POWER AND FUEL CONSUMPTION**

1. Electricity		
a) Purchased units(Kwh)	414942	679329
Total Amount (Rs.)	1480211	2649383
Rate / Unit (Rs.)	3.57	3.90
b) Own generation		
(i) Through Diesel Generator		
Units (Kwh)	79240	26284
Units/(liter) of Diesel Oil	2.65	2.50
Cost / Unit (Rs.)	12.50	14.80
(ii) Through steam turbine (generated out of our own bagasse Consumption)		
units (Kwh)	3701492	6502546
2. Coal 136935	1358.80	
Cost / Ton (Rs.)	4501.30	4120.34
3. Furnace Oil	Nil	Nil
4. Others/Internal generation		
a) Fire wood (MTs)	343.40	286.68
Rate per Mt(Rs.)	1499.57	1300.92
b) Husk (MTs)	3545.24	8014.79
Rate per Mt (Rs.)	1806.62	1426.50

**(B) CONSUMPTION PER QUINTAL OF SUGAR**

Sugar Produced (Qtl)	167810	332200
Electricity (Kwh/Qtl)	2.47	2.04
Coal (M.T/Qtl)	Nil	Nil
Furnace Oil (K.L/Qtl)	Nil	Nil
Fire wood (M.T/Qtl)	0.002	0.001

**(C) TECHNOLOGY ABSORPTION AND RESEARCH AND DEVELOPMENT**

Your Company has been carrying out research and development in the following specific areas:

- i) Selection of sugar cane seed materials and multiplication in three tier seed nursery programme.
- ii) Heat therapy to eradicate seed born diseases.
- iii) Pest control measures to protect cane from diseases & soil testing Laboratory.
- iv) Ratoon crop management helping increase yield and recovery.
- v) Biological control laboratory for sugarcane pest management.

With the above efforts a higher yield of disease free cane will be available to the company, resulting in a higher return to the company and the cane growers.

The expenditure incurred in research and development cannot be segregated because of its nature of expenses. Such expenses are clubbed under the head of expenses "Cane development expenses".

**(D) FOREIGN EXCHANGE EARNINGS Nil**

**FOREIGN EXCHANGE OUT Rs.239.15 lakhs**  
(to import Cane Harvesting machine from Japan and to import Transformer from China.)

For and on behalf of the Board  
Sd/-

Place : Chennai.                      **M.P. PURUSHOTHAMAN**  
Date : 31/07/2009    Chairman & Managing Director

**ANNEXURE 3 TO THE DIRECTORS REPORT**

**Report on Corporate Governance in terms of Clause 49 of the Listing Agreement**

**1. Company's philosophy on corporate governance**

The company firmly believes that good corporate governance is the foundation of corporate excellence. A sound governance process consists of a combination of business practices which result in enhancement of shareholder value and enable the company to fulfill its obligations to customers, employees, financiers and to the society in general. The company aims to increase and sustain its corporate value through growth and innovation. Your Company has been observing the key principles of the code and is committed to take adequate measures towards achieving full compliance of the Corporate Governance code. The areas where the Company is observing the recommendation of SEBI code are given below:

**2. Board of Directors**

Board of Directors of the company consists of three executive Director and five non-executive directors. Four non-executive directors are independent and they have no pecuniary relationship with the Company in their capacity as Director. During the year 2008-09 (9 months), the Board met three times and the maximum gap between two meetings was three months. The above composition of the Board meets the recommendation of SEBI code of corporate governance.

Details of Board Meetings attended by Directors during 01/07/2008 to 31/03/2009:

Sl. No	Name	Designation	No of meetings attended	No. of other Directorship held
1.	Mr. M. P. Purushothaman	Promoter- Chairman & Managing Director	3	14
2.	Ms.Nisha Purushothaman	Promoter – Non Executive Director	3	8
3.	Mr.SheejuPurushothaman	Promoter- Executive Director	3	10
4.	Mr. M. K. Mohan	Non Executive Independent Director	3	4
5.	Lt.Gen. R.S.Nagra (Retd.)	Non Executive Independent Director	2	-
6.	Mr. M. P. Mehrotra	Non Executive Independent Director	3	11
7.	Mr.K.Jayachandran	Executive Director	3	1
8.	T.S.Raghavan	Non Executive Independent Director	3	1

During the year 3 Board Meetings were held on 24-09-2008, 23-10-2008 and 31-01-2009.

**3. Audit Committee**

The Audit Committee of the Company comprises of Mr. M.P.Mehrotra, Chairman of the committee. Mr. M.P.Purushothaman, Lt. Gen. R.S.Nagra (Retd.) (up to 31/12/2008), Mr.M.P.Mehrotra is a senior practicing Chartered Accountant and Mr.T.S.Raghavan holder of Degree in Master of Arts from Madras University and is a certificate holder from Certified Associate from Indian Institute of Bankers (CAIIB). He started his professional career as an Officer in Indian Overseas Bank in the year 1964 and was an Executive Director of Vijaya Bank from January, 1996 to April, 1997; Chairman and Managing Director of Bank of Maharashtra during May 1997 to November 1998 and Chairman and Managing Director of Indian Bank from December, 1998 to 2000. Two out of three members comprising the committee i.e. Mr.M.P.Mehrotra and Mr.T.S.Raghavan are independent directors. All these directors possess knowledge of corporate finance, accounts and company law. The role and terms of reference of the audit committee cover the matters specified under Clause 49 of the listing agreement and Section 292A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors. The company secretary acts as

the secretary to the Committee. The chief executive officer, the statutory and Internal Auditors of the company attend the meetings by invitation. During the year three audit committee meetings were held on 24-09-2008, 23-10-2008 and 31-01-2009.

Meeting and the attendance during the year

Sl. No.	Name of member	No. of meetings held	No. of meetings Present
1.	Mr. M.P.Mehrotra	3	3
2.	Mr.M.P.Purushothaman	3	3
3.	Lt.Gen.R.S.Nagra (Retd.)	1	1
4.	Mr.T.S.Raghavan	3	3

#### 4. Remuneration Committee

The Remuneration committee, comprising of Lt.Gen. R.S.Nagra (Retd.), Mr.M.P.Mehrotra, Mr.M.K.Mohan, and Mr.Raghavan has been constituted under the chairmanship of Mr.T.S.Raghavan, to determine the quantum and components of the remuneration to be paid to the whole time directors. No meeting of remuneration committee was held during the year under review since no revision of remuneration was proposed.

Details of the remuneration of executive directors and non-executive directors for the year ended 31st March, 2009 are as follows:

#### Executive Directors / Whole Time Directors

Name	Designation	Remuneration for the period ended 31.3.2009
Mr. M. P. Purushothaman	Chairman & Managing Director	Rs.35.28 Lakhs
Mr. K. Jayachandran	Joint Managing Director	Rs.27.50 Lakhs
Mr. Sheeju Purushothaman	Joint Managing Director	Rs.25.20 Lakhs

#### Non-Executive Directors

Name of the Director	Sitting Fee Rs.
1. Ms.Nisha Purushothaman	30000
2. Mr. T.S.Raghavan	40000
3. Mr.M.K.Mohan	30000
4. Lt.Gen.R.S.Nagra (Retd.)	15000
5. Mr.M.P.Mehrotra	45000

#### 5. Share Transfer cum Shareholders' / Investors' Grievance Committee

The share transfer cum shareholders'/Investors' Grievance Committee consist of the following:

i)	Mr. M. K.Mohan	Chairman
ii)	Ms.Nisha Purushothaman	Member
iii)	Lt.Gen.R.S.Nagra (Retd.) (up to 31/12/2008)	Member
iv)	Mr.T.S.Raghavan (from 31/1/2009)	Member

The Committee, inter alia, approves share transfers, transmissions and also requests for issue of duplicate certificates, split/consolidation of shares etc and oversees all matters connected with securities transfers and other processes and meetings are held frequently. The Committee also looks into redressal of shareholders' complaints related to share transfers, non receipt of balance sheets, non-receipt of dividend etc. The committee oversees the performance of the registrars and transfer agents and recommends overall improvement of the quality of investor services. During the year 2008-09, six complaints were received and were redressed to the satisfaction of the complaining investors. No investor complaint was pending as on 31.3.2009.

The Board has appointed Mr. S.S.K.Swarup, Company Secretary as the Compliance Officer, pursuant to Clause 47(a) of the Listing Agreement with Stock Exchanges.

## 6. General Body Meetings

The last three annual general meetings were held as under:

Year	Location	Date	Time
2007-08	Ayyapareddipalem Village Naidupet Mandal, Nellore District, A.P	06-12-2008	12.30 p.m.
2006-07	-do-	05.10.2007	12.30 p.m
2005-06	-do-	15.12.2006	11.30 a.m.

Details of directors who have attended the last three general meetings held by the Company:

Sl. No.	Name	Designation	Held on 6-12-2008	Held on 5.10.2007	Held on 15.12.2006
1	Mr.M.P.Purushothaman	Chairman & Managing Director	Attended	Attended	Attended
2	Mr.K.Jayachandran	Joint Managing Director	Attended	Attended	-
3	Mr.M.P.Mehrotra	Director	-	Attended	-
4	Mr.Sheerju Purushothaman	Joint Managing Director	Attended	Attended	-
5	M.Ravindran	Director	-	-	Attended
6	Ms.Nisha Purushothaman	Director	-	-	-
7	Mr.M.K.Mohan	Director	-	-	-

## 7. Postal Ballot

During the year, no resolutions were passed by the Company through postal ballot.

## 8. Code of Conduct

In consonance with the requirements of the amended Clause 49 of the listing agreement, Board of Directors has laid down a code of conduct for the Board members and senior management of the Company. The said code of conduct has also been posted on the Website of the company, [www.empeegroup.co.in](http://www.empeegroup.co.in). The directors and senior management are committed to strict adherence of the code and to conduct the business in an ethical and transparent manner.

## 9. Risk Management

The company has laid down procedures to inform board members about the risk assessment and minimization procedures. The Board periodically

discusses the significant business risks identified by the management and the mitigation process being taken up.

## 10. Prevention of Insider Trading

The company has framed a code of conduct for prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 1992. This code is applicable to all directors/officers/designated employees. The code ensures the prevention of dealing in company's shares by persons having access to unpublished price sensitive information.

## 11. Disclosures

The company does not have any related party transactions, which may have potential conflict with the interests of the company at large. During the last three years, there have been no penalties or strictures imposed on the Company by Stock Exchange, SEBI or any statutory authority on any matter related to capital markets.

## 12. Subsidiary Company

The minutes of the board meetings of the unlisted subsidiary company is placed before the Board of Directors of the Company for their review.

## 13. Compliance with corporate Governance Norms

The Company has complied with the mandatory requirements of the code of corporate governance as stipulated in clause 49 of the listing agreement with the stock exchanges. The certificate from statutory auditors is annexed to the Directors' Report.

## 14. Means of Communication

The quarterly financial results are normally published in the Business Standard in English and Andhra Jyothi in Telugu. The Company has posted the quarterly/annual results in the Company's Website [www.empeegroup.co.in](http://www.empeegroup.co.in). The quarterly results are sent to Stock Exchanges on which the shares of the Company are listed in the prescribed format

and time. The dedicated e-mail ID of investor. empeesugars@empeegroup.co.in was created by the company for immediate redressal of investor complaints/grievances.

### **15. Management Discussion and Analysis Report Industry Scenario:**

Sugar industry during 2007-08 underwent an unprecedented crisis with burgeoning production, bloated inventory and battered sugar price. While aggressive exports buoyed up by incentives from Government helped to partly remove the supply overhang, an early revival of fortunes still looked elusive. After such deep-rooted traumatic downturn, the dramatic turnaround of fortunes in 2008-09 that is swift in time and steep in price correction has come as good relief to the industry.

Sugar production in 2008-09 season is now set to slip to sub 150 lakh tonnes, a steep fall by 40% from the previous season, while sugar consumption continues to grow, albeit at a slower pace, that is placed around 225-230 lakh tonnes. Such a strident shortfall in sugar production has posed a serious threat to virtually eliminate the inventory on hand, prompting the Government to look at liberalizing and incentivizing sugar imports. Sugar production is of course bound to rebound during 2009-10 but would still be below our domestic requirement. As such, imports in the region of 50 lakh tonnes would seem inevitable during these two years to tide over the transitory deficit.

