

ANNUAL REPORT 2013-14



PARRYS SUGAR INDUSTRIES LTD.

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CORPORATE INFORMATION

Board of Directors

K. Balasubramanian, *Chairman*

D. Kumaraswamy, *Managing Director*

K. Ramadoss

V. Ravichandran

C. R. Rajan

V. Ramesh (*w.e.f. 28.04.2014*)

Company Secretary

Amar Kumar Dora

Chief Financial Officer

V. Suri (*w.e.f. 29.04.2014*)

Registered Office

Venus Building, 3rd Floor,
1/2 Kalyanamantapa Road
Jakkasandra, Koramangala
Bengaluru - 560 034
Karnataka

Auditors

R.G.N Price & Co.

Bankers

State Bank of India

Investor Contacts

Registrar & Transfer Agents

Karvy Computershare Pvt. Ltd.
Unit: Parrys Sugar Industries Limited
Plot No. 17 to 24, Vittal Rao Nagar
Madhapur, Hyderabad – 500081
Tel.: +91 40 44655000
Fax: +91 40 23420814
Email: einward.ris@karvy.com

Company

Amar Kumar Dora
Company Secretary
Tel: +91 80 49006616
Fax: +91 80 49006600
Email: investorgrievancescell@psil.murugappa.com
Website: www.parrysugar.com

NOTICE

Notice is hereby given that the twenty-eighth Annual General Meeting (AGM) of the members of **Parrys Sugar Industries Limited** will be held on **Friday, July 25, 2014 at 10.30 A.M. at Khincha Hall, Bharatiya Vidya Bhavan, Race Course Road, Bengaluru - 560 001**, to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the Audited Annual Accounts for the year ended March 31, 2014 and the reports of the Board of Directors and the Auditors thereon and in this connection, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:
"RESOLVED THAT the Audited Balance Sheet as at March 31, 2014 together with the Statement of Profit and Loss for the year ended as on that date and the Reports of the Directors and Auditors thereon be and are hereby adopted".
2. To appoint a Director in place of Mr. V.Ravichandran who retires by rotation, and being eligible offers himself for re-appointment and in this connection, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. V.Ravichandran (DIN: 00110086) who retires by rotation at this Annual General Meeting, be and is hereby appointed as Director of the Company, liable to retire by rotation".
3. To appoint M/s. R.G.N Price & Co., as Auditors of the Company and in this connection, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 139 and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, M/s. R.G.N Price & Co., Chartered Accountants, (Firm Registration No. 002785S) be and they are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting (AGM) until the conclusion of the thirtieth AGM (subject to ratification of their appointment at every AGM) and that the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditors".
4. To ratify the remuneration to M/s Narasimha Murthy & Co., Cost Auditors of the Company and in this connection, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to Section 148 and any other applicable provisions of the Companies Act, 2013, the Rules made thereunder and the recommendations of the Audit Committee of the Board of Directors, the remuneration of ₹90,000/- towards fee for audit of the cost accounting records of the Company and reimbursement of travelling and out of pocket expenses payable to M/s Narasimha Murthy & Co., Cost Accountants (Firm Registration No.000042) for the year 2014-15 fixed by the Board of Directors and agreed to by M/s Narasimha Murthy & Co., be and are hereby ratified".

Special Business:

5. To appoint Mr. V.Ramesh as a Director liable to retire by rotation and in this connection to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 149 of the Companies Act, 2013 and the rules made thereunder and the Articles of Association of the Company, Mr. V.Ramesh (DIN: 01412093), who was appointed as an Additional Director of the Company by the Board of Directors with effect from April 28, 2014 and who holds directorship until the date of this AGM in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing Mr. V.Ramesh as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation".
6. To appoint Mr. K.Balasubramanian as an Independent Director and in this connection to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. K. Balasubramanian (DIN 00009132), Director of the Company, be

and is hereby appointed as an Independent Director of the Company for three consecutive years from the conclusion of this AGM to the conclusion of thirty first AGM, not liable to retire by rotation."

7. To appoint Mr. K.Ramadoss as an Independent Director and in this connection to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. K. Ramadoss (DIN 03230018), Director of the Company, be and is hereby appointed as an Independent Director of the Company for three consecutive years from the conclusion of this AGM to the conclusion of thirty first AGM, not liable to retire by rotation."

8. To appoint Mr. C.R.Rajan as an Independent Director and in this connection to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. C.R.Rajan (DIN 00111933), Director of the Company, be and is hereby appointed as an Independent Director of the Company for three consecutive years from the conclusion of this AGM to the conclusion of thirty first AGM, not liable to retire by rotation."

9. To approve the borrowing powers of the Board and in this connection to consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of the ordinary resolution passed at the Annual General Meeting held on 25th September, 2008 under section 293(1)(d) of the Companies Act, 1956 and pursuant to the provisions of Section 180(1)(c) of the Companies Act 2013 and all other applicable provisions if any, or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) the Company hereby accords its consent to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose), for borrowing any sum or sums of money from time to time whether in Indian rupees or foreign currency, unsecured or secured notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves and that the total amount up to which the moneys may be borrowed by the Board of Directors and outstanding shall not exceed the sum of ₹500 crores (Rupees five hundred crores only) at any time.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds and things as it may in its absolute discretion deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

10. To accord approval to the Board to create charge on the assets of the Company and in this connection to consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of the ordinary resolution passed at the Annual General Meeting held on 25th September, 2008 under section 293(1)(a) of the Companies Act, 1956 and pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 and all other applicable provisions if any, or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) consent of the members be and is hereby accorded to the Board of Directors of the Company for mortgaging / charging / hypothecating all or any of the immovable and movable properties of the Company both present and future and the whole or substantially the whole of the undertaking or the undertakings of the Company on such terms and conditions, as may be agreed to between the Board and Lender(s) in favour of all or any Banks, financial institutions, investments institutions and their subsidiaries, any other bodies corporate and any other lenders (hereinafter collectively referred to as "the lending agencies") and/or Trustees for the holders of debentures/ bonds/ other instruments to secure borrowings of the Company by way of loans/ issue of debentures/ bonds/ other instruments as may be issued, which may exceed the paid-up capital and free reserves but not exceeding ₹500 Crores (Rupees Five Hundred Crores only) at any time.

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds and things as it may in its absolute discretion deem fit, necessary, proper or desirable and to settle any question,

difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

By Order of the Board of Directors
For **Parrys Sugar Industries Limited**

Chennai
April 28, 2014

Amar Kumar Dora
Company Secretary

CIN: L28100KA1986PLC049077

Registered Office:

Venus Building, 3rd Floor, 1/2 Kalyanamantapa Road,
Jakkasandra, Koramangala,
Bengaluru-560034

Tel: 91 80 49006616 Fax: 91 80 49006600

E-mail: investorgrievancescell@psil.murugappa.com, Website: www.parrysugar.com

NOTES:

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out the details relating to the Special Business to be transacted at the meeting is annexed hereto.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, July 18, 2014 to Friday, July 25, 2014, both days inclusive.
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING, INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. The duly filled in and signed proxy form(s) in order to be effective, shall be lodged at its Registered Office of the Company not less than 48 hours before the commencement of the meeting. A proxy form for the AGM is sent herewith.

A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
4. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the Meeting.
5. Members holding shares in electronic mode are requested to intimate any change in their address to their Depository Participant(s). Members holding shares in physical form are requested to advise any change in their address immediately to the Company/ Registrar and Transfer Agent M/s. Karvy Computershare Pvt. Ltd. Plot Nos.17 to 24, Near Image Hospital, Vittal Rao Nagar, Madhapur, Hyderabad-500081 (Karvy).
6. Members desiring any information as regards the Accounts and operations of the Company are requested to send their queries at least 7 days before the date of the meeting to the Company, so that the desired information may be made available at the Meeting.
7. Members who have not yet encashed their dividend warrant(s) for the financial year 2006-07 are requested to make their claims without any delay to Karvy. It may be noted that the unclaimed/unpaid dividend for the financial year 2006-07 declared on September 25, 2007 can be claimed by the Members by October 30, 2014. Members are requested to note that dividends not claimed within 7 years from the date of transfer to the Company's Unpaid Dividend Account as per Section 124 of the Companies Act, 2013 will be transferred to the Investor Education and Protection Fund.
8. As per the provisions of section 72 of the Companies Act, 2013 and rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014 Shareholders holding shares in physical form may file nomination in the prescribed form SH-13 with the Company's Registrar and Transfer Agent. In respect of shares held in demat form, the nomination form may be filed with the respective Depository Participant.
9. Detailed information regarding the various Stock Exchanges where the equity shares of the Company are listed, along with their address and the stock code given to the Company by the respective Stock Exchanges are indicated in the Corporate Governance Report, forming part of the Directors' Report.
10. The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company/Karvy.