The decline in sugar production, unlike in earlier occasions, has not been caused by drought or adverse agro climatic conditions. It is dominantly due to the conscious switchover by the farmer to other competing crops that now fetch him a much higher realization. Price parity being the bedrock of market economics, sugarcane price must match with and measure up to other competing crops to reignite farmers' interest in cane. This in turn warrants remunerative sugar price to support desired level of cane price and simultaneously ensure its payment in

time so as to achieve sustainable levels of domestic sugar production. It is high time for India being the largest consumer of sugar to evolve a holistic and long-term policy to temper the skewed change in year-to-year sugar production. Such a policy must aim at and facilitate not only to reach self-sufficiency but also command a regular and significant role in export market.

Sugar prices in response to the fundamental shift in demand-supply equilibrium responded favourably and firmly during 2008-09. This in turn has enabled sugar mills to offer a higher and lucrative sugarcane price with the singular objective to bolster cane availability in the coming years. The buoyancy in sugar price in the backdrop of diminutive domestic supply and demonstrably hardening global prices should persist for at least one more year.

### **Government Measures**

Concerned gravely with the relentless rise in domestic sugar price, the Central Government unleashed a slew of regulatory antidotes to cool off the market. The General Elections for Lok Sabha further exacerbated the concerns of the Government on a politically sensitive commodity like sugar, though its relevance and significance under the changed macro-economic environment is much muted.

The Government brought in measures such as weekly quota for free sale, weekly reporting mechanism to monitor sugar dispatches and sale, liberalized raw sugar import under Advance Authorization Scheme [with change in export obligation norm from 'grain-to-grain' to 'tonne-to-tonne' basis] and finally the facility to import raw sugar up to 9 lakhs tons without export obligation as well as import of white sugar upto 10 lakh tonnes by Government agencies, both at zero% customs duty. All these have resulted in the rollback of sugar price by over 10%. However its efficacy over longer term would be in suspect, given the size of domestic deficit and swirl in world sugar prices.

### **Opportunities and threats**

The decrease in the production of sugar consequent to the reduced cane availability in the country has resulted in increase of sugar prices due to demand and supply factors. Sugar manufacturing companies are taking advantage of making effective utilization of by-products to manufacture value added products like power and alcohol which offer means and ways to limit the impact of price volatility due to sugar cycle and sustain the economic viability for the sugar industry.

The industry is still controlled by the regulators through levy obligation and release mechanism. Owing to the Government regulations, the companies are unable to take timely effective steps to meet the challenges being faced by the industry.

### **Segment wise performance**

The segments for the purpose of reporting are Sugar and IAP. The sugar segment achieved a sales turnover of Rs.3484.40 lakhs while the IAP Rs.1342.96 lakhs..

The sugar division earned a profit before interest and taxes of Rs.164.21 lakhs as against Rs.757.28 lakhs earned by IAP division. The net profit ratio of sugar division has been slightly increased on account of increase in sugar prices whereas net profit ratio of IAP is much better when compared to sugar division during the year under review. The operational performance of the segments is given in schedule 19 - Notes on Accounts.

### **Outlook**

The sugar production for the season 2009-10 is now revised around 1.2 lac Quintals when compared to 1.6 lac Quintals of the previous year. The second half of the current financial year is expected to see a drop in sugar production on account of likely decrease in plantation. Therefore the overall physical parameters for the financial year 2009-10 are expected to be less than that of the previous year. The anticipated decrease in sugar production would

see sugar price firm up slowly during the current year and the industry expects to see an improvement in its bottom line during the year 2009-10. On account of the expected increase in demand and the present trend in sugar prices, the sugar prices are likely to further increase which will definitely lead to increase in the sugar margins.

### **Risks and concerns**

Sugarcane being the sole raw material for the sugar industry, its availability depends upon good monsoon; Competition from other crops may affect the supply of sugar cane for crushing. In the present scenario of raising sugar prices, the mandatory payment of SMP and SAP fixed by the governments for sugarcane will affect the profitability of the companies. Fixation of sugarcane prices commensurate with the sugar price realizations will stabilize the industry. Molasses being strictly controlled by the State governments, hence its usage according to market situations is severally restricted. The success of the ethanol blended petrol programme of the Central Government depends on its consistent policy and the support for the same from the State Governments.

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

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

### **Financial performance and operational performance**

The details of financial performance and operational performance are mentioned in the Directors' Report.

### **Cautionary statement**

Statements in this Report describing the Company's objectives, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

**16. General Shareholders Information**

**Holding Company**

M/s. Empee Distilleries Limited is the holding Company of your company and it holds 2,81,22,102 equity shares of the Company constituting 67% of the total paid up share capital of the Company. The information as per Section 212(4) have been duly furnished to the Board of Directors of the holding Company.

**Other Group Companies**

Disclosure as per Regulation 3(1) (e) of SEBI (Substantial Acquisition of shares and Takeovers) Regulations 1997:

The list of Companies falling within the Group Company as defined in the MRTP Act, 1969 is as follows:

1.Empee Distilleries Ltd ;2.Empee International Hotels & Resorts Ltd; 3.South (India) Hotels Pvt. Ltd; 4. Empee Hotels Limited; 5.Apollo Alchobev Limited; 6.Empee Holdings Limited; 7.Aruna Exports Pvt Ltd.; 8.Aruna Constructions (India) Ltd.; 9.Empee Marine Products Limited; 10.Empee Transport & Logistics Ltd; 11. Empee Agro Farm Products Pvt Ltd; 12. Universal Spirits Limited; 13.Empee Construction Company Pvt Ltd; 14. Empee Power and Infrastructure Pvt Ltd; 15. EDL Properties Private Limited; 16.Empee Power Company (India) Limited; 17. Apollo Wind Energy Pvt. Limited; 18. Apollo Beers Pvt .Limited; 19.Shainvest Holdings Limited; 20. Apollo Distilleries Pvt. Limited.

**Annual General Meeting**

As indicated in the notice to the shareholders, the Annual General Meeting will be held on Wednesday, the 30th September, 2009 at 11.30 a.m. at the Registered Office and Factory at Ayyapareddipalem Village, Naidupet Mandal, Nellore District, Andhra Pradesh.

**Book Closure**

The Register of Members and share transfer books of the Company will remain closed from 23rd September, 2009 to 30th September, 2009 (both days inclusive) for the purpose of Annual General Meeting.

**Depositories**

Company's equity shares are registered with both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (I) Limited (CDSL) under the ISIN: INE928B01012.

If the shareholder wishes to dematerialize the shares and sends the Dematerialization Request Form (DRF) through his Depository Participant (DP), within 15 days, the RTA will confirm demat to the DP and the share(s) will be credited to the Shareholder's account with the DP.

Listing on Stock Exchanges :

- a) Madras Stock Exchange Ltd.
- b) Bombay Stock Exchange Ltd.

Distribution of Shareholding as on March 31, 2009:

No. of equity shares held	No. of share holders	% of shareholders	No. of shares held	% of shareholding
upto 500	27074	90.83	4052451	9.65
501 – 1000	1497	5.02	1312541	3.13
1001 – 2000	643	2.15	1036001	2.47
2001 – 3000	187	0.63	497764	1.19
3001 – 4000	96	0.32	349898	0.83
4001 – 5000	108	0.36	513630	1.22
5001–10000	114	0.38	856943	2.05
10001 and above	92	0.31	33353672	79.46
Total	29811	100.00	41972900	100.00

Share Holding Pattern as on March 31, 2009

Category	Number of share holders	No. of Shares held	% of Share holding
Promoters	8	29607314	70.54
Other Bodies Corporate	206	1887708	4.50
NRI/OCB	31	13324	0.03
Public	29556	10464554	24.93
TOTAL	29811	41972900	100

Stock Market Data

Bombay Stock Exchange Ltd (BSE);

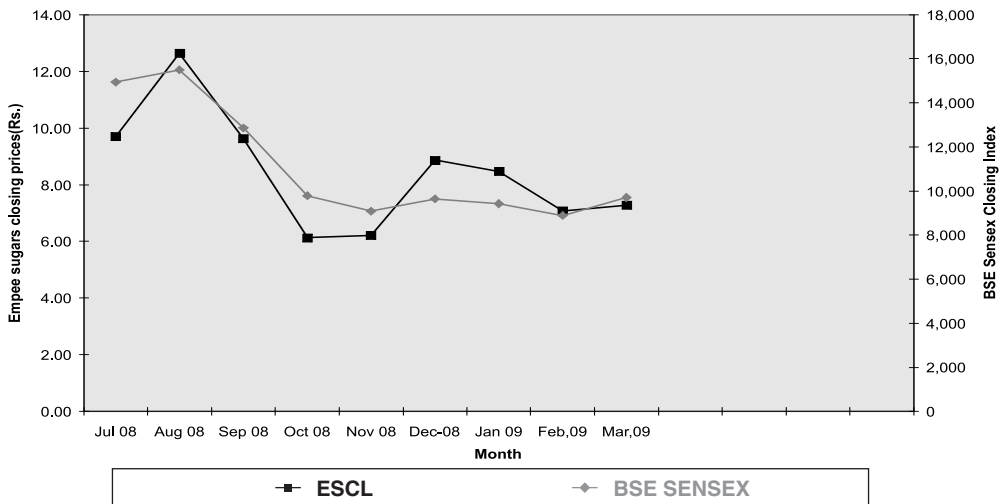
Scrip Code: 500132 (Face value of Rs.10/-each)

Month	High Price (Rs.)	Low Price (Rs.)	Month's Volume (No. of shares)
July 2008	10.04	7.15	1010664
Aug 2008	13.50	9.36	1315656
Sep 2008	13.50	8.86	242013
Oct 2008	10.52	5.68	334000
Nov 2008	7.20	5.83	31962
Dec 2008	8.87	5.70	314575
Jan 2009	9.77	7.56	115802
Feb 2009	8.80	7.05	37046
Mar 2009	7.50	5.78	67719

No shares have been traded in Madras Stock Exchange Ltd during the year.

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

EMPEE SUGARS Vs BSE Sensex





### Registrar and Share Transfer Agents

The Registrar & Transfer Agents (RTA) of the Company (both Physical and Demat) for the equity shares are M/s. Cameo Corporate Services Limited. The address of the RTA is M/s.Cameo Corporate Services Limited, "Subramanian Building", V Floor, 1, Club House Road, Chennai - 600 002.

### Share Transfer System

Share transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects, by the Committee which meets every week.

### Dematerialisation of Shares

The Company has arrangements with both National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) for demat facility. Nearly 92.98% of the total Equity Capital is held in dematerialised form as on 31st March 2009.

### Investors' correspondence

M/s. Cameo Corporate Services Limited," Subramanian Building", V Floor,1, Club House Road, Chennai-600 002; The Company Secretary, Empee Sugars and Chemicals Limited, Empee Tower, No.59, Harris Road, Pudupet, Chennai 600 002.

### Plant Locations :

<b>1. Ayyapareddipalem</b>	<b>2. Idaikkal Village</b>
Naidupet-524126	Ambasamudram Taluk
Nellore Dist.	Tirunelveli District
Andhra Pradesh	Tamilnadu

### Chief Executive Officer and Chief Financial Officer Certificate

The Chief Executive Officer and Chief Financial Officer have submitted to the Board of Director the certification as per clause 49 (v) of the listing agreement.

### Non-mandatory requirements

- a) Non Executive Chairman:  
The Company has an Executive Chairman and hence the requirements as to a non-executive Chairman under the Clause 49 are not required to be adopted by the Company.
- b). Remuneration Committee:  
Constitution of Remuneration Committee as per the Non-mandatory requirements.
- c) Shareholders Rights:  
The company is publishing its quarterly /half yearly/and Audited financial results in leading newspapers with wide distribution across the Country and regularly updates the same on its public domain website.

On behalf of the Board  
Sd/-

Place : Chennai.

Date : 31/07/2009

**M.P. PURUSHOTHAMAN**  
Chairman & Managing Director

**AUDITORS CERTIFICATE ON COMPLIANCE WITH CORPORATE GOVERNANCE**

I have examined the compliance of conditions of corporate governance by Empee Sugars and Chemicals Limited for the year ended 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of our information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that no investor grievances is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/investor Grievance Committee.

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

Place : Chennai.  
Date : 31/07/2009

Sd/-  
**R.RAJAGOPALAN**  
Chartered Accountant

**DECLARATION ON CODE OF CONDUCT**

The Members of  
Empee Sugars and Chemicals Ltd  
Ayyapareddipalem  
Naidupet – 524 126  
Nellore District,  
Andhra Pradesh.

I confirm that the all directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the period ended 31st March 2009, as envisaged in Clause 49 of the Listing agreement with Stock Exchanges.

Place : Chennai.  
Date : 31/07/2009

Sd/-  
**M.P. PURUSHOTHAMAN**  
Chairman & Managing Director

## AUDITOR'S REPORT

The Members,

Empee Sugars and Chemicals Limited,

1. I have audited the attached Balance Sheet of M/s. EMPEE SUGARS AND CHEMICALS LIMITED as at 31st March, 2009 and the annexed Profit and Loss Account and the Cash Flow Statement for the year ended on that date, all of which I have signed under reference to this report. These financial statements are the responsibility of the management of the Company. My responsibility is to express an opinion on these financial statements based on the audit.

2. I have conducted the audit in accordance with auditing standards generally accepted in India. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Government of India in terms of section 227(4A) of 'The Companies Act, 1956' (the 'Act') and on the basis of such checks as I considered appropriate and according to the information and explanations given to me, I set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, I report that: (a) I have obtained all the information and explanations which to the best of our knowledge and belief were

necessary for the purposes of my audit; (b) In my opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books; (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account; (d) In my opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in Section 211(3C) of the Act; (e) On the basis of written representations received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors of the Company, none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section(1) of section 274 of the Act; (f) In my opinion and to the best of my information and according to the explanations given to me, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement together with the Notes thereon and attached thereto, give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India;

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009,
- ii) in the case of the Profit & Loss Account, of the PROFIT for the period ended on that date, and
- iii) in the case of the Cash Flow Statement, of the Cash Flow for the period ended on that date.

Sd/-

**R.RAJAGOPALAN**

Chartered Accountant

Membership No.018422

15, Station Road, West Mambalam,

Chennai – 600 033.

The 29th day of June, 2009

**TO THE MEMBERS OF EMPEE SUGARS AND CHEMICALS LTD**

**ANNEXURE TO THE AUDITORS REPORT**

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) As explained to me, the Company has a programme of physically verifying all of its fixed assets once in a period of three years, and in accordance therewith, major portion of fixed assets were physically verified by the management during the period. In my opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of its assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- c) During the period, the Company has not disposed of substantial part of fixed assets.
- ii) a) The inventories have been physically verified during the year by the management at reasonable intervals except stock lying with outside parties for which confirmation has been obtained.
- b) In my opinion and according to the information and explanations given to me, the procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) On the basis of my examination, I am of the opinion that the Company is maintaining proper records of inventory. No material discrepancies were noticed on verification between the physical stocks and the book records.
- iii) The Company has granted unsecured loans and advances to companies, firms or other parties. These loans and advances are prima facie and not prejudicial to the interests of the Company.
- iv) On the basis of information and explanations given to me, I am of the opinion that the Company has an adequate internal control system commensurate with the size of the Company and the nature of its business.
- v) Based on the audit procedure applied by me and according to information and explanations given to me, there is no contract entered into by the Company required to be entered in the Register of Contracts under Section 301 of the Act.
- vi) The Company has not accepted any deposit within the meaning of Section 58A or any other relevant provisions of the Act and the rules framed thereunder.
- (vii) In my opinion, the internal audit system of the Company is commensurate with the size of Company and nature of its business.
- (viii) I have broadly reviewed the books of account maintained by the Company in respect of products where pursuant to the rules made by the Central Government, the maintenance of cost records has been prescribed under section 209(1)(d) of the Act and I am of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
- ix) According to the records, the Company is regular in depositing statutory dues viz. Provident Fund, Income Tax, Sales Tax, Service Tax, Excise Duty, Cess, Fringe Benefit Tax and other statutory dues with appropriate authorities.

- (x) The Company has accumulated losses and has not incurred any cash losses during the period covered by our audit and the company has also not incurred cash loss in the immediately preceding financial year.
- (xi) In my opinion and according to the information and explanations given to me, the Company has not defaulted in the repayment of dues to Banks.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) The provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Society are not applicable to this Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures or other investments. However, the investments made by the Company in shares and other investments have been held by the Company in its own name.
- (xv) According to the records of the Company and according to the information and explanations given to me, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) On the basis of our examination and according to the information and explanation given to me, the company has availed term loan during the period covered by the audit.
- (xvii) According to the information and explanations given to me and on an overall examination of the balance sheet of the Company, I report that no funds raised on short term basis have been used for long term purposes.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The Company has not issued any secured debentures.
- (xx) The Company has not raised any money by public issue during the period covered by the audit report.
- (xxi) To the best of my knowledge and belief and according to the information and explanations given to me, no fraud on or by the Company has been noticed or reported during the period.

Sd/-

**R.RAJAGOPALAN**

Chartered Accountant  
Membership No.018422  
15, Station Road,  
West Mambalam,  
Chennai – 600 033.

The 29th day of June, 2009

**EMPEE SUGARS AND CHEMICALS LIMITED**

**BALANCE SHEET AS AT 31.03.2009**

	Schedule	As at 31.03.2009 Rs. In Lakhs	As at 30.06.2008 Rs. In Lakhs
<b>Sources of Funds</b>			
Share Holders Fund	1	4,197.01	4,197.01
8% Preference Share Application Money		7,562.00	-
<b>Loan Funds</b>			
Secured Loan	2	9,122.42	4,382.51
Unsecured Loan		2,655.00	2,655.00
Deferred Tax Liabilities	12	294.13	212.95
<b>Total</b>		<u>23,830.56</u>	<u>11,447.47</u>
<b>Application of Funds</b>			
Fixed Asset			
Gross Block	3	7,704.61	7,494.18
Less: Depreciation Reserve		<u>3,145.28</u>	<u>2,815.59</u>
		4,559.33	4,678.59
Add: Capital Work in Progress		<u>2,253.02</u>	1,705.91
Investments	4	2,327.67	784.13
<b>Current Assets, Loans and advances</b>			
(A) Current Assets			
Inventories	5	2,652.72	2,176.83
Sundry Debtors	6	166.73	326.39
Cash & Bank Balances	7	1,047.08	176.46
(B) Loans & Advances	8	<u>9,025.36</u>	<u>735.99</u>
		12,891.89	3,415.67
Less: Current Liabilities	9	<u>1,598.81</u>	<u>1,212.64</u>
		11,293.08	2,203.03
Miscellaneous Expenditure (To the extent not written off or adjusted)	10	1,500.00	1,500.00
Pre-operative Expenses		1,241.08	-
Profit & Loss Appropriation account	11	656.38	575.81
<b>Total</b>		<u>23,830.56</u>	<u>11,447.47</u>
Significant accounting polices and notes on financial statements	19		

As per report of even date annexed

For and on behalf of the Board

Sd/-  
**R. RAJAGOPALAN**  
Chartered Accountant  
Membership No.018422  
Place : Chennai  
Date : 29.06.2009

Sd/-  
**M.P. PURUSHOTHAMAN**  
Chairman & Managing Director

Sd/-  
**K.JAYACHANDRAN**  
Joint Managing Director  
Sd/-  
**S.S.K .Swarup**  
Company Secretary

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**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31.03.2009**

Particulars	Schedule	Period Ended	Year Ended
		31.03.2009	30.06.2008
		Rs. In Lakhs	Rs. In Lakhs
<b>INCOME</b>			
Sales Income	13	4,914.86	6,500.08
Less: Excise Duty		217.23	445.78
Less: Sales Tax		54.05	92.08
<b>Net Sales/Income from Operation</b>		<b>4,643.58</b>	<b>5,962.22</b>
Other Income	14	62.93	43.12
<b>Total</b>		<b>4,706.51</b>	<b>6,005.34</b>
<b>EXPENDITURE</b>			
Manufacturing & Other Expenses	15	3,071.51	4,309.25
Employees Expenses	16	428.37	486.55
Administrative & Other Expenses	17	285.15	321.13
<b>Total</b>		<b>3,785.03</b>	<b>5,116.93</b>
<b>Profit before Interest, Depreciation &amp; Tax</b>		<b>921.48</b>	<b>888.41</b>
Less: Interest on Bank Borrowings	18	393.87	573.77
Less: Depreciation	3	329.70	270.82
<b>Profit before Tax</b>		<b>197.91</b>	<b>43.82</b>
Provision for Taxation		20.38	4.51
Provision for Fringe Benefit Tax		0.87	1.50
Deferred Tax Liability-Current Year		81.18	(91.85)
<b>Profit After Tax</b>		<b>95.48</b>	<b>129.66</b>
<b>Earnings per Equity Share(Basic/Diluted) Rs. (Face Value Rs.10/- per Share)</b>		<b>0.23</b>	<b>0.31</b>

As per report of even date annexed

For and on behalf of the Board

Sd/-  
**R. RAJAGOPALAN**  
Chartered Accountant  
Membership No.018422  
Place : Chennai  
Date : 29.06.2009

Sd/-  
**M.P. PURUSHOTHAMAN**  
Chairman & Managing Director

Sd/-  
**K.JAYACHANDRAN**  
Joint Managing Director  
Sd/-  
**S.S.K .Swarup**  
Company Secretary

## SCHEDULES TO THE ACCOUNTS FOR THE PERIOD ENDED 31.03.2009

	As at 31.03.2009 Rs.In Lakhs		As at 30.06.2008 Rs. In Lakhs	
<b>SCHEDULE-1</b>				
<b>Share Capital</b>				
Authorised Capital				
45000000 Equity Shares of Rs 10 each	4,500.00			4,500.00
Issued,subscribed and paid up	4,197.29		4,197.29	
Less: Call in arrears	0.28	<b>4,197.01</b>	0.28	4,197.01
<b>SCHEDULE-2</b>				
<b>Secured Loans</b>				
OCC Loans from Banks				
Indian Bank	651.07		680.35	
Union Bank of India	690.36	<b>1,341.43</b>	517.36	1,197.71
<b>*Term Loans for Working Capital (Nayudupet)</b>				
Indian Bank	1,417.60		1,496.00	
Union Bank of India	1,145.37		1,268.18	
Bank of Maharashtra	216.18		228.20	
Federal Bank (WCDL)	187.19	<b>2,966.34</b>	192.42	3,184.80
<b>*Term Loans for Fixed Assets (Ambasamudram)</b>				
Andhra Bank	1,484.00		-	
Bank of India	1,484.00		-	
Indian Overseas Bank	500.00		-	
Punjab national Bank	1,346.65	<b>4,814.65</b>	-	-
		<b>9,122.42</b>		4,382.51

\* Secured by hypothecation of stocks of raw materials,semi finished and finished goods, stores and spares and with collatoral security of Fixed Assets.

\* Previous years figures have been regrouped where ever necessary.