11. Members holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company or the Company's Registrars and Transfer Agents for assistance in this regard.
12. As per Clause 49 of the Listing Agreement with Stock Exchanges, the profile of the Directors seeking appointment/re-appointment is indicated in the Corporate Governance Report. The Directors have furnished the requisite consents/declarations for their appointment/re-appointment.
13. The Annual Report and Notice for the 28th AGM along with Attendance Slip and Proxy Form, is being sent by electronic mode to all members whose email address are registered with the Company/Depository Participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by permitted mode. Members may also note that the aforesaid documents are also available on the Company's website www.parrysugar.com for download. Members/proxies are requested to bring their copy of Annual Report together with notice alongwith Attendance Slip sent herewith, duly filled in, to attend the meeting.
14. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
15. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Karvy for consolidation into a single folio.
16. The Company is concerned about the environment and utilizes natural resources in a sustainable way. Members are requested to update their email address with their Depository Participant (s) to enable the company to send the Annual Report and other communications electronically.
17. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.
18. Voting through electronic means

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 28th Annual General Meeting to be held on Friday, the 25th July, 2014 at 10.30 a.m. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide the e-voting facility. The instructions for E-voting are as under:

- (i) Open your web browser during the voting period and log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab to cast your votes.
- (iii) Select the company "PARRY'S SUGAR INDUSTRIES LIMITED" from the drop down menu and click on Submit.
- (iv) Enter the user id and the CAPTCHA code as appearing on the screen.
- (v) If you are holding shares in Demat form and have already voted earlier on www.evotingindia.com for voting of any other Company, then your existing password are to be used.
- (vi) If you are a first time user follow the steps given below.
Fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
User ID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department and updated with the Company when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders). * Members who have not updated their PAN with the Company/Depository Participant are requested to use PARRY2507V in the PAN field.	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or Folio No. in dd/mm/yyyy format.	
Bank Details#	Enter the bank details as recorded in your demat account or in the company records for the said demat account or folio	

Please enter any one of the details in order to login. In case either of the details are not recorded with the depository/company, please enter the number of shares held by you in the Bank details field.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. The new password has to be a minimum eight characters consisting of atleast one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) Click on the relevant EVSN on which you choose to vote.
- (x) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option "YES" or "NO" as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "Resolutions File" link if you wish to view the entire Resolutions.
- (xii) After selecting the resolutions you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) If Demat Account holders have forgotten the changed password, then enter the User ID and Captcha Code, click on Forgot Password and enter the details as prompted by the system.
- (xv) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates, link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution or Power of Attorney in favour of the Custodian who they have authorised to vote on their behalf, if any, in PDF format in the system for the scrutinizer to verify the same .
- (xvi) The voting period begins on Saturday, 19th July, 2014 (9.00 a.m.) and ends on Monday, 21st July, 2014 (6.00 p.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 13th June, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (xvii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
- (xviii) The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of 13th June, 2014.
- (xix) Mr. V.Sreedharan, Practicing Company Secretary, Bangalore has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (xx) The scrutiner shall within a period of not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of atleast two witnesses not in the employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (xxi) The results of the e-voting alongwith the scrutinizers report shall be placed on the Company's website www.parrysugar.com and on the website of CDSL within two days of passing of the said resolution at the AGM of the Company. The results will also be communicated to the stock exchanges where the shares of the Company are listed.

EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.**Item No.5**

The Board of Directors at their meeting held on April 28, 2014 appointed Mr. V.Ramesh (DIN: 01412093) as an Additional Director of the Company pursuant to Section 161 of the Companies Act, 2013 read with the Articles of Association of the Company.

Pursuant to Section 161 of the Companies Act, 2013, Mr. V.Ramesh will hold office upto the date of the ensuing AGM. The Company has received a notice in writing from a member alongwith the requisite deposit under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. V.Ramesh for the office of Director. Accordingly, the Board recommends the resolution set forth in item No. 5 of the Notice for approval of the members.

Except Mr. V.Ramesh, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution.

Item No.6

Mr. K. Balasubramanian (DIN 00009132) has been an Independent Director of the Company under the Listing Agreement since October 2009. The Board of Directors at their meeting held on July 23, 2013 elected Mr. K.Balasubramanian as Non-Executive Chairman of the Board. Mr. K. Balasubramanian is the Chairman of the Audit Committee and member of the Nomination and Remuneration Committee of the Board of Directors of the Company. Consequent upon the enactment of the Companies Act, 2013(the Act), it is now incumbent upon every listed Company to appoint "Independent Directors" as defined under Section 149 (6) of the Act and the rules made thereunder. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Mr. K. Balasubramanian fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. The Company has received a declaration from Mr. K. Balasubramanian that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. Copy of the draft letter for appointment of Mr. K. Balasubramanian as an Independent Director setting out the terms and conditions would be available for inspection by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturdays. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. K.Balasubramanian as an Independent Director. Accordingly, the Board recommends the resolution set forth in Item No.6 of the Notice for the approval of the members.

The profile of Mr. K. Balasubramanian as required under Clause 49 of the Listing Agreement is given under the Corporate Governance Report annexed to the Annual Report.

Except Mr. K. Balasubramanian, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution.

Item No.7

Mr. K. Ramadoss (DIN 03230018) has been an Independent Director of the Company under the Listing Agreement since August 2010. Mr. K. Ramadoss is a Member of the Audit Committee and member of the Nomination and Remuneration Committee of the Board of Directors of the Company. Consequent upon the enactment of the Companies Act, 2013 (the Act), it is now incumbent upon every listed company to appoint "Independent Directors" as defined under Section 149(6) of the Act and the rules made thereunder. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Mr. K.Ramadoss fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. The Company has received a declaration from Mr.K. Ramadoss that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. Copy of the draft letter for appointment of Mr. K.Ramadoss as an Independent Director setting out the terms and conditions would be available for inspection by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturdays. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. K.Ramadoss as an Independent Director. Accordingly, the Board recommends the resolution set forth in Item No.7 of the Notice for the approval of the members.

The profile of Mr. K. Ramadoss as required under Clause 49 of the Listing Agreement is given under the Corporate Governance Report annexed to the Annual Report.

Except Mr. K. Ramadoss, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution.

Item No.8

Mr. C.R.Rajan (DIN 00111933) has been an Independent Director of the Company under the Listing Agreement since April 2013. Mr. C.R.Rajan is a Member of the Audit Committee and Chairman of the Nomination and Remuneration Committee of the Board of Directors of the Company. Consequent upon the enactment of the Companies Act, 2013 (the Act), it is now incumbent upon every listed Company to appoint "Independent Directors" as defined under Section 149(6) and the rules made thereunder. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Mr. C.R.Rajan fulfils the conditions

specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. The Company has received a declaration from Mr.C.R.Rajan that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. Copy of the draft letter for appointment of Mr. C.R.Rajan as an Independent Director setting out the terms and conditions would be available for inspection by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturdays. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. C.R.Rajan as an Independent Director. Accordingly, the Board of Directors recommends the resolution set forth in Item No.8 of the Notice for approval of the members.

The profile of Mr. C.R.Rajan as required under Clause 49 of the Listing Agreement is given under the Corporate Governance Report annexed to the Annual Report.

Except Mr. C.R.Rajan, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution.

Item No.9

The members of the Company at the Annual General Meeting held on 25th September, 2008 by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 approved borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹1000 Crores (Rupees one thousand crores).

Section 180(1)(c) of the Companies Act, 2013 requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a special resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No.9 of the Notice, to enable the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto ₹500 Crores (Rupees Five Hundred Crores) in excess of the aggregate of the paid up share capital and free reserves of the Company. The Board recommends the resolution set forth in item No.9 of the Notice for the approval of the members.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution.

Item No.10

The members of the Company at the Annual General Meeting held on 25th September, 2008 by way of an Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 approved creation of mortgages/ charges/hypothecations on the movable and immovable properties of the Company in favour of the lending agencies/debenture trustees up to a limit of ₹ 1000 crores over and above the aggregate of the paid-up capital of the Company and its free reserves.

Section 180(1)(a) of the Companies Act, 2013 requires that the Board of Directors shall not, without the consent of members in general meeting, sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company.

It is, therefore, necessary for the members to pass a special resolution under section 180(1)(a) and other applicable provisions of the Companies Act, 2013 as set out in Item No.10 of the Notice to enable the Board of Directors or committee thereof to mortgage / charge the properties and/or the whole or substantially the whole of the undertaking of the Company as aforesaid to the lenders upto an aggregate amount of ₹500 Crores (Rupees Five Hundred Crores) in excess of the aggregate of the paid up share capital and free reserves of the Company. The Board recommends the resolution set forth in Item No.10 of the Notice for the approval of the members.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution.

By Order of the Board of Directors
For **Parrys Sugar Industries Limited**

Chennai
April 28, 2014

Amar Kumar Dora
Company Secretary

CIN: L28100KA1986PLC049077

Registered Office:

Venus Building, 3rd Floor, 1/2 Kalyanamantapa Road,
Jakkasandra, Koramangala,
Bengaluru-560034

Tel: 91 80 49006616 Fax: 91 80 49006600

E-mail: investorgrievancescell@psil.murugappa.com, Website: www.parrysugar.com

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 28th Annual Report together with the audited financial statements for the Financial Year ended March 31, 2014.