Particulars	Rs. In Lakhs										
	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 01.07.08	Additions during the year	Sales during the year	As at 31.03.09	Up to 30.06.08	For the year	Depreciation written off	Up to 31.03.09	As at 31.03.09	As at 30.06.08	
Land & Site	424.11	167.13	-	591.24	-	-	-	-	591.25	424.11	
Buildings	1,009.03	-	-	1,009.03	318.68	33.70	-	352.38	656.65	690.35	
Plant & Machinery	5,901.04	6.40	-	5,907.45	2,406.01	282.06	-	2,686.46	3,220.98	3,495.03	
Furniture & Fittings	17.84	3.54	-	21.38	12.13	1.13	-	13.26	8.11	5.71	
Vehicles	111.55	33.36	-	144.91	56.97	12.18	-	69.15	75.76	54.58	
Computers	17.47	-	-	17.47	17.47	-	-	17.47	-	-	
Office Equipments	13.14	-	-	13.14	4.33	0.63	-	4.95	8.19	8.81	
<b>Total</b>	<b>7,494.18</b>	<b>210.43</b>	<b>-</b>	<b>7,704.61</b>	<b>2,815.59</b>	<b>329.70</b>	<b>-</b>	<b>3,145.29</b>	<b>4,559.31</b>	<b>4,678.59</b>	
<b>Previous year</b>	<b>4,935.43</b>	<b>2,558.95</b>	<b>0.20</b>	<b>7,494.18</b>	<b>2,544.77</b>	<b>270.82</b>	<b>-</b>	<b>2,815.59</b>	<b>4,678.59</b>	<b>2,390.68</b>	
CWIP-Nayudupet	142.41	500.04	-	642.45	-	-	-	-	642.45	142.41	
CWIP- Ambasamudram	1,563.50	47.07	-	1,610.57	-	-	-	-	1,610.57	1,563.50	
<b>Total</b>	<b>1,705.91</b>	<b>547.11</b>	<b>-</b>	<b>2,253.02</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,253.02</b>	<b>1,705.91</b>	

**SCHEDULE - 4**

**Investments-govt (Unquoted at cost)**

6 Years NSC VIII Issue	0.13		0.13	
Investment on Shares (In Subsidiary Company)	2,327.54	<b>2,327.67</b>	<u>784.00</u>	784.13

**SCHEDULE - 5**

**Inventories**

(As per inventory taken, valued and certified by the Management)

(At Cost):

Stores	65.59		138.38	
(At estimated net realisable value):				
Sugar	1,376.36		1,485.82	
Spirit	603.15		244.10	
Molasses	596.82		286.47	
Semi Finished goods	<u>10.80</u>	<b>2,652.72</b>	<u>22.06</u>	2,176.83

**SCHEDULE - 6**

**Sundry Debtors**

Debts outstanding for a period

Exceeding six months

Others	-		-	
	<u>166.73</u>	<b>166.73</b>	<u>326.39</u>	326.39

**SCHEDULE- 7**

**Cash & Bank Balances**

Cash	13.54		9.83	
Balance with banks in current account	902.23		35.38	
Fixed Deposit with banks (Margin for Guarantee)	128.58		128.52	
DDs/Cheques in hand	<u>2.73</u>	<b>1,047.08</b>	<u>2.73</u>	176.46

**SCHEDULE - 8**

**Advances recoverable in cash or kind for value to be received**

a. Unsecured but considered good

**Loans & Advances**

Advances to suppliers-Nayudupet	352.23		364.37	
Advances to suppliers-Ambasamudram	8,322.02		-	

**EMPEE SUGARS AND CHEMICALS LIMITED**

Other Advances	50.63		157.65	
Tax deducted at source	25.23		24.95	
Prepaid Expenses	11.55		19.38	
<b>Deposits</b>				
Interest received on Deposits	-		-	
Deposits with Government Departments	55.24		31.25	
Income Tax Paid	-		-	
Other Deposits	208.46	<b>9,025.36</b>	138.38	735.98
<b>SCHEDULE - 9</b>				
<b>Current Liabilities &amp; Provisions</b>				
Due to Suppliers	857.02		693.30	
Advances from Customers	0.49		41.86	
Other Liabilities	695.44		421.41	
Liability for expenses	45.86	<b>1,598.81</b>	56.07	1,212.64
<b>SCHEDULE -10</b>				
<b>Miscellaneous Expenditure</b>				
(to the extent not written off or adjusted)				
Discount on issue of shares		<b>1,500.00</b>		1,500.00
<b>SCHEDULE-11</b>				
<b>Profit and Loss Appropriation account</b>				
Loss as per previous Balance Sheet		<b>575.81</b>		610.08
Add: Income Tax paid for earlier years	166.94		92.30	
Add:Fringe Benefit Tax Paid	9.11	<b>176.05</b>	3.09	95.39
Less: (Profit)/Loss during the year		<b>(95.48)</b>		(129.66)
Balance carried over to Balance Sheet		<b>656.38</b>		575.81
<b>SCHEDULE-12</b>				
<b>Deferred Tax Liabilities</b>				
Depreciation		<b>499.41</b>		504.58
Deferred Tax Assets				
Provision for doubtful debts and advances	4.91		4.91	
Brought forward loss as per Income tax	200.37	<b>205.28</b>	286.72	291.63
Deferred Tax Liabilities(net)		<b>294.13</b>		212.95

**EMPEE SUGARS AND CHEMICALS LIMITED**

**SCHEDULE-13**

**Sales**

Sugar	3,292.44		4,069.89	
Spirit	1,330.55		1,798.79	
Molasses Sales	-		-	
Bagasse	-		63.26	
CO2 Sales	12.41		17.57	
Organic manure	8.19	<b>4,643.59</b>	12.71	5,962.22

**SCHEDULE-14**

**Other Income**

Sundry Income	58.85		16.41	
Scrap sales	1.65		25.50	
Interest Receipts	2.43	<b>62.93</b>	1.21	43.12

**SCHEDULE -15**

**Manufacturing & Other Expenses**

Sugar Cane Purchased	2,493.13		3,447.90	
Purchase Tax	113.07		216.65	
Transport Charges( Molasses)	99.70		55.19	
Purchase of Molasses & Others	466.42		474.07	
Cane Development Council fund	4.34		15.67	
Subsidy on Cane	17.07		5.36	
Cane Development Expenses	1.68		7.31	
Consumption of Stores and Spares	196.49		459.68	
Power & Fuel	192.74		263.18	
Repairs & Maintenance-Buildings	11.94		14.96	
Repairs & Maintenance-Machinery	8.80		38.94	
Repairs & Maintenance-Others	5.89		6.48	
Freight Charges	8.92	<b>3,620.19</b>	44.16	5,049.55

**(Increase)/Decrease of Stock**

**Closing Stock**

Sugar	1,376.36		1,485.82	
Spirit	603.15		244.10	
Molasses	596.82		286.47	
Semi Finished Products	10.80		22.06	
	-	<b>2,587.13</b>		2,038.45

**EMPEE SUGARS AND CHEMICALS LIMITED**

**Less: Opening Stock**

Sugar	1,485.82		944.77	
Spirit	244.10		132.54	
Molasses	286.47		176.14	
Semi Finished Products	<u>22.06</u>		<u>44.70</u>	
		<b>2,038.45</b>		1,298.15
Net (Increase)/Decrease in stock		<b>(548.68)</b>		<u>(740.30)</u>
<b>Total Manufacturing and other expenses</b>		<b><u>3,071.51</u></b>		<b><u>4,309.25</u></b>

**SCHEDULE-16**

**Employees Expenses**

Salary & Allowance	386.11		422.96	
Contribution to Provident Fund	21.73		32.50	
Staff Welfare Expenses	5.24		12.13	
Gratuity	5.62		11.01	
Bonus	<u>9.67</u>	<b>428.37</b>	<u>7.95</u>	486.55

**SCHEDULE -17**

**Administrative Expenses**

Printing & Stationery	1.11		4.73	
Rates, Taxes	26.98		29.39	
Insurance Premium	7.73		12.44	
Postage, Telephone & Telegram	8.62		12.48	
Conveyance & Travelling	30.40		31.47	
Vehicle maintenance & Hire Charges	33.33		45.32	
Advertisement	6.37		4.42	
Rent	15.35		20.88	
Auditor's Remuneration	0.67		0.67	
Professional Charges/Legal Charges	58.53		58.51	
Internal Audit Fee	8.00		3.34	
Sitting Fee	1.60		2.80	
Bank Charges	12.22		25.62	
Miscellaneous Expenses	<u>74.24</u>	<b>285.15</b>	<u>69.06</u>	321.13

**SCHEDULE -18**

**Interest on Borrowings:**

Interest on Term Loan	265.81		388.88	
Interest on Working Capital	128.06		157.41	
Interest on Others	<u>-</u>	<b>393.87</b>	<u>27.48</u>	573.77

**SCHEDULE - 19**

**I SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of Accounting**

Financial statements are prepared and presented under the historical cost convention and in accordance with the applicable accounting standards to the extent possible.

**2. Revenue Recognition**

Income from Operations is recognized in the Profit & Loss Account on accrual basis as stated herein except in respect of such items as are specifically mentioned hereunder and in the notes.

- a. Sales income is accounted inclusive of excise duty and sales tax wherever applicable but net of trade discounts.
- b. Insurance claims are accounted as and when the claims are settled.
- c. Interest due from growers for seed supplied is accounted as and when cane is received from growers.
- d. Excise Duty payable on finished goods held in stock at the end of the accounting year (except Molasses stored in pit for which duty is paid as and when molasses are let into the pit) will be accounted for at the time of clearance of these goods. The accounting treatment will have no impact on profit/losses

**3. Fixed Assets and Depreciation/Amortization**

- 3.1. Fixed Assets:- These assets are stated at their original cost of acquisition (including expenditure for the acquisition and/or installation) less accumulated depreciation.
- 3.2. Depreciation on Fixed assets has been provided on straight-line method at rates prescribed under Schedule XIV to the Companies Act, 1956 as amended by notification dated 15.12.93 issued hereunder and is provided in

the accounts or shown as a note. Depreciation on addition to fixed assets during the year is reckoned on a pro rata basis with reference to the month in which the fixed assets are put to use or commissioned.

Schedules to the Balance Sheet and Profit & Loss Account for the year ended 31.03.2009

**4 Impairment of Fixed Assets**

Wherever events of changes in circumstances indicate that the carrying value of fixed assets may be impaired, the Company subjects such assets to a test of recoverability, based on discounted cash flows expected from use or disposal thereof. If the assets are impaired, the Company recognizes as impairment loss as the difference between the carrying value and fair value less costs to sell. None of the Company's fixed assets are considered impaired as on the Balance Sheet date.

**5 Capital Work in Progress**

Capital work in progress is stated at cost and includes advance on account of Capital Equipment paid to the suppliers.

**6. Foreign Currency Transaction**

Foreign exchange transactions are recorded at the exchange rates prevailing at the time of transaction. Assets and liabilities expressed in foreign currencies (to the extent not covered against exchange fluctuations) are translated into Indian Rupees at the exchange rate prevailing at the Balance Sheet date and any loss or gain arising there from has been included in Finance Charges as per the provision of Accounting Standard 16 and 11 issued by The Institute of Chartered Accountants of India.

**7. Prior Period and Extra Ordinary Items**

Prior Period and Extra Ordinary Items having material impact on the financial affairs of the Company are disclosed.

## 8. Retirement and Other Benefits

- 8.1. The company accounts gratuity liability accounted as and when gratuity is paid to the employees.
- 8.2. Contribution to Provident Fund is made as per provisions of Employees Provident fund and Miscellaneous Provisions Act, 1952 and charges to Profit and Loss Account and disclosed separately.
- 8.3. Liability for leave encashment is provided as and when the leave encashment is paid to the employees.

## 9. Income Tax

The Income Tax liability is provided in accordance with the provisions of the Income tax Act 1961.

Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

## 10. Segment Reporting

### A. Business Segments:

Based on the guiding principles given in Accounting Standard AS-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company's business segments include Sugar and Industrial Alcohol Plant (IAP).

### B. Segment accounting policies:

In addition to the significant accounting policies applicable to the business segments as given in notes, the accounting policies in relation to segment accounting are as under:

#### a) Segment revenue and expenses:

Common revenue and expenses of segments are allocated amongst them

on a reasonable basis. All other segment revenue and expenses are directly attributable to the segments.

#### b) Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions, which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include deferred income taxes, Share Capital, Loans, Investments, Miscellaneous Expenditure and Profit and Loss Appropriate Account. While most of the assets / liabilities can be directly attributed to the individual segments, the carrying amount of certain assets / liabilities pertaining to both segments are allocated to the segments on a reasonable basis.

## 11. Earning Per Share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard – 20 Earnings per Share, issued by the Institute of Chartered Accountants of India. Earnings per equity share have been computed by dividing net profit after tax attributable to equity share holders by the weighted average number of equity share outstanding during the year. Diluted earnings during the year adjusted for effects of all dilutive potential equity shares per equity share is computed using the weighted average number of equity share and dilutive potential equity shares outstanding during the year.

## 12. Miscellaneous Expenditure

Miscellaneous Expenditure represents discount on issue of shares made during the year 2000-2001.

**II NOTES ON ACCOUNTS:**

**1. Earning per Share**

Basic and Dilutive Earning per share.

Particulars	Period Ended	
	31st March 2009	30th June 2008
a. Net Profit after tax attributable to Equity shareholders	95.48	129.66
b. Weighted average number of Equity Shares Basic/Dilutive(Nos.)	41970127	41970127
c. Nominal value of equity per share (Rs)	10/-	10/-
d. Basic / Dilutive Earning per share (Rs.)	0.23	0.31

**2. Segment wise details as required by AS 17 issued by the Chartered Accountants of India are as under:**

	Rs. In Lakhs			
	Sugar	IAP	Un allocated	Total
1. Segment Revenue	3375.97	1330.55	--	4706.52
2. Segment Results	164.21	757.28	--	921.49
3. Segment Assets	7464.91	3004.12	9309.84	19778.88
4. Total Assets	7464.91	3004.12	9309.84	19778.88
5. Segment Liabilities	6078.72	2482.85	4814.65	13376.23
6. Total Liabilities	6078.72	2482.85	4814.65	13376.23
7. Capital Expenditure	407.45	235.00	1610.58	2253.03
8. Depreciation	247.98	77.94	3.78	329.70

**3. Contingent Liabilities**

- 3.1 Claims against the company not acknowledged as debts: Rs.172.63 lakhs
- 3.2 Estimated amount of capital contracts remaining to be executed (Net of Advances): Rs 16452.34 Lakhs.
- 3.3 Purchase tax: Rs 1035.05 Lakhs (including Interest) (Note – 10)

4. National Saving Certificates VIII issue of Rs.0.13 lakhs shown under investment are under lien to Sales Tax authorities & Agricultural Department towards security deposits.
5. Stock of Stores, Spares and packing materials have been physically verified at the year end and valued at cost on FIFO basis. The valuation of the stocks of sugar and spirit are valued at estimated net realizable value. Sugar, Organic Manure, Sugar and Molasses in Process are valued at estimated net realization value.
6. Balances with bank in fixed deposit include:  
i) Rs.18.00 lacs under lien to banks for guarantees issued by them.  
ii) Rs.0.02 lacs under lien to sales tax authorities towards security deposits.
7. In the absence of receipt of information regarding small scale industrial status from the parties, the details of names of small scale industrial undertaking to which the company owe any sum together with interest outstanding for more than 30 days could not be ascertained.
8. Balances in some of the parties accounted are subject to confirmation.
9. Depreciation amounting to Rs.438.12 lakhs related to the previous years from 1.10.1996 to 31.03.1999 has not been provided.
10. The Government of Andhra Pradesh by its Order dated 13.10.2003 through Abstract from Industries & Commerce (Sugar) Department has permitted the Company to pay the arrears of Purchase Tax amounting to Rs.532.57 lakhs (which includes a sum of Rs.10.40 lakhs as interest) in three equal annual installments along with interest @ 10.5% p.a. The company has sent the request letter to the concerned Government Departments to waive off the purchase tax and interest thereon. In the opinion of the management, the company will get the favourable reply from the Government and accordingly no liability has been provided in the books.



11. Provision for Minimum Alternate Tax of Rs 20.38 lacs is provided for Income Tax and Fringe Benefit Tax (FBT) of Rs.0.87 lacs has been provided.

**12. Auditor's Remuneration: Rs. Lakhs**

	2008-09	2007-08
Audit Fees	0.40	0.40
Tax audit fee	0.20	0.20
Service Tax/Reimbursement of expenses	0.07	0.07
<b>Total</b>	<b>0.67</b>	<b>0.67</b>

**13. Managerial Remuneration**

**1. Managing Director**

Salary (Including Allowances and Perquisites)	31.50	33.00
Contribution to Provident Fund	3.78	3.96
<b>Total</b>	<b>35.28</b>	<b>36.96</b>

**2. Joint Managing Director**

Salary (Including Allowances and Perquisites)	25.88	26.63
Contribution to Provident Fund	1.62	1.40
<b>Total</b>	<b>27.50</b>	<b>28.03</b>

**3. Joint Managing Director**

Salary (Including Allowances and Perquisites)	22.50	7.50
Contribution to Provident Fund	2.70	0.90
<b>Total</b>	<b>25.20</b>	<b>8.40</b>

Computation of net profit in accordance with Section 198 of the Companies Act, 1956

<b>Profit before taxation</b>	<b>197.91</b>	<b>43.82</b>
Add: Director's remuneration)	87.98	73.39
<b>Net Profit for the year</b>	<b>285.89</b>	<b>117.21</b>

Commission 5% of the Net Profit	14.29	5.86
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\*(Including Commission)

In case of inadequacy of the Profit for the payment of Managerial Remuneration, the part II of the Schedule XIII of the Companies Act, 1956 will apply. Accordingly, the Managerial Remuneration incurred is within the limit prescribed under Schedule XIII of the Companies Act, 1956.

14. Additional Information pursuant to the provisions of paras 3, 4c and 4D of Part II of Schedule VI to the Companies Act, 1956.

**Rs. In Lakhs**

**Expenditure in foreign Currencies:**

	2008-09	2007-08
CIF value of import of Machinery	239.15	Nil

**Foreign Exchange Earnings:**

FOB Value of Export	-Nil-	Nil
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**15. Related Party Transactions:**

**A. Holding Company:**

Empee Distilleries Limited.

**B. Fully Owned Subsidiary:**

Empee Power Company (India) Limited

**C. Other Group Companies:**

1. Empee International Hotels & Resorts Ltd
2. South (India) Hotels Pvt. Ltd
3. Empee Hotels Ltd
4. Apollo Alchobev Limited
5. Empee holding Limited.
6. Aruna Exports Pvt Ltd
7. Aruna Constructions (India) Ltd
8. Empee Marine Products limited
9. Empee Transport & Logistics Ltd
10. Empee Agro Farm Products Pvt Ltd
11. Universal Spirits Limited
12. Empee Construction Company Pvt Ltd
13. Empee Power and Infrastructure Pvt Ltd
14. EDL Properties Private Limited.
15. Apollo Wind Energy Pvt Ltd.
16. Apollo Beers Pvt Ltd
17. Shainvest Holdings Ltd
18. Apollo Distilleries Pvt Limited.

**EMPEE SUGARS AND CHEMICALS LIMITED**

**Transactions during the year**

**Rs. In Lakhs**

<b>Particulars</b>	<b>Subsidiary</b>	<b>Holding Company</b>	<b>Key Management Personnel</b>	<b>Relative of Key Management Personnel</b>	<b>Other Related Parties</b>	<b>Total</b>
Remuneration	Nil	Nil	87.98	Nil	Nil	87.98
Receiving of Services	Nil	Nil	Nil	Nil	31.52	31.52
Finance (Including loans and equity contributions in cash or kind)	1543.54	NIL	Nil	Nil	Nil	1543.54
Interest Paid	Nil	Nil	Nil	Nil	Nil	Nil
Interest Received	Nil	Nil	Nil	Nil	Nil	Nil
Lease Rent paid	Nil	Nil	Nil	12.76	2.70	15.46

**Outstanding:**

Payable	Nil	602.91	Nil	Nil	55.72	658.63
Receivable	Nil	196.00	Nil	Nil	54.13	250.13

**16. KEY MANAGEMENT PERSONNEL:**

<b>Name:</b>	<b>Designation</b>	<b>Remuneration paid (Rs.in Lacs)</b>
Mr. M.P. Purushothaman	Chairman and Managing Director	35.28 (36.96)
Mr. Sheeju Purushothaman	Joint Managing Director	25.20 (8.40)
Mr. K.Jayachandran	Joint Managing Director	27.50 (28.03)

17. The company has imported 44450 MTs of raw sugar resulting in an export obligation of 42330 MTs. The company has exported 10000 MTs of sugar against this obligation and balance is pending compliance.

**EMPEE SUGARS AND CHEMICALS LIMITED**

18. Information pursuant to the provision of part II of Schedule VI of the Companies Act, 1956.

A. Licensed and Installed Capacity:

S. No	Products	Licensed Capacity	Installed Capacity	Production		Unit
				2008-2009	2007-2008	
1.	Sugar	NA	2500 TCD	16781	33220	Mts
2.	Rectified Spirit/IS	30000 LPD	30000 LPD	886860	1328524	Bls
3.	Extra Neutral Alcohol	30000 LPD	30000 LPD	4288296	6147038	Bls
4	Ethanol	30000 LPD	30000 LPD	Nil	1178399	Bls

B. Raw Materials Consumed

Product	Unit	2008-09		2007-08	
		Quantity	Value (Rs in Lakhs)	Quantity	Value (Rs in Lakhs)
Sugar Cane	Mts	188451	2606.20	361066	3664.55
Molasses	Mts	20463	.....	29602	.....

C. Particulars in respect of stock and sale of goods manufactured: Value Rs. In Lakhs(Inclusive of Duty & Tax)

Product	Unit	Opening Balance		Closing Balance		Sales		Own Consumption
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity
Sugar	Mts	9459 (6967)	1485.82 (944.77)	6897 (9459)	1082.87 (1485.82)	19343 (30728)	3474.38 (4342.02)	NIL
Molasses	Mts	7831 (5032)	286.47 (176.14)	9182 (7831)	871.31 (286.47)	Nil (Nil)	Nil (Nil)	20463 (29602)
E.N.A/R.S/ I.S/Ethanol	Ltrs	940212 (490872)	244.10 (132.54)	1624848 (940212)	632.95 (244.10)	4064084 (7301754)	1392.52 (1932.95)	426436 * (1241987)

\* Own consumption is not applicable for ENA and Ethanol

**EMPEE SUGARS AND CHEMICALS LIMITED**

19. Details of Subsidiary Companies as required to be disclosed as per the approval for exemption granted by the Government of India under Section 212 (8) of the Companies Act 1956.

**Empee power Company (India) Limited****Rs. In Lakhs**

<b>Particulars</b>	<b>2008-09</b>	<b>2007-08</b>
Share Capital	2327.54	784.00
Reserves & Surplus	.....	.....
Total Liabilities	7342.12	1948.40
Total Assets	7342.12	1948.40
Total Income	.....	.....
Profit before tax	.....	.....
Provisions for tax	.....	.....
Profit after tax	.....	.....
Proposed Dividend	.....	.....
Details of Investment (Other than Subsidiaries)	.....	.....

20. The previous year's figures have been regrouped/rearranged, wherever considered necessary.

As per report of even date annexed

For and on behalf of the Board

Sd/-

**R. RAJAGOPALAN**  
Chartered Accountant  
Membership No.018422

Place : Chennai  
Date : 29.06.2009

Sd/-

**M.P. PURUSHOTHAMAN**  
Chairman & Managing Director

Sd/-

**K.JAYACHANDRAN**  
Joint Managing Director

Sd/-  
**S.S.K .Swarup**  
Company Secretary

## CASHFLOW STATEMENT AS AT 31.03.2009

	As at 31.03.09 (Rs. In Lakhs)	As at 30.06.08 (Rs. In Lakhs)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	197.91	43.82
Adjustment for :		
Depreciation	329.70	270.82
Interest Expenses	393.87	573.77
Interest Received	(2.43)	(1.21)
<b>Operating Profit before Working Capital Changes</b>	<b>919.05</b>	<b>887.20</b>
Adjustment for :		
(Increase)/Decrease in stock	(475.89)	(732.48)
(Increase)/Decrease in Current Assets	(8,129.76)	(40.43)
Increase/(Decrease) in Current Liabilities	386.17	72.25
Interest Paid	(393.87)	(573.78)
Tax Paid	(21.25)	(6.01)
Deferred Tax		
<b>Sub Total</b>	<b>(8,634.60)</b>	<b>(1,280.45)</b>
Net Cash(Used in)/ Generated from Operating Activities	<b>(7,715.55)</b>	<b>(393.25)</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets incl. CWIP	(757.54)	(1,618.54)
Prior Period Items	(176.06)	(95.38)
Pre-Operative Expenses	(1,241.08)	(107.24)
(Increase)/Decrease in investments	(1,543.55)	(779.02)
Interest/Dividend Received	2.43	1.21
Net Cash (Used)/Generated in Investing Activities	<b>(3,715.80)</b>	<b>(2,598.97)</b>
<b>C Cash Flow from Financing Activities</b>		
8% Preference Share application Money	7,562.00	-
Net Increase in Borrowings		
Unsecured Loans	-	2,055.00
Receipt of Loans	4,987.65	968.16
Repayment of Loans	(247.74)	(62.98)
<b>Net Cash (Used)/Generated in Financing Activities</b>	<b>12,301.91</b>	<b>2,960.18</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>870.56</b>	<b>(32.04)</b>
<b>Cash &amp; Cash Equivalents as on 01.07.2008</b>	<b>47.94</b>	<b>79.98</b>
<b>Cash &amp; Cash Equivalents as on 31.03.2009</b>	<b>918.50 *</b>	<b>47.94 *</b>

\* Cash & Cash equivalents includes Cash on hand, Balances with bank in current account, DDs/Cheques on hand but excludes Fixed deposits with bank for margin money towards guarantee.