The financials for the year 2013-14 are summarized below.

	(₹ in Lakhs)	
	2013-14	2012-13
Revenue from operations	17,213.81	10,073.46
Other Income	39.02	10.19
Total Income	17,252.83	10,083.65
(Loss)/Profit before Interest and Depreciation	(660.66)	625.36
Interest	2,303.17	1,428.72
Depreciation	639.91	489.91
(Loss) before taxation	(3,603.74)	(1,293.27)
Provision for tax:		
- Current	-	-
- Deferred Tax	-	-
(Loss) after Tax	(3,603.74)	(1,293.27)

DIVIDEND

In view of the losses incurred, your Board is unable to recommend any dividend for the financial year ended March 31, 2014.

COMPANY PERFORMANCE

During the year under review, your company's total revenue was ₹17,252.83 lakhs as against ₹ 10,083.65 lakhs in the previous year. The Company has incurred a loss before interest and depreciation of ₹ 660.66 lakhs as against ₹625.36 Lakhs profit before interest and depreciation of last year. The interest cost was ₹2,303.17 Lakhs as against ₹1,428.72 Lakhs last year. The low sugar price coupled with high sugar cane prices has adversely affected the performance of the Company.

During the year, the operations at the Company's factory at Ramdurg stabilized at 4000 TCD. The debottlenecking of the facility helped the Company to achieve sustained performance during the current sugar season. The current year also witnessed the operational efficiency of the 13 MW cogeneration unit resulting in higher earnings from the export of power.

During the year, the Company crushed a total 4.95 Lakh MT of cane, produced 5.85 Lakh quintals of sugar and the average recovery rate was 11.80%. There was a delay in commencement of the normal crushing operations due to the impasse caused by the hike in cane prices announced by the Karnataka Government and the miller's dissent on this issue. This has reduced the total cane crushing for the year as compared to that of the previous year.

The total power generated by our Co-generation plant was 329.16 Lakh units and the sale of power was at ₹ 628.56 Lakhs. The revenue on power sales was better than last year due to higher export of power.

The major thrust of the Company is to work towards improving the yield, increasing the cane cultivation in its command area and further improving the operating efficiency. The Company proposes to take a slew of measures in this direction, so as to face the challenge of low sugar price and threat of continuous increase in cane price.

SUGAR CANE PRICE

Over the last few years the increase in sugar prices has not kept pace with the increase in cane prices. While the average sugarcane prices paid by mills has increased at around 14% CAGR over the last three seasons from 2010-11 to 2012-13, the increase in sugar prices has been a mere 2.6 percent. The steep rise in sugar cane procurement costs which accounts for about 70 percent of total operation costs is expected to significantly impact the profitability.

For the SS 2013-14, the central government has announced a 23.5 per cent hike in the minimum price payable for sugarcane through the Fair and Remunerative Price (FRP) mechanism. However, the increase in market prices of sugar is likely to be minimal. Although the decontrol of sugar distribution and the impetus given to blending ethanol with petrol are expected to provide some relief to the sugar mills, the issue of sugarcane pricing remains unresolved. With the intention of ensuring profitability of sugar mills and stability of farmer revenues, the Rangarajan Committee, in October 2012, had recommended abolishing SAP and sharing 70 per cent of the revenues from the sale of sugar and its by-products with farmers.

The Karnataka Government, taking into consideration the said recommendation passed the Karnataka Sugarcane (Regulation of Purchase and Supply) Act, 2013 to decide sugarcane prices on revenue sharing basis based on the revenue realised from sugar, bagasse, molasses and press mud. The Sugarcane Board set up under the aforesaid Act has announced the sugarcane price of ₹2500/-per tonne for the gate cane for South Karnataka and ₹2500/- per tonne for the field cane for North Karnataka. Aggrieved by the decision of the Sugarcane Board, the Sugar Mills have filed a writ petition before the Hon'ble High Court of Karnataka and continued to pay the FRP fixed by the Central Government pending decision of the Karnataka High Court.

Linking of sugar cane prices to the prices of end-products is critical for safe guarding the long-term financial health and sustenance of the industry. This will also help to reduce the extent of volatility in sugar production by enabling more efficient transmission of price signals to farmers.

SUGAR PRICE

The domestic sugar prices which have been on a downward trend since Sugar Season 2012-13 had slipped to ₹ 26 per kg on account of excess supply in the domestic market. The prices began to soften during the second quarter of Sugar Season 2013-14 (January - March) as it became increasingly apparent that the decline in sugar production was lower than previous estimates. Moreover, 0.3-0.4 million tonnes of sugar came into the market via imports as domestic prices were higher than international prices in the first half of Sugar Season 2012-13. In addition, the removal of the quota restriction on sugar increased the supply of sugar in the domestic market as smaller mills offloaded their inventory to meet their cash flow obligations. All this mounted pressure on domestic prices. The high cost of production coupled with weak international prices also made exports unattractive. This resulted in significant excess inventory in the domestic market and contributed to the pressure on prices. Subsequently, the government measures of offering incentives for export of raw sugar to the tune of 4 million tonne boosted market sentiment and the prices started rising post March 2014. With the world sugar prices expected to be under pressure because of surplus production and low Indian import duty, any further increase in domestic prices may trigger cheaper sugar imports.

CHANGE IN CAPITAL STRUCTURE

During the year the Company allotted 3,00,00,000, 8% Cumulative Redeemable Preference shares of ₹10/- each to the Holding Company aggregating to ₹30 Crores. Consequently, the paid up share capital of the Company has become ₹67.52 Crores w.e.f. March 27, 2014.

DIRECTORS

Mr. S.Sandilya, Chairman stepped down from the Board with effect from July 22, 2013. Mr. S.Sandilya was a Director of the Company since October 2006 and Chairman of the Company from August 2010. The Board records its deep appreciation for the valuable services rendered by Mr. Sandilya during his long association with the Company. The Board of Directors has elected Mr. K.Balasubramanian as the Chairman of the Company. Mr. P.Gopalakrishnan, Director resigned with effect from October 18, 2013 and Mr. V. Suri was appointed as an Additional Director of the Company with effect from October 21, 2013. Mr. V.Suri resigned as Director with effect from April 28, 2014 to assume the office as Chief Financial Officer of the Company. The Board places its appreciation for the services rendered by Mr. P. Gopalakrishnan and Mr. V. Suri during their tenure as Directors. Mr. V.Ramesh was appointed as Additional Director of the Company with effect from April 28, 2014. The Company has received a notice from a member proposing the appointment of Mr. V.Ramesh as a Director of the Company.

In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Mr. V.Ravichandran, Director retires by rotation and being eligible, offers himself for re-appointment.

Consequent upon the enactment of the Companies Act, 2013, the Company proposes to appoint Mr. K.Balasubramanian, Mr. K.Ramadoss and Mr. C.R.Rajan as Independent Directors as required under Section 149(6) of the said Act and the rules made thereunder.

As required under clause 49 of the Listing Agreement a brief resume, expertise and details of other directorships of Mr. V.Ramesh, Mr. V.Ravichandran, Mr. K.Balasubramanian, Mr. K.Ramadoss and Mr. C.R.Rajan are provided in the Corporate Governance Report.

KEY MANAGERIAL PERSONNEL

In terms of Section 203 of the Companies Act, 2013, Mr. D. Kumaraswamy, Managing Director; Mr. V.Suri, Chief Financial Officer (W.e.f. 29.4.2014) and Mr. Amar Kumar Dora, Company Secretary are KMPs of the Company.

REPORT TO THE BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION

As the members are aware, the Company had reported the erosion in the net worth of the Company by more than 50% of the peak networth as required under Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 to the Board for Industrial and Financial Reconstruction.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 and on the basis of explanation given by the executives of the Company and also subject to disclosures in the Annual Accounts, your Directors to the best of their knowledge and belief confirm as under:

- i. that in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures.
- ii. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period.
- iii. that the Directors have taken proper and sufficient care 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.
- iv. that the Directors have prepared the annual accounts for the financial year ended March 31, 2014 on a going concern basis.

FIXED DEPOSITS

During the year under review, your Company has neither invited nor accepted any fixed deposits from the public as per the provisions of Section 58A of the Companies Act 1956. As such, no amount of principal or interest was outstanding as on the date of the Balance Sheet.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance Requirements as set out by SEBI and is in conformity with most of the requirements of the voluntary guidelines on Corporate Governance issued by the Ministry of Corporate Affairs. As per clause 49 of the Listing Agreements entered into Stock Exchanges, Corporate Governance Report is attached and form part of this Annual Report.

CEO CERTIFICATION

Mr. D.Kumaraswamy, Managing Director has given a certificate to the Board as contemplated under Clause 49 of the Listing Agreement with the Stock Exchanges.

TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 205C of the Companies Act, 1956, an amount of ₹24,56,263.60 being the unclaimed dividend for the year 2005/06 was transferred during the year to the Investor Education and Protection Fund established by the Central Government.

PERSONNEL RELATIONS

Your directors hereby place on record their appreciation for the services rendered by the executives, staff and workers of the Company for their hardwork, dedication and commitment. During the year under review, relations between the employees and the management continued to remain cordial.

CONSERVATION OF ENERGY, TECHNICAL ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to conservation of energy, technical absorption and foreign exchange earnings and outgo pursuant to Section

217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is given in the Annexure forming part of this Report.

AUDITORS

The Auditors, M/s. R.G.N Price & Co., (FRN: 002785 S) retire at the conclusion of the ensuing Annual General Meeting. The Auditors have confirmed their willingness for reappointment as Auditors of the Company for a period of 2 years from the conclusion of the ensuing Annual General Meeting and has provided the necessary certificates in compliance of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

CREDIT RATING

During the year, rating agency ICRA has reaffirmed the Long term ratings at [ICRA] BBB+ (Pronounced as ICRA triple B Plus) and Short term ratings at [ICRA] A2 (Pronounced as ICRA A two). The aforesaid ratings are valid till November 2014.

COST AUDITORS

M/s Narasimha Murthy & Co, Cost Accountants (FRN: 000042), were appointed as the Cost Auditors for conducting the cost audit of Sugar and Cogen Units of the Company for the financial year 2013-14. M/s Narasimha Murthy & Co. have confirmed their willingness to act as Cost Auditors of the Company for the financial year 2014-15 and have confirmed that their appointment, if made, would be within the prescribed limits under Section 139 of the Companies Act, 2013 read with the rules made thereunder.

PARTICULARS OF EMPLOYEES

The information required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given in the Annexure forming part of this Report.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of the provisions of Clause 49 of the Listing Agreement, the Management Discussion and Analysis form part of this Annual Report.

APPRECIATION

Your directors acknowledge and express their sincere appreciation to Banks, Central and State Government Authorities, Customers, Farmers, suppliers, shareholders for the confidence reposed by them in the management and all other stakeholders for their whole-hearted support and cooperation.

For and on behalf of the Board of Directors

Chennai
April 28, 2014

K. Balasubramanian
Chairman

Information in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2014

A. CONSERVATION OF ENERGY

a)	Energy Conservation Measures Taken;	1st Mill Hydraulic Drive replaced with AC 650 HP motor with Variable Frequency Drive (VFD). - Installed Variable Frequency Drives (VFD) for Boiler ID Fans - Energy meters provided section-wise to monitor and control energy consumption.
b)	Additional investments and proposals, if any, being implemented for reduction of consumption of energy;	Nil
c)	Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods;	- Better control over steam consumption per ton of cane - Recovery improvement through milling efficiency.
d)	Total Energy Consumption and energy consumption per unit of production	As per Form A attached

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption	As per Form B attached
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C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (₹ IN LAKHS)

	2013-14	2012-2013
a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans;	Nil	Nil
b) Total foreign exchange used and earned.		
Foreign Exchange used	Nil	Nil
Foreign Exchange earned (₹ Lakhs)	649.66	-

FORM A

Form for Disclosure of particulars with respect to Conservation of Energy

	2013-14	2012-13
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
(a) Purchased units	702260	643273
Amount (₹ in lakhs)	32.09	26.91
Rate/ Unit (₹)	4.57	4.18
(b) Own Generation		
(i) Through Diesel Generator		
Units	40476	37616
Diesel Consumed (Ltrs)	20660	19890
Consumption value of diesel (₹ in Lakhs)	11.10	10.65
Units per Litre of Diesel Oil	1.96	1.89
Cost / Unit (₹)	27.45	28.29
(ii) Through Steam Turbine		
Units generated	3,29,16,160	3,38,97,216
Cost / Unit (₹)	1.68	1.89
2. Furnace Oil		
Units (Litre)	N.A	N.A
Amount (₹)	N.A	N.A
Cost / Unit (₹)	N.A	N.A
B. CONSUMPTION PER UNIT OF PRODUCTION/SUGAR (QTL)		
1. Electricity (Units)	23.63	24.88
2. Furnace Oil (Litre)	-	-
3. HSD Oil (Litre)	-	-

FORM B

(See rule 2)

Form for disclosure of particulars with respect to technology absorption.

RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas in which R & D carried out by the Company.	: Disposal of press mud directly to cane fields.
2. Benefits derived as a result of the above R&D	: • Enriching the soil fertility in our command area and cane yield improvement. • Extra revenue of ₹20 Lakhs
3. Future plan of action	: Planning for Bio-compost from 25% of press mud production.
4. Expenditure on R & D	: Nil

TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.	: Efforts are initiated and implemented for Heat Energy Conservation in Boiling House. • Evaporator Second Body condensate is utilized for Raw Juice 2nd stage heating from 45°C to 55°C by installing the Duplex Heater in place of Vapour Bleeding from Evaporator. • Direct Contact Heater (DCH) was installed for utilizing evaporator first body vapours for clear juice heating in place of the earlier practice of using exhaust steam. • Electrical melter at Sulphur burner station and Plate Type Heater(PHE) for Superheated Water Wash(SHWW) system are used for reducing 8 ata steam consumption.
2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.	Steam % of cane reduced by 1%
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), the following information may be furnished:	
(a) Technology imported	NA
(b) Year of import	NA
(c) Has technology been fully absorbed?	NA
(d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.	NA

For and on behalf of the Board of Directors

Chennai
April 28, 2014

K.Balasubramanian
Chairman

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of Director's Report for the Financial Year ended March 31, 2014.

Name/Age	Designation and Nature of Employment	Remuneration (₹ in Lacs)	Qualifications/ Experience	Date of commencement of employment	Previous Employment
D.Kumaraswamy	Managing Director	123.39	Bachelor of Commerce, Chartered Accountant & Company Secretary 35 years	28.08.2010	E.I.D.-Parry (India) Ltd.

- The nature of appointment is contractual.
- Mr. D. Kumaraswamy is not related to any Directors of the Company
- Neither Mr. D.Kumaraswamy nor his spouse or dependent children hold any shares of the Company.
- Remuneration as shown above includes salary, allowances, incentive, Company's contribution to Provident Fund, Superannuation Fund and Gratuity Fund, Medical facilities and perquisites valued in terms of actual expenditure incurred by the Company in providing the benefits excepting in case of certain expenses where the actual amount of expenditure cannot be ascertained with reasonable accuracy, and in such cases, notional amount as per Income-tax Rules has been adopted.

For and on behalf of the Board of Directors

Chennai
April 28, 2014

K.Balasubramanian
Chairman

MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

Sugar is one of the world's major agro-based industries and more than 80% of sugar is produced from sugarcane. The balance 20% production comes from sugar beet. Brazil and India are the largest sugar producers from sugarcane and EU and U.S. are the major sugar producers from beet. Sugar is one of the most important commodities produced and consumed around the world. Sugar is produced in over 123 countries worldwide but over 70% of the world sugar production is consumed domestically and the remaining is traded.

The global sugar production continued to surpass consumption for the fourth consecutive year in the season 2013/14. Global sugar production indicates marginally higher sugar production of 180.2 MMT as compared to 179.5 MMT in 2013. The global consumption is expected to remain at 175.4 MMT in SS14. Global sugar consumption continue to grow at an average annual rate of 1.8% over the past 28 years despite the continuing economic difficulties in many developed countries compounded by the period of high sugar prices and increased volatility. Sugar consumption has been declining in developed countries partly due to the availability of substitutes and concerns about obesity and health. On the contrary, it has been increasing in developing countries which now account for around 70% of the world sugar consumption driven by rising incomes, population growth and changes in diet. In 2013, the world per capita consumption of sugar was around 24 kgs driven primarily by higher population and income growth in developing countries. The world sugar market continues to experience considerable price volatility which is largely the result of changes in production especially by large players such as Brazil and India but is also due to the nature of the industry.

India is the second largest producer of sugar in the world next to Brazil and also the largest consumer of sugar. Production of sugar, inter-alia, depends on recovery rate of mills and the recovery rate mainly depends on sucrose content in the sugar cane, conditions of plant and machinery, cane supply arrangement and agro-climatic conditions. Indian sugar production is characterized by a cyclic production pattern with typical sugar cycles lasting 2-3 years, as production adjusts to fall in price which in turn leads to lower supplies, price increase and higher production. The growing Indian economy and a growing population would support growth in sugar consumption. Bulk consumers such as soft drink manufacturers, bakeries, confectionery, hotels and restaurants account for 60% of milled sugar demand. Key developments in the sector impact global demand supply dynamics and prices.

Sugar Price and Sugar Cane Price

The domestic free sugar realisations which had shown an upward trend later shown a declining trend by December 2013. This decline has been driven by a multiplicity of factors. Post supply pressure from new production until March 2013, the announcement of the decontrol in April 2013 continued to put pressure on sugar prices as this resulted in the large scale release of sugar by financially weak mills with large cane dues. In addition, competition from sugar produced by processing raw sugar also continued to prevent any rally in sugar prices. During the festive season October 2013 – November 2013 when traditionally prices tend to spike because of demand surge, sufficient stocks against the demand continue to hold the prices on lower side. In March 2014, sugar prices across the country have been on the rise, increasing by around ₹700 per quintal over the previous month. The two government measures of providing soft loans as well as export subsidy have helped bring up prices and it is expected that the price rise may continue till the onset of the monsoon.