As per report of even date annexed

For and on behalf of the Board

Sd/-

Sd/-

Sd/-

**R. RAJAGOPALAN**

**M.P. PURUSHOTHAMAN**

**K.JAYACHANDRAN**

Chartered Accountant  
Membership No.018422

Chairman & Managing Director

Joint Managing Director

Sd/-

Place : Chennai  
Date : 29.06.2009

**S.S.K .Swarup**  
Company Secretary

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(As required under Part of Schedule VI to the Companies Act,1956)

**I. Registration details**

Registration No.	9291	State code	01
Balance Sheet Date	31.03.2009		

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

Public issue	Nil	Right issue	Nil
Bonus Issue	Nil	Private placement	Nil

**III. Position of mobilisation and development of funds ( Rs. in thousands)**

Total Liabilities	2383056	Total Assets	2383056
Sources of funds:			
Paid-up capital	419701	Reserves & surplus	0
8% Preference Share Application Money	756200	Unsecured loans	265500
Secured loans	912242	Deferred tax liabilities	29413
<b>Application of funds:</b>			
Net fixed assets	794728	Investments	232767
Net current assets	1139922	Misc. expenditure	150000
Accumulated losses	65639		

**IV. Performance of the company ( Rs. in thousands)**

Turnover	470651	Total expenditure	450860
Profit/(Loss) before tax	19791	Profit /(Loss) after tax	9548
Earning per share in Rs.	0.23	Dividend rate %	Nil

**V. Generic names of three principal products/ services of company (as per monetary items)**

Item code No ( ITC code)	170199.02	Item code No (ITC code)	29.05
Product description	Cane sugar	Product description	Industrial alcohol

As per report of even date annexed

For and on behalf of the Board

Sd/-

**R. RAJAGOPALAN**  
Chartered Accountant  
Membership No.018422

Place : Chennai  
Date : 29.06.2009

Sd/-

**M.P. PURUSHOTHAMAN**  
Chairman & Managing Director

Sd/-

**K.JAYACHANDRAN**  
Joint Managing Director

Sd/-  
**S.S.K .Swarup**  
Company Secretary

**STATEMENT SHOWING HOLDING COMPANY'S INTEREST IN ITS SUBSIDIARY COMPANY  
PURSUANT TO THE PROVISIONS OF SEC. 212(3) OF THE COMPANIES ACT, 1956**

1. Name of the Subsidiary	Empee Power Company (India) Limited
2. Financial Year of the Subsidiary	31st March 2009
3. Shares of the subsidiary held by M/s.Empee Sugars and Chemicals Limited and extent of holdings as on 31st March, 2009. a) Number & Face Value b) Extent of Holding	2,32,75,400 shares & Rs.10 each 100 %
4. The net aggregate amount of Profit/(Loss) of the subsidiary for the above financial year so far as it concerns the members of the holding company. a) Dealt within the accounts of Empee Sugars and Chemicals Ltd for the year ended 31st March, 2009. b) Not dealt within the accounts of Empee Sugars and Chemicals Ltd for the year ended 31st March, 2009.	Nil  Nil
5. Net aggregate amount of Profit/(Loss) for the previous Financial year of the subsidiary since it became Subsidiary so far as they concerned members of Empee Sugars and Chemicals Ltd a) Dealt within the accounts of Empee Sugars and Chemicals Ltd for the year ended 31st March, 2009. b) Not dealt within the accounts of Empee Sugars and Chemicals Ltd for the year ended 31st March, 2008.	Not applicable  Not applicable

As per report of even date annexed

Sd/-  
**R. RAJAGOPALAN**  
Chartered Accountant  
Membership No.018422  
Place : Chennai  
Date : 29.06.2009

For and on behalf of the Board

Sd/-  
**M.P. PURUSHOTHAMAN**  
Chairman & Managing Director

Sd/-  
**K.JAYACHANDRAN**  
Joint Managing Director  
Sd/-  
**S.S.K .Swarup**  
Company Secretary

**STATEMENT SHOWING HOLDING COMPANY'S INTEREST IN ITS SUBSIDIARY COMPANY  
PURSUANT TO THE PROVISIONS OF 212(5) OF THE COMPANIES ACT, 1956**

<p>The financial year or years of a subsidiary referred to in sub-section (2) do not coincide with the financial year of the holding company, a statement containing information on the following matters shall also be attached to the balance sheet of the holding company:</p> <p>(a) whether there has been any, and, if so, what change in the holding company's interest in the subsidiary between the end of the financial year or of the last of the financial years of the subsidiary and the end of the holding company's financial year;</p>	<p>Nil</p>
<p>(b) details of any material changes which have occurred between the end of the financial year or of the last of the financial years of the subsidiary and the end of the holding company's financial year in respect of:</p> <p>(i) the subsidiary's fixed assets;</p> <p>(ii) its investments ;</p> <p>(iii) the moneys lent by it ;</p> <p>(iv) the moneys borrowed by it for any purpose other than that of meeting current liabilities.</p>	<p>Nil</p>

As per report of even date annexed

For and on behalf of the Board

Sd/-  
**R. RAJAGOPALAN**  
Chartered Accountant  
Membership No.018422  
Place : Chennai  
Date : 29.06.2009

Sd/-  
**M.P. PURUSHOTHAMAN**  
Chairman & Managing Director

Sd/-  
**K.JAYACHANDRAN**  
Joint Managing Director  
Sd/-  
**S.S.K .Swarup**  
Company Secretary

**Note:** The Holding Company, (Empee Sugars and Chemicals Ltd) undertakes that the related detailed information pertaining to the Annual Accounts of the Subsidiary Company viz. Empee Power Company (India) Ltd will be made available to the investors seeking such information at any point of time. Further the Annual Accounts of the subsidiary company will also be kept for inspection by any investor in the registered office of the Company.



**CONSOLIDATED AUDITOR'S REPORT**

**To the Board of Directors of M/s.Empee Sugars and Chemicals Limited on the Consolidated Financial Statements of Empee Sugars and Chemicals Limited and its Subsidiary.**

I have audited the attached Consolidated Balance Sheet of M/s. Empee Sugars and Chemicals Limited and its subsidiary as at 31<sup>st</sup> March 2009, the Profit and Loss Account and the Cash Flow Statement for the period ended on that date, which I have signed under reference to this report. These Consolidated financial statements are the responsibility of the Company's Management. My responsibility is to express an opinion on these financial statements based on the audit.

I conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinion.

I report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21 and other Accounting Standards issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Empee Sugars and Chemicals Limited and its subsidiary where the audited financial statements have been considered and included in the consolidated financial statements.

On the basis of the information and explanation given to me and on consideration of the separate audit reports on individual audited financial statement of Empee Sugars and Chemicals Limited and its Subsidiary, I am of the opinion that the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- i. In the case of Consolidated Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2009.
- ii. In the case of Consolidated Profit and Loss Account of the PROFIT for the year ended on that date; and
- iii. In the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Place : Chennai  
Date : 29.06.2009

Sd/-  
**R.RAJAGOPALAN**  
CHARTERED ACCOUNTANT

**EMPEE SUGARS AND CHEMICALS LIMITED**

**CONSOLIDATED BALANCE SHEET AS AT 31.03.2009**

	Schedule	As at 31.03.2009 Rs. In Lakhs	As at 30.06.2008 Rs. In Lakhs
<b>Sources of Funds</b>			
Share Holders Fund	1	4,197.01	4,197.01
8% Preference Share Application Money		7,562.00	-
<b>Loan Funds</b>			
Secured Loan	2	14,137.00	4,898.42
Unsecured Loan		2,655.00	2,665.00
Deferred Tax Liabilities	13	294.13	212.95
<b>Total</b>		<u><b>28,845.14</b></u>	<u><b>11,973.38</b></u>
<b>Application of Funds</b>			
<b>Fixed Asset</b>			
Gross Block	3	7,704.61	7,494.18
Less: Depreciation Reserve		<u>3,145.28</u>	<u>2,815.59</u>
		4,559.33	4,678.59
Add: Capital Work in Progress		<u>7,011.53</u>	6,524.50
Investments	4	0.13	0.13
<b>Current Assets, Loans and advances</b>			
<b>(A) Current Assets</b>			
Inventories	5	2,652.72	2,176.84
Sundry Debtors	6	166.73	326.39
Cash & Bank Balances	7	1,752.61	346.42
<b>(B) Loans &amp; Advances</b>	8	<u>10,626.15</u>	<u>2,190.72</u>
		15,198.21	5,040.37
Less: Current Liabilities	9	<u>1,749.91</u>	<u>1,853.95</u>
		13,448.30	3,186.42
Miscellaneous Expenditure (To the extent not written off or adjusted)	10	1,500.00	1,500.00
Pre Operative Expenses	11	1,669.47	-
Profit & Loss Appropriation account	12	656.39	762.33
<b>Total</b>		<u><b>28,845.14</b></u>	<u><b>11,973.38</b></u>
Significant accounting polices and notes on financial statements	20		

As per report of even date annexed

For and on behalf of the Board

Sd/-  
**R. RAJAGOPALAN**  
Chartered Accountant  
Membership No.018422  
Place : Chennai  
Date : 29.06.2009

Sd/-  
**M.P. PURUSHOTHAMAN**  
Chairman & Managing Director

Sd/-  
**K.JAYACHANDRAN**  
Joint Managing Director  
Sd/-  
**S.S.K .Swarup**  
Company Secretary

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31.03.2009**

	Schedule	Period ended 31.03.2009 Rs. In Lakhs	Year ended 30.06.2008 Rs. In Lakhs
<b>INCOME</b>			
Sales Income	14	4,914.86	6,500.08
Less: Excise Duty		217.23	445.78
Less: Sales Tax		54.05	92.08
<b>Net Sales/Income from Operation</b>		<b>4,643.58</b>	<b>5,962.22</b>
Other Income	15	62.93	43.12
<b>Total</b>		<b>4,706.51</b>	<b>6,005.34</b>
<b>EXPENDITURE</b>			
Manufacturing & Other Expenses	16	3,071.51	4,309.25
Employees Expenses	17	428.37	486.55
Administrative & Other Expenses	18	285.15	321.13
<b>Total</b>		<b>3,785.03</b>	<b>5,116.93</b>
<b>Profit before Interest, Depreciation &amp; Tax</b>		<b>921.48</b>	<b>888.41</b>
Less: Interest on Bank Borrowings	19	393.87	573.77
Less: Depreciation	3	329.70	270.82
<b>Profit before Tax</b>		<b>197.91</b>	<b>43.82</b>
Provision for Taxation		20.38	4.51
Provision for Fringe Benefit Tax		0.87	1.50
Deferred Tax Liability-Current Year		81.18	(91.85)
<b>Profit After Tax</b>		<b>95.48</b>	<b>129.66</b>
<b>Earnings per Equity Share(Basic/Diluted) Rs. (Face Value Rs.10/- per Share)</b>		<b>0.23</b>	<b>0.31</b>

As per report of even date annexed

For and on behalf of the Board

Sd/-  
**R. RAJAGOPALAN**  
Chartered Accountant  
Membership No.018422  
Place : Chennai  
Date : 29.06.2009

Sd/-  
**M.P. PURUSHOTHAMAN**  
Chairman & Managing Director

Sd/-  
**K.JAYACHANDRAN**  
Joint Managing Director  
Sd/-  
**S.S.K .Swarup**  
Company Secretary

**EMPEE SUGARS AND CHEMICALS LIMITED**

**CONSOLIDATED SCHEDULES TO THE ACCOUNTS FOR THE PERIOD ENDED 31.03.2009**

	<b>As at 31.03.2009 Rs. In Lakhs</b>		<b>As at 30.06.2008 Rs. In Lakhs</b>	
<b>SCHEDULE -1</b>				
<b>Share Capital</b>				
Authorised Capital				
45000000 Equity Shares of Rs 10 each	<b>4,500.00</b>			<b>4,500.00</b>
Issued, subscribed and paid up	4,197.29		4,197.29	
Less: Call in arrears	<u>0.28</u>	4,197.01	<u>0.28</u>	4,197.01
 <b>SCHEDULE -2</b>				
<b>Secured Loans</b>				
<b>OCC Loans from Banks</b>				
Indian Bank	651.07		680.35	
Union Bank of India	<u>690.36</u>	1,341.43	<u>517.36</u>	1,197.71
 <b>*Term Loans for Working Capital (Nayudupet)</b>				
Indian Bank	1,417.60		1,496.00	
Union Bank of India	1,145.37		1,268.18	
Bank of Maharashtra	216.18		228.20	
Federal Bank (WC DL)	<u>187.19</u>	2,966.34	<u>192.42</u>	3,184.80
 <b>*Term Loans for Fixed Assets (Ambasamudram)</b>				
Andhra Bank	1,484.00		-	
Bank of India	1,484.00		-	
Indian Overseas Bank	500.00		-	
Punjab National Bank	<u>1,346.65</u>	4,814.65	<u>-</u>	-
 <b>*Term Loans for Fixed Assets (Empee Power)</b>				
Indian Overseas Bank	1,418.94		114.22	
Power Finance Corporation	<u>3,595.64</u>	<u>5,014.58</u>	<u>401.68</u>	<u>515.90</u>
		<u>14,137.00</u>		<u>4,898.41</u>

\* Secured by hypothecation of stocks of raw materials, semi finished and finished goods, stores and spares and with collateral security of Fixed Assets.