The Central Government based on the recommendation of the Committee headed by Dr. C. Rangarajan, Chairman, Economic Advisory Council to Hon'ble Prime Minister decided to partially decontrol sugar sector in April 2013, whereby the government removed the levy obligation from the sugar season 2012-13 and dispensed with the regulated release mechanism immediately. With the intention of ensuring stability in the sugar sector, the Rangarajan Committee recommended abolishing SAP and sharing 70% of the revenue from the sale of sugar and its major by-products with sugarcane growers. However, recommendation of the Rangarajan committee is yet to be implemented by the State Governments. The sugar mills are always expected to pay based on the State Governments decided MSP known as SAP (State Advised Prices), wherever applicable and Central Government decided Fair and Remunerative Price (FRP) is for States where the State Government does not declare its own prices. Given that a large proportion of rural farmers in the key cane growing states are dependent on the sugarcane sector, the SAP is largely politicized and the State Governments should stop the political announcement of SAP. The continuously increasing SAPs is also creating crop imbalances. Moreover, if the area under sugarcane cultivation keeps increasing every year, it will shrink the cultivation area of other important crops. A lopsided foodgrain production would create huge imbalances in the foodgrain basket of the country resulting in nutrient imbalances in the soil, ground water imbalances, etc. and eventually will render the soil unsuitable for sugarcane. A high SAP is also unfair to the sugar mills as they have to bear a higher financial obligation as the cost of production rises every year due to the steep increase in SAP. The fixing of cane prices for SY14 witnessed a considerable tussle amongst the State Government, cane farmers and the millers which substantially delayed crushing in most of the States.

The cane price has to be necessarily linked to total yield and recovery percentage of sugar rather than just the weight or quantity of the sugarcane and the Rangarajan Committee's recommendation has to be implemented in true spirit.

OUTLOOK

The sugar production in India is characterized by the cyclical nature of production where 2-3 years of surplus are followed by 2-3 years of deficit. In recent years, the cycle has been more pronounced, with larger swings in production and trade. Trade generally follows a similar trend, with imports during the deficit phase of the cycle, replaced by large exports during the surplus phase. The cyclical production is due to uncertain weather conditions, lower productivity and use of traditional method of production. The government policies also amplify the cycle through incentives /subsidy schemes.

India is the fourth largest exporter of sugar and has the potential to export sugar to sugar deficit countries in the Middle East and East Africa. India enjoys freight advantage in exporting sugar to these countries but the only disadvantage is that price fetched in these countries is much lower than the price fetched in Europe and North America. The Indian sugar sector needs to focus on European and North American markets on a long term basis to fetch higher prices for Indian sugar.

India is net exporter of sugar despite constant government interventions in external trade of sugar to curb the rise in prices of sugar in the domestic market. But higher domestic sugar prices than international sugar prices suggest that significant policy changes are needed. Also, the potential for expanding sugar production in India exists and can be fully exploited if adjustments were introduced to ensure a market driven relationship between sugar and sugarcane prices. The value addition from sugarcane by products, such as ethanol, electric power, and other derivatives, can cushion against low sugar prices and other market risks. Clearly, the liberalization of the sugar industry can only be undertaken within the context of broader domestic reforms, because of the linkages on both demand and supply sides that prevail in agricultural commodity markets.

COGENERATION OF POWER

Co-generation is the concept of producing two forms of energy from one fuel. One of the forms of energy must always be heat and the other may be electrical or mechanical energy. Bagasse is the fibrous matter that remains after sugarcane is crushed to extract their juice and is a by product generated in the process of manufacture of sugar. Bagasse is burnt in large furnaces, which releases large amounts of heat for boiling water and generating high-pressure steam. The steam is used to drive a turbine, which generates electricity. The residual low-pressure steam is used in the sugar making process. Cogenerated power has environmental benefits in terms of replacing fossil fuels and is also renewable in nature. For a sugar mill, opting for cogeneration of power has the advantages of getting an additional stream of revenue by selling electricity to the consumer through power grids.

The power produced through co-generation substitutes the conventional thermal alternative and reduces greenhouse gas emissions. In India, interest in high-efficiency bagasse based cogeneration started in the 1980s when electricity supply started falling short of demand. High-efficiency bagasse cogeneration was perceived as an attractive technology both in terms of its potential to produce carbon neutral electricity as well as its economic benefits to the sugar sector. In the present scenario, where fossil fuel prices are shooting up and there is a shortage and non-availability of coal, co-generation appears to be a promising development. The thrust on distributed generation and increasing awareness for cutting greenhouse gas emissions increases the need for cogeneration. Also it helps in controlling pollution from fossil fuels. The major bottlenecks in harnessing co-generation potential has been lack of management focus; weak financial position of many sugar mills, especially smaller units including those run by the co-operative sector; and relatively unattractive tariffs.

REVIEW OF COMPANY'S BUSINESS

The Company's Sugar Plant located at Ramdurg in Karnataka, was taken on 25 years lease from Shri Dhanalakshmi Sahakari Sakkare Karkhane Niyamat (DSSKN). At the time of takeover, this unit was in a semi-finished condition. The Company made the necessary capital investment and made the unit operational. The performance of the unit since inception is as follows.

Crushing season	Cane crushed (MT)	Recovery (%)	Sugar Produced (Qtls.)	Power exported (Lakh Units)
2008-2009	56,964	9.04	49,287	Nil
2009-2010	2,05,071	10.12	2,06,493	Nil
2010-2011	4,57,703	11.75	5,39,795	35.36
2011-2012	4,90,047	12.10	5,92,230	6.36
2012-2013	5,74,881	10.98	6,31,199	140.98
2013-2014	4,95,727	11.80	5,84,957	159.73

The initial capacity of the unit was 2500 TCD and 6 MW Co Gen. This unit commenced commercial operation in December 2008. The Company over the years has enhanced the cane crushing capacity to 4000 TCD and Co-generation capacity to 13 MW. This sugar facility of the Company is located in North Karnataka, offers the company a geographical advantage of being in the highest sugar recovery zone in India and good soil conditions and abundant water with sugarcane recovery being highest across India. The Company is continuously working on further improving operational efficiencies and production techniques, benchmarking with the best in the industry. The efforts of the Company in this direction have resulted in improvement of recovery, reduction of down time and production of quality sugar inviting better margin for the Company's products.

MARKETING

Apart from local trade, the Company is targeting other lucrative sugar markets including sales to Institutions, retail and to sugar deficit regions primarily in and around West Bengal and Orissa. With the production of M30 grade sugar, the Company is expanding its customer base. Besides the ability to sell the higher volumes of production, sales to these markets also has the advantage of a premium price as compared to local trade.

RISK MANAGEMENT

The Company has adopted a system based approach for risk management, with the clear objectives of identification, evaluation, monitoring and minimization of the identifiable risks. The Company has a Risk Management Committee for assessment and evaluation of the risks associated with the business through its risk document. The major risks faced by Sugar business are the availability of cane, regulatory risks, price of sugar and that of sugar cane. The management periodically reviews the risk management framework to identify the major business risks as applicable to the Company and works out their mitigation strategy.

Sugarcane is the key raw material for sugar and any difficulty in getting cane at right time will have an impact on the business. The key factors that influence cane availability are climatic condition, availability of cane harvesting labour and farmers opting competitive crops.

Availability of sugarcane is ensured by fostering good relationship with the cane growers. This is done by undertaking various measures in supporting them in cultivating cane besides making payment for their supplies in time. These are in the form of providing assistance in drip irrigation, mechanical harvesting and improved cane varieties. The company also extends subsidies on good quality seeds, fertilizers and manure, ensures timely cane payment to farmers, timely distribution of indents, proper surveys and incentivizing the farmers to cultivate higher volumes of cane in the Company's command area through various means.

The sugar industry is regulated by the Central and State Governments. The Company is in close association with ISMA and SISMA to understand the development in the sector at the country level and regional level. The risks of rising prices of sugar cane and volatility in sugar prices are expected to be met by a number of measures viz. improving the yield, increasing the cane cultivation and improving the operating efficiency etc., besides effort to increase the revenue from the by products.

FINANCIAL PERFORMANCE

During the year 2013-14, the company has reported a loss before interest and depreciation of ₹660.66 Lakhs. The Segment-wise performance of the Company is as under:

Product/ Services	2013-14			2012-13		
	Sales		PBIT	Sales		PBIT
	Quantity	Value (₹ Lakhs)	(₹ Lakhs)	Quantity	Value (₹ Lakhs)	(₹ Lakhs)
Sugar (Lakhs Quintals)	5.74	15,948.14	(2,039.63)	2.97	8,578.76	(375.57)
Cogen (Lakhs Units)	157.14	628.56	739.06	141	558.62	511.02

Loss after tax

The loss after tax stood at ₹3,603.74 Lakhs as against ₹1,293.27 lakhs in the previous year.

INTERNAL CONTROL AND SYSTEMS

The Company believes that internal control is a necessary part of the principle of governance and that freedom of management should be exercised within a framework of appropriate checks and balances. The Company remains committed in its endeavour to ensure an effective internal control environment that provides assurance on the efficiency and effectiveness of operations, reliability of financial reporting, statutory compliance and security of assets. The Company has a well-established and robust internal systems and processes in place to ensure smooth functioning of the operations. An effective internal control system, supported by an Enterprise Resource Planning platform for all business processes, ensures that all transaction controls are continually reviewed and adequately addressed. The control mechanism involves well documented policies, authorisation guidelines commensurate with the level of responsibility and standard operating procedures specific to the respective businesses. The Company has an Internal Audit department that monitors and makes continuous assessments of the adequacy and effectiveness of the internal controls and systems across the Company. The status

of compliance with operating systems, internal policies and regulatory requirements are also monitored. The Board, Audit Committee and the Management review the findings and recommendations of the Internal Audit department and take corrective actions wherever necessary.

HUMAN RESOURCES

The company recognizes people as the primary source of its competitiveness and continues to focus on people capabilities by leveraging technology and creating a learning environment. The Human Resources function is proactively focused to meet the vision – “To build Credible, Reliable & Capable Human Capital to deliver superior Individual and Business performance”. In order to achieve this vision, the Company evolved focused HR Strategy of “Attracting, engaging, developing and retaining of people to enable the fulfilment of business aspirations and competitive success of Parrys Sugar” and endeavour to shape its employees as a vital strategic asset and thus has initiated on a priority basis various HR initiatives.

CAUTIONARY STATEMENT

The management discussion and analysis report containing your Company’s objectives, projections, estimates and expectation may constitute certain statements, which are forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied in the statement. Your Company’s operation may inter-alia be affected by the supply and demand situations, input price and the availability, changes in the government regulations, tax laws and other factors. The Company cannot guarantee the accuracy of the assumptions and perceived performance of the Company in future. The investors should bear the above in mind.

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on code of Corporate Governance

Parrys Sugar Industries Limited (PSIL), a member of Murugappa Group of Companies, adheres to good corporate practices and is constantly striving to improve them and adopt the best practices. Adherence to business ethics and commitment to corporate social responsibility are the enablers for a company to maximising value for all its stakeholders. Parrys Sugar is committed to the spirit of Murugappa Group by upholding the core values of integrity, passion, responsibility, quality and respect in dealing with all stakeholders of the Company.

1. Board of Directors

A. Composition

- As on March 31, 2014, the Company has six Directors including a Non-Executive Chairman and a Managing Director. Of the six Directors, five are Non-Executive and three are Independent Directors. The Composition of the Board is in conformity with Clause 49 of the Listing Agreements with the Stock Exchanges.
- The day-to-day management of the Company rests with the Managing Director.
- None of the Directors on the Board are Members of more than ten Committees or Chairman of more than five committees across all the companies in which they are Directors.
- The Independent Directors have confirmed that they satisfy the 'criteria of independence' as stipulated in clause 49 of the listing agreement.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in companies other than PSIL as on March 31, 2014 are given below:

Name of the Director	Category	Number of Board Meetings during the year 2013-14		Whether attended last AGM held on July 22, 2013	No. of Directorships in other companies #		No. of Committee positions in other companies \$	
		Held	Attended		Chairman of the Board	Member of the Board	Chairman of the Committee	Member of the Committee
Mr. S. Sandilya (*) Chairman (upto 22.7.2013) DIN: 00037542	Independent and Non-Executive	8	3	Yes	NA	NA	NA	NA
Mr. K.Balasubramanian Chairman (w.e.f. 22.7.2013) DIN: 00009132	Independent and Non-Executive	8	5	Yes	-	3	3	-
Mr. K.Ramadoss Director DIN: 03230018	Independent and Non-Executive	8	5	Yes	-	-	-	-
Mr. V.Ravichandran Director DIN: 00110086	Non-Independent and Non- Executive	8	6	No.	-	6	-	3
Mr. D.Kumaraswamy Managing Director DIN: 00149344	Non-Independent and Executive	8	5	Yes	-	2	-	1
Mr. P.Gopalakrishnan (**) Director DIN: 02214367	Non-Independent and Non-Executive	8	4	Yes	NA	NA	NA	NA
Mr. C.R.Rajan Director DIN: 00111933	Independent and Non-Executive	8	6	Yes	-	1	-	1
Mr. V.Suri (***) Director DIN: 05154266	Non-Independent and Non-Executive	8	3	NA	-	7	-	-

There are no inter-se relationships between our Board members.

(*) resigned from the Board w.e.f 22.07.2013 (**) resigned from the Board w.e.f 18.10.2013 (***) appointed w.e.f 21.10.2013

Excludes Alternate Directorship, Directorship in Private Limited Companies which are not subsidiaries of Public Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956.

\$ Include Committee positions of only Audit Committees and Shareholders/ Investors Grievance Committees in accordance with Clause 49, None of the above Directors hold any shares in the Company as on March 31, 2014.

B. Board Meetings

The Board meets atleast once in a quarter to review the financial results and other items on the agenda, which are distributed to the Directors in advance. Eight Board meetings were held during the year ended March 31, 2014. These were held on April 24, 2013, May 22, 2013, June 17, 2013, July 22, 2013, August 27, 2013, October 21, 2013, January 23, 2014, March 27, 2014 and the maximum gap between the two Board Meetings did not exceed four months. During the year 2013-14, information as mentioned in Annexure-1A to Clause 49 of the Listing Agreement has been placed before the Board for its consideration. Necessary quorum was present for all meetings.

None of the Non-Executive Directors have any material pecuniary relationship or transaction with the Company.

C. Changes in the composition of Directors during the financial year 2013-14.

Mr. S.Sandilya and Mr. P.Gopalakrishnan, Directors have resigned from the Board w.e.f. 22.07.2013 and 18.10.2013, respectively. Mr. V.Suri, was appointed as Additional Director on 21.10.2013. Mr. K.Balasubramanian was elected as Non-Executive Chairman of the Board w.e.f. July 23, 2013.

D. Code of Conduct

The Company has adopted the code of conduct for all Board members and Senior Management as required under Clause 49 of the Listing Agreement. The Code is posted on the Company's website: www.parrysugar.com. All Board members and Senior Management personnel have affirmed compliance with the Code on an annual basis and a declaration to this effect signed by Mr.D.Kumaraswamy, Managing Director is attached to this Report.

E. Profile of Directors

As referred to in the AGM Notice dated 28/04/2014 and pursuant to clause 49 of the Listing Agreement, the profile of the directors retiring by rotation and seeking re-appointment and new appointments are given below.

Name of the Director	Mr. V.Ravichandran	Mr.K.Balasubramanian
Date of Birth	09/06/1956	03/12/1942
Date of Appointment	27/08/2010	27/10/2009
Qualifications	Engineering Graduate and holds a Post Graduate Diploma in Management from IIM, Ahmedabad, a Cost Accountant and a Company Secretary.	Graduate in commerce from the University of Madras, Advanced Management Programme from Harvard Business School.
Expertise in specific functional Area	Finance, Marketing and General Management	International Banking, Finance and General Management
Chairman/Director of other Companies	<u>Director:</u> E.I.D.- Parry (India) Ltd. Coromandel International Ltd. Sabero Organics Gujarat Ltd. Murugappa Holdings Ltd. Silkroad Sugar Pvt. Ltd. Parry Infrastructure Co. Pvt. Ltd.	<u>Director:</u> DQ Entertainment International Ltd. Raxa Security Services Ltd. Easy Access Financial Services Ltd. GMR Varalakshmi Foundation GMR Aviation Pvt. Ltd.
Chairman/Member of the Committees(*) of the Boards of which he is a Director	<u>Investors Grievances Committee –Member:</u> E.I.D.- Parry (India) Ltd. Coromandel International Ltd. <u>Audit Committee Member</u> Sabero Organics Gujarat Ltd. <u>Compensation & Nomination Committee:</u> E.I.D.- Parry (India) Ltd.- Member <u>Loans & Investment Committee:</u> E.I.D.- Parry (India) Ltd.- Member	<u>Audit Committee - Chairman:</u> Easy Access Financial Services Ltd. DQ Entertainment Intl. Ltd. Raxa Security Services Ltd. GMR Aviation Pvt. Ltd. GMR Varalakshmi Foundation - Member
No. of shares held in the Company	Nil	Nil

Name of the Director	Mr.K. Ramadoss	Mr. C.R.Rajan	Mr.V.Ramesh (**)
Date of Birth	26/04/1950	13/07/1951	16/07/1957
Date of Appointment	27/08/2010	24/04/2013	28/04/2014
Qualifications	B.Sc, C.A.I.I.B	Physics Graduate from Delhi University and an MBA from FMS, Delhi University	B Com, ICWA and PGDM from IIM-Bangalore.
Expertise in specific functional Area	Banking Operations, Business Development, Policy matters, Credit Management with special emphasis on stressed assets.	General Management, Strategy and International Business	Finance, Commercial and General Business Management
Chairman/Director of other Companies	-	<u>Director:</u> Parry Enterprises India Ltd.	<u>Managing Director:</u> E.I.D.- Parry (India) Ltd. <u>Director :</u> Parry Infrastructure Co. Pvt. Ltd. Cumi Canada Inc. Vozhsky Abrasives Works
Chairman/Member of the Committees(*) of the Boards of which he is a Director	-	<u>Audit Committee Member:</u> Parry Enterprises India Ltd.	<u>Member in the following Committees of E.I.D.- Parry (India) Ltd.</u> Shares & Shareholders Investors Grievance Committee Loans and Investment Committee Risk Management Committee CSR Committee
No. of shares held in the Company	Nil	Nil	Nil

(*) Chairman/member of the committees of other companies. (**) appointed as Additional Director w.e.f 28.04.2014.