\* Previous years figures have been regrouped where ever necessary.

**SCHEDULE -3  
FIXED ASSETS**

Rs. In Lakhs

Sl. No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 01.07.08	Additions during the year	Sales during the year	As at 31.03.09	Up to 30.06.08	For the year	Depreciation written off	Up to 31.03.09	As at 31.03.09	As at 30.06.08
1	Land & Site	424.11	167.13	-	591.24	-	-	-	-	591.25	424.11
2	Buildings	1,009.03	-	-	1,009.03	33.70	-	352.38	-	656.65	690.35
3	Plant & Machinery	5,901.04	6.40	-	5,907.45	282.06	-	2,686.47	-	3,219.37	3,495.03
4	Furniture & Fittings	17.84	3.54	-	21.38	1.13	-	13.26	-	8.11	5.71
5	Vehicles	111.55	33.36	-	144.91	56.97	-	69.15	-	75.76	54.58
6	Computers	17.47	-	-	17.47	17.47	-	17.47	-	-	-
7	Office Equipments	13.14	-	-	13.14	4.33	-	4.96	-	8.18	8.81
	<b>Total</b>	<b>7,494.18</b>	<b>210.43</b>	<b>-</b>	<b>7,704.61</b>	<b>329.70</b>	<b>-</b>	<b>3,145.29</b>	<b>-</b>	<b>4,559.31</b>	<b>4,678.59</b>
	<b>Previous year</b>	<b>4,935.43</b>	<b>2,558.95</b>	<b>0.20</b>	<b>7,494.18</b>	<b>2,544.77</b>	<b>-</b>	<b>2,815.59</b>	<b>-</b>	<b>4,678.59</b>	<b>2,390.68</b>
	CWIP-Nayudupet	142.40	500.05	-	642.45	-	-	-	-	642.45	142.40
	CWIP-Ambasamudram	1,563.50	47.08	-	1,610.58	-	-	-	-	1,610.58	1,563.50
	CWIP-Empee Power Co	140.01	4,618.49	-	4,758.50	-	-	-	-	4,758.50	140.01
	<b>Total</b>	<b>1,845.91</b>	<b>5,165.62</b>	<b>-</b>	<b>7,011.53</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,011.53</b>	<b>1,845.91</b>

**SCHEDULE - 4**

**Investments-govt(Unquoted at cost)**

6 Years NSC VIII Issue	0.13	0.13	0.13	0.13
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**SCHEDULE - 5**

**Inventories**

(As per inventory taken, valued and certified by the Management)

(At Cost):

Stores	65.59		138.38	
(At estimated net realisable value):				
Sugar	1376.36		1,485.82	
Spirit	603.15		244.10	
Molasses	596.82		286.47	
Semi Finished goods	10.80	2,652.72	22.06	2,176.83

**SCHEDULE - 6**

**Sundry Debtors**

Debts outstanding for a period

Exceeding six months

	-		-	
Others	166.73	166.73	326.39	326.39

**SCHEDULE- 7**

**Cash & Bank Balances**

Cash	13.54		9.89	
Balance with banks in current account	1,594.56		187.59	
Fixed Deposit with banks (Margin for Guarantee)	141.79		146.22	
DDs/Cheques in hand	2.73	1,752.62	2.73	346.43

**SCHEDULE - 8**

**Advances recoverable in cash or kind for value to be received**

a. Unsecured but considered good

**Loans & Advances**

Advances to suppliers - Nayudupet	352.23		1,819.10	
Advances to suppliers - Ambasamudram	8,322.02		-	
Advances to suppliers - Empee Power Company	1,600.80		-	
Other Advances	50.63		157.65	
Tax deducted at source	25.23		24.95	
Prepaid Expenses	11.55		19.38	

**EMPEE SUGARS AND CHEMICALS LIMITED**

**Deposits**

Interest received on Deposits	-		-	
Deposits with Government Departments	55.22		31.25	
Income Tax Paid	-		-	
Other Deposits	208.47	10,626.15	<u>138.38</u>	2,190.71

**SCHEDULE -9**

**Current Liabilities & Provisions**

Due to Suppliers	1,008.13		693.30	
Advances from Customers	0.49		41.86	
Other Liabilities	695.44		1,062.72	
Liability for expenses	<u>45.85</u>	1,749.91	<u>56.07</u>	1,853.95

**SCHEDULE -10**

**Miscellaneous Expenditure**

(to the extent not written off or adjusted)

Discount on issue of shares		1,500.00		1,500.00
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**SCHEDULE -11**

**Pre Operative Expenses**

Ambasamudram Unit	1,241.08		-	
Empee Power Company(l) Ltd	428.39	1,669.47	-	-

**SCHEDULE-12**

**Profit and Loss Appropriation account**

Loss as per previous Balance Sheet		762.33		610.08
Add: Pre Operative Expenses	-		186.52	
Add: Income Tax paid for earlier years	166.94		92.30	
Add:Fringe Benefit Tax Paid	<u>9.12</u>	176.06	<u>3.09</u>	281.91
Less: (Profit)/Loss during the year		(95.49)		(129.66)
Less: Pre Operative Expenses		<u>186.52</u>		
Balance carried over to Balance Sheet		<u><u>656.39</u></u>		<u><u>762.33</u></u>

**SCHEDULE-13**

**Deferred Tax Liabilities**

Depreciation		499.41		504.58
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**Deferred Tax Assets**

Provision for doubtful debts and advances	4.91		4.91	
Brought forward loss as per Income tax	200.37	<u>205.28</u>	286.72	<u>291.63</u>
<b>Deferred Tax Liabilities(net)</b>		294.13		212.95

**EMPEE SUGARS AND CHEMICALS LIMITED**

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**SCHEDULE-14**

**Sales**

Sugar	3,292.44		4,069.89	
Spirit	1,330.55		1,798.79	
Molasses Sales	-		-	
Bagasse	-		63.26	
CO2 Sales	12.41		17.57	
Organic manure	<u>8.19</u>	4,643.59	<u>12.71</u>	5,962.22

**SCHEDULE-15**

**Other Income**

Sundry Income	58.85		16.41	
Scrap sales	1.65		25.50	
Interest Receipts	<u>2.43</u>	62.93	<u>1.21</u>	43.12

**SCHEDULE -16**

**Manufacturing & Other Expenses**

Sugar Cane Purchased	2,493.13		3,447.90	
Purchase Tax	113.07		216.65	
Transport Charges( Molasses)	99.70		55.19	
Purchase of Molasses & Others	466.42		474.07	
Cane Development Council fund	4.34		15.67	
Subsidy on Cane	17.07		5.36	
Cane Development Expenses	1.68		7.31	
Consumption of Stores and Spares	196.49		459.68	
Power & Fuel	192.74		263.18	
Repairs & Maintenance-Buildings	11.94		14.96	
Repairs & Maintenance-Machinery	8.80		38.94	
Repairs & Maintenance-Others	5.89		6.48	
Freight Charges	<u>8.92</u>	3,620.19	<u>44.16</u>	5,049.55

**(Increase)/Decrease of Stock**

**Closing Stock**

Sugar	1,376.36		1,485.82	
Spirit	603.15		244.10	
Molasses	596.82		286.47	
Semi Finished Products	10.80	2,587.13	22.06	2,038.45



**EMPEE SUGARS AND CHEMICALS LIMITED**

**Less: Opening Stock**

Sugar	1,485.82		944.77	
Spirit	244.10		132.54	
Molasses	286.47		176.14	
Semi Finished Products	22.06	2,038.45	44.70	1,298.15
Net (Increase)/Decrease in stock		<u>(548.68)</u>		<u>(740.30)</u>
<b>Total Manufacturing and other expenses</b>		<b><u>3,071.51</u></b>		<b><u>4,309.25</u></b>

**SCHEDULE-17**

**Employees Expenses**

Salary & Allowance	386.11		422.96	
Contribution to Provident Fund	21.73		32.50	
Staff Welfare Expenses	5.24		12.13	
Gratuity	5.62		11.01	
Bonus	9.67	428.37	7.95	486.55

**SCHEDULE -18**

**Administrative Expenses**

Printing & Stationery	1.11		4.73	
Rates, Taxes	26.98		29.39	
Insurance Premium	7.73		12.44	
Postage, Telephone & Telegram	8.62		12.48	
Conveyance & Travelling	30.40		31.47	
Vehicle maintenance & Hire Charges	33.33		45.32	
Advertisement	6.37		4.42	
Rent	15.35		20.88	
Auditor's Remuneration	0.67		0.67	
Professional Charges/Legal Charges	58.53		58.51	
Internal Audit Fee	8.00		3.34	
Sitting Fee	1.60		2.80	
Bank Charges	12.22		25.62	
Miscellaneous Expenses	74.24	285.15	69.06	321.13

**SCHEDULE -19**

**Interest on Borrowings:**

Interest on Term Loan	265.81		388.88	
Interest on Working Capital	128.06		157.41	
Interest on Others	-	393.87	27.48	573.77

## CONSOLIDATED FINANCIAL STATEMENT

### SCHEDULE - 20

#### NOTES FORMING PART OF ACCOUNTS

##### 1. a) Basis of preparation of Financial Statements

Financial statements are prepared and presented under the historical cost convention on a going concern basis and in accordance with the applicable accounting standards to the extent possible.

##### b) Principles of consolidation

The consolidated financial statements relate to Empee Sugars and Chemicals Limited (the company) and its subsidiary company. The consolidated financial statements have been prepared on the following basis.

The financial statements of the company and its subsidiary have been prepared based on a line-by-line consolidation by adding together the book values like items of assets, liabilities, income and expenses as per the respective financial statements duly certified by the auditors of the respective companies. Inter group balances and transactions have been eliminated.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The presentation to the extent possible is in the same manner as the company's individual statements.

The subsidiary company considered in the consolidated financial statement is M/s Empee Power Company (India) Ltd the country of incorporation is India and the percentage of voting power held by the holding company held on 31<sup>st</sup> March 2009 100%.

Since the subsidiary Company is at an infant stage of operations and no commercial activity has been done by the company the question

of framing the Profit & Loss Account does not arise. All the expenses are booked in Pre operative expenses.

##### 2. Basis of Accounting & Revenue Recognition

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

Income from Operations is recognized in the Profit & Loss Account on accrual basis as stated herein except in respect of such items as are specifically mentioned hereunder and in the notes.

- a. Sales income is accounted inclusive of excise duty and sales tax wherever applicable but net of trade discounts.
- b. Insurance claims are accounted as and when the claims are settled.
- c. Interest due from growers for seed supplied is accounted as and when cane is received from growers.
- d. Excise Duty payable on finished goods held in stock at the end of the accounting year (except Molasses stored in pit for which duty is paid as and when molasses are let into the pit) will be accounted for at the time of clearance of these goods. The accounting treatment will have no impact on profit/losses.

##### 3. Fixed Assets and Depreciation/Amortization

- 3.1. Fixed Assets:- These assets are stated at their original cost of acquisition (including expenditure for the acquisition and/or installation) less accumulated depreciation.

3.2. Depreciation on Fixed assets has been provided on straight-line method at rates prescribed under Schedule XIV to the Companies Act, 1956 as amended by notification dated 15.12.93 issued hereunder and is provided in the accounts or shown as a note. Depreciation on addition to fixed assets during the year is reckoned on a pro rata basis with reference to the month in which the fixed assets are put to use or commissioned.