2. Audit Committee

A. Composition, Meetings and Attendance of the Audit Committee during the year 2013-2014:

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements entered into with Stock Exchanges read with Section 292A of the Companies Act, 1956. As on March 31, 2014, the Audit Committee of the Board comprises three members viz., Mr. K.Balasubramanian, Mr. K.Ramadoss and Mr. C.R.Rajan, Independent Directors. Mr. K.Balasubramanian, Independent Director is the Chairman of the Audit Committee. The Company Secretary acts as the Secretary to the Audit Committee. Mr. S.Sandilya, ceased to be a member of the Committee consequent upon his resignation as Director with effect from July 22, 2013.

The Managing Director is a permanent invitee to the Audit Committee Meetings. Besides the Statutory Auditors and Internal Auditors, Cost Auditor and other members of the senior management also attend when invited to the meetings.

During the financial year ended March 31, 2014, the Audit Committee met four times on April 24, 2013, July 22, 2013, October 21, 2013 and January 23, 2014 and the maximum gap between the two Audit Committee Meetings did not exceed four months. The necessary quorum was present for all the meetings.

The composition of the Audit Committee and particulars of meetings held and attended by the members of the Audit Committee are given below:

Sl. No.	Name of the Member	Category	No. of Meetings	
			Held	Attended
1	Mr.K.Balasubramanian	Independent, Non-Executive	4	4
2	Mr. S.Sandilya(*)	Independent, Non-Executive	4	2
3	Mr. K.Ramadoss	Independent, Non-Executive	4	3
4	Mr. C.R.Rajan(**)	Independent, Non-Executive	4	2

(*) ceased to be a member w.e.f. 22.07.2013 (**) appointed as a member w.e.f. 24.04.2013

Mr. S. Sandilya, the Chairman of the Audit Committee as on March 31, 2013 was present at the Annual General Meeting held on July 22, 2013.

B. Terms of reference of Audit Committee:

1. Overview of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees and approval of payment to statutory auditors for any other services rendered by the statutory auditors.
3. Review with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
4. Review with the management, the quarterly financial statements before submission to the Board for approval.
5. Review with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Review with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discuss with internal auditors any significant findings and follow up thereon.
9. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism.

The scope of the Audit Committee includes matters which are set out in Clause 49 of the Listing Agreement with Stock Exchanges as amended from time to time read with Section 292A of the Companies Act, 1956.

3. Remuneration Committee:

A. Terms of Reference

The broad terms of reference of the Remuneration Committee of the Board of Directors of the Company are as under:

- Determine and recommend to the Board, the remuneration payable including any revision in remuneration payable to Managing Director / Executive Directors.
- Take into consideration and ensure compliance of the provisions under Schedule XIII of the Companies Act 1956, while determining the remuneration.
- Consider such other matters as the Board may advise the Committee.

B. Composition and the details of the Meetings of the Remuneration Committee held and attended during the year 2013-2014

As on March 31, 2014, the Remuneration Committee comprises four members viz, Mr. C.R.Rajan, Mr. K.Balasubramanian, Mr. V.Ravichandran and Mr. K. Ramadoss. Mr. C.R.Rajan, an Independent Director, is the Chairman of the Remuneration Committee. The Company Secretary acts as the Secretary of the Committee. Mr. C.R.Rajan, Chairman of the Remuneration Committee was present at the Annual General Meeting held on July 22, 2013.

The Remuneration Committee Meetings are held whenever matters pertaining to the remuneration payable including any revision in remuneration payable to Managing Directors/ Executive Directors, are considered. During the financial year 2013-14 the Committee met twice on July 22, 2013 and August 27, 2013.

The composition of the Remuneration Committee and particulars of meetings held and attended by the members of the Remuneration Committee are given below:

SL No.	Name of the Member	Category	No. of Committee Meetings	
			Held	Attended
1.	Mr. S.Sandilya (*)	Independent, Non-Executive	2	1
2.	Mr.K.Balasubramanian	Independent, Non-Executive	2	2
3.	Mr. V.Ravichandran	Non-Independent, Non-Executive	2	1
4.	Mr. K. Ramadoss	Independent, Non-Executive	2	2
5.	Mr. C.R.Rajan (**)	Independent, Non-Executive	2	1

(*) ceased to be a member w.e.f. 22.07.2013 (**) appointed as a member w.e.f. 24.04.2013

C. Remuneration Policy

i) Remuneration to Executive Directors

Remuneration to the Executive Directors comprise of Salary, Allowances & Perquisites and performance incentive. Annual increments effective July 1, each year are decided by the Remuneration Committee within the salary scale approved by the members. While determining the remuneration, the Committee shall take into account the financial position of the Company, prevailing trend in the industry, qualification, experience and past performance of the person. The performance incentive is determined based on performance parameters as per the Company's Policy and also based on certain pre-agreed performance parameters. The Company does not have any Employees Stock Option Scheme.

Details of remuneration paid during the financial year 2013-14 are furnished hereunder:

(Rupees in Lakhs)

Name of the Director	Salary	Allowances & Perquisites	Incentive	Total (*)
Mr. D. Kumaraswamy Managing Director	35.49	52.98	23.61	112.08

(*) Contribution to provident fund and other benefits are excluded.

ii) Remuneration to Non-Executive Directors

Non-Executive Directors are paid sitting fees at ₹15,000/- every Board and Audit Committee Meetings and ₹10,000/- for other Committee Meetings. The Company also reimburses the out of pocket expenses incurred by the Directors for attending the Meetings. The details of sitting fees paid to the Non Executive Directors for the financial year 2013-14 are as under:

Name of the Director	Sitting Fees (Rupees Lakhs)
Mr. S. Sandilya (*)	0.85
Mr. K.Balasubramanian	1.75
Mr. V.Ravichandran	1.20
Mr. C.R.Rajan(**)	1.30
Mr. K.Ramadoss	1.60
Total	6.70

(*) ceased to be a member w.e.f. 22.07.2013 (**) appointed as a member w.e.f. 24.04.2013

4. Shareholders / Investors Grievance Committee

A. Functions of the Committee

The broad functions of the Shareholders/Investors Grievance Committee of the Board of Directors include (i) dealing with the investors complaints like delay in transfers of shares, non-receipt of balance sheet, non-receipt of declared dividends/ share certificates, dematerialization of shares, replacement of lost / stolen / mutilated share certificates, etc, (ii) investigate into investors complaints and take necessary steps for redressal thereof (iii) to perform all functions relating to the interest of shareholders/investors of the Company as may be required by the provisions of the Companies Act, 1956, Listing Agreements and the guidelines issued by SEBI or any other regulatory authority.

B. Composition and the details of the Meetings of the Shareholders/Investors Grievance Committee held and attended during the year 2013-2014

As on March 31, 2014, the Shareholders/Investors Grievance Committee comprises Mr. V.Ravichandran, Mr.D.Kumaraswamy and Mr. V.Suri. Mr. V.Ravichandran, is the Chairman of the Committee. The composition of the Committee meets the requirements of Clause 49 of the Listing Agreement. The Company Secretary acts as the Secretary of the Committee.

During the financial year 2013-14, the Committee met four times on April 24, 2013, July 22, 2013, October 21, 2013 and January 23, 2014.

The composition of the Shareholders/Investors Grievance Committee and particulars of meetings held and attended by the members of the Committee are given below:

Sl. No.	Name of the Member	Category	No. of Meetings	
			Held	Attended
1	Mr.K.Balasubramanian (*)	Independent, Non-Executive	4	1
2	Mr.D.Kumaraswamy	Non-Independent, Executive	4	4
3	Mr.K.Ramadoss (*)	Independent, Non-Executive	4	2
4	Mr.V.Ravichandran	Non-Independent, Non-Executive	4	2
5	Mr. V.Suri (**)	Non-Independent, Non-Executive	4	2

(*) ceased to be a member w.e.f. 22.07.2013 (**) appointed as a member w.e.f. 21.10.2013

C. The details of complaints received and redressed during the financial year 2013-14 are given below:

SL No	Particulars	No. of complaints		
		Received	Resolved	Pending
1	Non receipt of dividend warrants	4	4	-
2	Non receipt of securities	15	15	-
3	Non receipt of Annual Report	1	1	-
Total		20	20	-

In terms of clause 47(f) of the Listing Agreement, the designated email address for investors complaints is: investorgrievancescell@psil.murugappa.com.