#### **4. Impairment of Fixed Assets**

Wherever events of changes in circumstances indicate that the carrying value of fixed assets may be impaired, the Company subjects such assets to a test of recoverability, based on discounted cash flows expected from use or disposal thereof. If the assets are impaired, the Company recognizes as impairment loss as the difference between the carrying value and fair value less costs to sell. None of the Company's fixed assets are considered impaired as on the Balance Sheet date.

#### **5. Capital Work in Progress**

Capital work in progress is stated at cost and includes advance on account of Capital Equipment paid to the suppliers.

#### **6. Foreign Currency Transaction**

Foreign exchange transactions are recorded at the exchange rates prevailing at the time of transaction. Assets and liabilities expressed in foreign currencies (to the extent not covered against exchange fluctuations) are translated into Indian Rupees at the exchange rate prevailing at the Balance Sheet date and any loss or gain arising there from has been included in Finance Charges as per the provision of Accounting Standard 16 and 11 issued by The Institute of Chartered Accountants of India.

#### **7. Prior Period and Extra Ordinary Items**

Prior Period and Extra Ordinary Items having material impact on the financial affairs of the Company are disclosed.

#### **8. Retirement and Other Benefits**

8.1. The company accounts gratuity liability accounted as and when gratuity is paid to the employees.

8.2. Contribution to Provident Fund is made as per provisions of Employees Provident fund and Miscellaneous Provisions Act, 1952 and charges to Profit and Loss Account and disclosed separately.

8.3. Liability for leave encashment is provided as and when the leave encashment is paid to the employees.

#### **9. Income Tax**

The Income Tax liability is provided in accordance with the provisions of the Income tax Act 1961.

Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

#### **10. Segment Reporting**

##### **A. Business Segments:**

Based on the guiding principles given in Accounting Standard AS-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company's business segments include Sugar and Industrial Alcohol Plant (IAP).

##### **B. Segment accounting policies:**

In addition to the significant accounting policies applicable to the business segments as given in notes, the accounting policies in relation to segment accounting are as under:

##### **i) Segment revenue and expenses:**

Common revenue and expenses of segments are allocated amongst them

on a reasonable basis. All other segment revenue and expenses are directly attributable to the segments.

**ii) Segment assets and liabilities:**

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions, which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include deferred income taxes, Share Capital, Loans, Investments, Miscellaneous Expenditure and Profit and Loss Appropriate Account. While most of the assets / liabilities can be directly attributed to the individual segments, the carrying amount of certain assets / liabilities pertaining to both segments are allocated to the segments on a reasonable basis.

**11. Earning Per Share**

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard – 20 Earnings per Share, issued by the Institute of Chartered Accountants of India. Earnings per equity share have been computed by dividing net profit after tax attributable to equity share holders by the weighted average number of equity share outstanding during the year. Diluted earnings during the year adjusted for effects of all dilutive potential equity shares per equity share is computed using the weighted average number of equity share and dilutive potential equity shares outstanding during the year.

**12. Miscellaneous Expenditure**

Miscellaneous Expenditure represents discount on issue of shares made during the year 2000-2001.

**13. Earning per Share**

Basic and Dilutive Earning per share.

Particulars	Year Ended	
	31 <sup>st</sup> March	30 <sup>th</sup> June
	2009	2008
a. Net Profit after tax attributable to Equity shareholders	<b>95.48</b>	<b>129.66</b>
b. Weighted average number of Equity Shares Basic/Dilutive (Nos.)	41970127	41970127
c. Nominal value of equity per share (Rs)	10/-	10/-
d. Basic/Dilutive Earning per share (Rs.)	0.23	0.31

**14. Segment wise details as required by AS 17 issued by the Chartered Accountants of India are as under:**

Rs. In Lakhs

	Sugar	IAP	Un allocated	Total
1 Segment Revenue	3375.97	1330.55	--	4706.52
2 Segment Results	164.21	757.28	--	921.49
3 Segment Assets	5812.40	2329.10	11616.18	19757.66
4 Total Assets	5812.40	2329.10	11616.18	19757.66
5 Segment Liabilities	6078.72	2482.85	9980.34	18541.91
6 Total Liabilities	6078.72	2482.85	9980.34	18541.91
7 Capital Expenditure	407.45	235.00	6369.08	7011.53
8 Depreciation	247.98	77.94	3.78	329.70

**15. Contingent Liabilities**

15.1 Claims against the company not acknowledged as debts: Rs.172.63 lakhs

15.2 Estimated amount of capital contracts remaining to be executed (Net of Advances): Rs 18219.31 Lakhs.

15.3 Purchase tax: Rs. 1035.05 Lakhs (including Interest) (Note – 22)

16. National Saving Certificates VIII issue of Rs.0.13 lakhs shown under investment are under lien to Sales Tax authorities & Agricultural Department towards security deposits.
17. Stock of Stores, Spares and packing materials have been physically verified at the year end and valued at cost on FIFO basis. The valuation of the stocks of sugar and spirit are valued at estimated net realizable value. Sugar, Organic Manure, Sugar and Molasses in Process are valued at estimated net realization value.
18. **Balances with bank in fixed deposit include:**
- i) Rs.18.00 lacs under lien to banks for guarantees issued by them.
  - ii) Rs.0.02 lacs under lien to sales tax authorities towards security deposits.
  - iii) Rs.10,00,000 with Karur Vysya Bank is under lien to the said bank for Guarantee issued by them.
19. In the absence of receipt of information regarding small scale industrial status from the parties, the details of names of small scale industrial undertaking to which the company owe any sum together with interest outstanding for more than 30 days could not be ascertained.
20. Balances in some of the parties accounted are subject to confirmation.
21. Depreciation amounting to Rs.438.12 lakhs related to the previous years from 1.10.1996 to 31.03.1999 has not been provided.
22. The Government of Andhra Pradesh by its Order dated 13.10.2003 through Abstract from Industries & Commerce (Sugar) Department has permitted the Company to pay the arrears of Purchase Tax amounting to Rs.532.57 lakhs (which includes a sum of Rs.10.40 lakhs as interest) in three equal annual installments along with interest @ 10.5% p.a. The company has sent the request letter to the concerned Government Departments to waive off the purchase tax and interest thereon. In the opinion of the management, the company will get the favourable reply from the Government and accordingly no liability has been provided in the books.
23. Provision for Minimum Alternate Tax of Rs 20.38 lacs is provided for Income Tax and Fringe Benefit Tax (FBT) of Rs.0.87 lacs has been provided.
24. Additional Information pursuant to the provisions of paras 3, 4c and 4D of Part II of Schedule VI to the Companies Act, 1956.

**Rs. In Lakhs**  
**2008-09      2007-08**

**Expenditure in foreign Currencies:**

CIF value of import of Machinery      940.03      Nil

**Foreign Exchange Earnings:**

FOB Value of Export      Nil      Nil

**25. Related Party Transactions:**

**A. Holding Company:**

1. Empee Distilleries Limited.

**B. Fully Owned Subsidiary:**

1. Empee Power Company (India) Limited

**C. Other Group Companies:**

1. Empee International Hotels & Resorts Ltd
2. South (India) Hotels Pvt. Ltd
3. Empee Hotels Ltd
4. Apollo Alchobev Limited
5. Empee Holding Limited.
6. Aruna Exports Pvt Ltd
7. Aruna Constructions (India) Ltd
8. Empee Marine Products limited
9. Empee Transport & Logistics Ltd
10. Empee Agro Farm Products Pvt Ltd
11. Universal Spirits Limited
12. Empee Construction Company Pvt Ltd
13. Empee Power and Infrastructure Pvt Ltd
14. EDL Properties Private Limited.
15. Apollo Wind Energy Pvt Ltd.
16. Apollo Beers Pvt Ltd
17. Shainvest Holdings Ltd
18. Apollo Distilleries Pvt Limited.

**EMPEE SUGARS AND CHEMICALS LIMITED**

**Transactions during the year**

**Rs. In Lakhs**

Particulars	Subsidiary	Holding Company	Key Management Personnel	Relative of Key Management Personnel	Other Related Parties	Total
Remuneration	Nil	Nil	87.98	Nil	Nil	87.98
Receiving of Services	Nil	Nil	Nil	Nil	31.52	31.52
Finance (Including loans and equity contributions in cash or kind)	1543.54	NIL	Nil	Nil	Nil	1543.54
Interest Paid	Nil	Nil	Nil	Nil	Nil	Nil
Interest Received	Nil	Nil	Nil	Nil	Nil	Nil
Lease Rent paid	Nil	Nil	Nil	12.76	2.70	15.46

**Outstanding:**

Payable	Nil	602.91	Nil	Nil	55.72	658.63
Receivable	Nil	196.00	Nil	Nil	54.13	250.13

**26. KEY MANAGEMENT PERSONNEL:**

Name:	Designation	Remuneration paid (Rs.in Lacs)
Mr. M.P. Purushothaman	Chairman and Managing Director	35.28 (36.96)
Mr. Sheeju Purushothaman	Joint Managing Director	25.20 (8.40)
Mr. K.Jayachandran	Joint Managing Director	27.50 (28.03)

27. The company has imported 44450 MTs of raw sugar resulting in an export obligation of 42330 MTs. The company has exported 10000 MTs of sugar against this obligation and balance is pending compliance.

28. The previous year's figures have been regrouped/rearranged, wherever considered necessary.

As per report of even date annexed

For and on behalf of the Board

Sd/-  
**R. RAJAGOPALAN**  
Chartered Accountant  
Membership No.018422

Sd/-  
**M.P. PURUSHOTHAMAN**  
Chairman & Managing Director

Sd/-  
**K.JAYACHANDRAN**  
Joint Managing Director

Place : Chennai  
Date : 29.06.2009

Sd/-  
**S.S.K .Swarup**  
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2009.**

	As at 31.03.09 (Rs. In Lakhs)	As at 30.06.08 (Rs. In Lakhs)
<b>A Cash Flow from Operating Activities</b>		
Net Profit Before Tax	197.91	43.82
Adjustment for :		
Depreciation	329.70	270.82
Interest Expenses	393.87	573.77
Interest Received	(2.43)	(1.21)
<b>Operating Profit before Working Capital Changes</b>	<b>919.05</b>	<b>887.20</b>
Adjustment for :		
(Increase)/Decrease in stock	(475.88)	(732.49)
(Increase)/Decrease in Current Assets	(8,271.34)	(1,508.17)
Increase/(Decrease) in Current Liabilities	(104.04)	713.56
Interest Paid	(393.87)	(573.77)
Tax Paid	(21.25)	(6.01)
Deferred Tax		
<b>Sub Total</b>	<b>(9,266.38)</b>	<b>(2,106.88)</b>
<b>Net Cash(Used in)/ Generated from Operating Activities</b>	<b>(8,347.33)</b>	<b>(1,219.68)</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets incl. CWIP	(5,376.05)	(1,758.53)
Prior Period Items	(1,845.53)	(95.38)
Pre Operative Expenses	186.52	(293.76)
(Increase)/Decrease in investments	-	(0.02)
Interest/Dividend Received	2.43	1.21
Net Cash (Used)/Generated in Investing Activities	<b>(7,032.63)</b>	<b>(2,146.48)</b>
<b>C Cash Flow from Financing Activities</b>		
8% Preference Share application Money	7,562.00	-
Net Increase in Borrowings		
Unsecured Loans	(10.00)	2,065.00
Receipt of Loans	9,486.33	1,484.07
Repayment of Loans	(247.74)	(62.98)
Net Cash (Used)/Generated in Financing Activities	<b>16,790.59</b>	<b>3,486.09</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>1,410.64</b>	<b>119.93</b>
<b>Cash &amp; Cash Equivalents as on 01.07.2008</b>	<b>200.20</b>	<b>80.27</b>
<b>Cash &amp; Cash Equivalents as on 31.03.2009</b>	<b>1,610.83*</b>	<b>200.20*</b>

\* Cash & Cash equivalents includes Cash on hand, Balances with bank in current account, DDs/Cheques on hand but excludes Fixed deposits with bank towards margin money for guarantee.

As per report of even date annexed

For and on behalf of the Board

Sd/-  
**R. RAJAGOPALAN**  
Chartered Accountant  
Membership No.018422

Sd/-  
**M.P. PURUSHOTHAMAN**  
Chairman & Managing Director

Sd/-  
**K.JAYACHANDRAN**  
Joint Managing Director

Place : Chennai  
Date : 29.06.2009

Sd/-  
**S.S.K .Swarup**  
Company Secretary