Name, designation and address of the Compliance Officer:

Mr.Amar Kumar Dora,
Company Secretary
Parrys Sugar Industries Limited
Venus Building, 3rd Floor, 1/2 Kalyanamantapa Road,
Jakkasandra, Koramangala
Bengaluru-560034

5. General Body Meetings:

(a) Annual General Meetings

The venue, date and time of the Annual General Meetings held during the preceding three years and the Special Resolution passed thereat are as under:

Year	Date & Time of Meeting	Venue	Special resolutions passed
2012-13	July 22, 2013 at 10.30 A.M	Khincha Hall, Bharatiya Vidya Bhavan, Race Course Road, Bengaluru-560001	-
2011-12	July 26, 2012 at 10.30 A.M		-
2010-11	September 28, 2011 at 11.00 A.M		-

(b) Extraordinary General Meetings

The venue, date and time of the Extraordinary General Meeting held during the preceding three years and the Special Resolution passed thereat are as under:

Year	Date & Time of Meeting	Venue	Special resolutions passed
2013-14	March 27, 2014 at 10.30 AM		Issue of 8% preference shares of ₹10/- each aggregating to a nominal amount not exceeding ₹ 60 crores.
2012-13	March 30, 2012 at 10.30 AM	Khincha Hall, Bharatiya Vidya Bhavan, Race Course Road, Bengaluru-560001	Amendment to the Articles of Association of the Company by adding a New Article-55A after the existing Article-55 for Reclassification of shares and; Issue of 8% preference shares of ₹10/- each aggregating to a nominal amount not exceeding ₹ 25 crores.
2011-12	November 17, 2011 at 11.30 AM		-

During the year 2011-12, a Court convened meeting of the members was held on October 8, 2012 at 10.30 A.M. at Khincha Hall, Bharatiya Vidya Bhavan, Race Course Road, Bengaluru-560001 to approve the Scheme of Arrangement (Demerger) between the Company and E.I.D.- Parry (India) Ltd., and their respective Shareholders and creditors.

(c) Postal Ballot

One postal ballot was conducted in the year 2013-14 seeking Members' approval for approving the re-appointment of Mr. D.Kumaraswamy as Managing Director and terms of his appointment under sub clause C of Section II of Part II of Schedule XIII of the Companies Act, 1956. Mr V. Sreedharan, Practicing Company Secretary was appointed as the Scrutiniser to conduct the Postal Ballot. In all 186 postal ballot forms were received of which 2 were invalid. 171 members holding 17516320 equity shares representing 99.99% of the equity capital approved the Special Resolution and 13 members holding 677 equity shares representing 0.001% of the equity capital dissented to the resolution. Mr. V.Suri, Director announced the result of the postal ballot on October 22, 2013.

6. Disclosures

(i) Disclosure on materially significant related party transactions that may have potential conflict with the interests of company at large:

There were no transactions which may have potential conflicts with the interests of the Company at large. Transactions with related parties are disclosed in Note No.45 of the Significant Accounting Policies and Notes on Account.

Disclosures from Senior Management relating to all material financial and commercial transactions, where they had or were deemed to have had personal interest, that might have had a potential conflict with the interest of the Company at large were placed before the Board.

(ii) Disclosure of Accounting Treatment

The Company has followed the Guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

(iii) Details of non-compliance by the company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years. No penalties or strictures have been imposed by the stock exchanges or SEBI or any statutory authority.

(iv) Whistle blower policy and affirmation that no personnel have been denied access to the Audit Committee.

With a view to maintain high level of legal, ethical and moral standards and to provide a platform for the employees to voice their concern on any malpractices, impropriety, abuse or wrongdoing, the Company has formulated a whistle blower policy. Any employees can raise his/her concern to the designated person and necessary action will be taken.

(v) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.

The Company has complied with all the mandatory requirements on Corporate Governance as specified in Clause 49 of the Listing Agreement with the Stock Exchanges. Compliance reports in the prescribed format has been submitted to the Stock Exchanges for all the quarters.

As regards the non-mandatory requirements, the following have been adopted:

1. Remuneration Committee

As detailed in the earlier paragraphs, the Company has constituted a Remuneration Committee. The Chairman of the Remuneration Committee was present at the last Annual General Meeting held on July 22, 2013.

2. Risk Management Committee

The Board has constituted a Risk Management Committee under the Chairmanship of Mr. K. Ramadoss, Independent Director and the Managing Director as member. The other business heads, departmental heads are invited to the Committee meetings as and when required. The details of risk assessments and the mitigation plans appear under the Management Discussion and Analysis Report forming part of the Annual Report.

3. Whistle Blower Policy

The Company has adopted a Whistle Blower Policy with the objective to provide employees, customers and vendors an avenue to raise concerns, in line with Parrys Sugar Industries Limited's commitment to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication and to provide necessary safeguards for protection of employees from reprisals or victimisation for whistle blowing in good faith. The Audit Committee periodically reviews the functioning of the whistle blower mechanism. The whistle blower policy has also been posted on the Company's website www.parrysugar.com.

4. Shareholder Rights

The quarterly financial results are published in leading financial newspapers and uploaded on the Company's website besides being sent to the Stock Exchanges. The Company has therefore not been sending the half yearly financial results to the shareholders.

5. Other non-mandatory requirements have not been adopted by the Company.

(vi) Corporate Identity Number (CIN)

The Corporate Identity Number of the Company allotted by the Ministry of Corporate Affairs, Government of India is: L2810KA1986PLC049077.

(vii) Compliance certificate

Certificate from a Practicing Company Secretary, M/s V.Sreedharan & Associates confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to this Report.

(viii) Share Capital Audit

A qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Share Capital audit report confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL. The audit is carried out every quarter and report thereon is submitted to the Stock Exchanges and is placed before the Board of Directors.

(ix) Compliance

The Board reviews periodically compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances, if any.

(x) Subsidiary Company

The Company does not have any Subsidiary Company as on March 31, 2014.

(xi) Equity shares in the Suspense Account

Pursuant to Clause 5A of the Listing Agreement, Shareholders holding physical shares and not having claimed share certificates have been sent reminder letters to claim the certificates from the Company. Based on their response, the Company dematted all such physical shares to "unclaimed suspense account" opened by the Company for the purpose.

The disclosure as required under Clause 5A of the Listing Agreement is given below:

Particulars	No. of shareholders	No. of Equity Shares
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	1352	141091
Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	1	62
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	1	62
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	1351	141029

In addition, 37129 equity shares of E.I.D.- Parry (India) Ltd. is also held in the account pursuant to the Scheme of Arrangement (Demerger) in the ratio of 19:5.

The voting rights on the shares outstanding in the suspense account as on March 31, 2014 shall remain frozen till the rightful owner of such shares claims the shares. The claimants are requested to provide the correct details to the RTA so that the shares can be transferred to them subject to necessary due diligence and verification of such claims.

(xii) Transfer of Unpaid/Unclaimed amounts to Investor Education and Protection Fund

Pursuant to the provisions of Sections 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividend for the financial year 2004-05 to the Investor Education and Protection Fund (IEPF) established by the Central Government. No claim shall lie against the Company or IEPF for the amounts so transferred nor shall any payment be made in respect of such claims.

The information relating to outstanding unclaimed dividend accounts and the dates by which they can be claimed by the members are given below:

Financial year	Date of Declaration	Date of Payment	Last date for claiming unpaid dividend
2006-07	September 25, 2007	October 22, 2007	October 30, 2014
2007-08	September 25, 2008	October 3, 2008	October 31, 2015

The Members are requested to claim their unpaid/unclaimed dividends for the financial years 2006-07 and 2007-08 at the earliest.

7. Means of communication

The Annual Reports, notices and other communications have been sent to each shareholder through the permitted mode. As per the statutory requirements under Clause 41 of the Listing Agreement with the Stock Exchanges, the quarterly/annual financial results and the segment-wise reports are generally published in "Business Standard" and "Samyukta Karnataka" (a regional daily in Kannada language). The financial results, shareholding pattern and other updates on the working of the Company have been posted on the Company's website: www.parrysugar.com. Besides the above, the Company also submits, inter-alia, to the Stock Exchanges, the full version of the Annual Report; quarterly report on corporate governance; quarterly/yearly financial results; quarterly shareholding pattern; quarterly secretarial audit report; details of appointment/resignation of Directors and Company Secretary and such other reports as may be specified. In terms of clause 52 of the Listing Agreement with the Stock Exchanges, the Company also submits the statements, information and reports at <https://www.connect2nse.com/LISTING/> and <http://listing.bseindia.com> specified by the NSE and BSE, respectively. Under the SEBI Complaints Redress System (SCORES), the investor complaints are processed in a centralised web based complaints redress systems wherein the concerned Companies can upload Action Taken Reports (ATRs) for the complaints uploaded therein and the investors can view the action taken on their complaints and its current status online.

The Company has also designated the email id: investorgrievancescell@psil.murugappa.com exclusively for investor servicing.

8. General Shareholder information

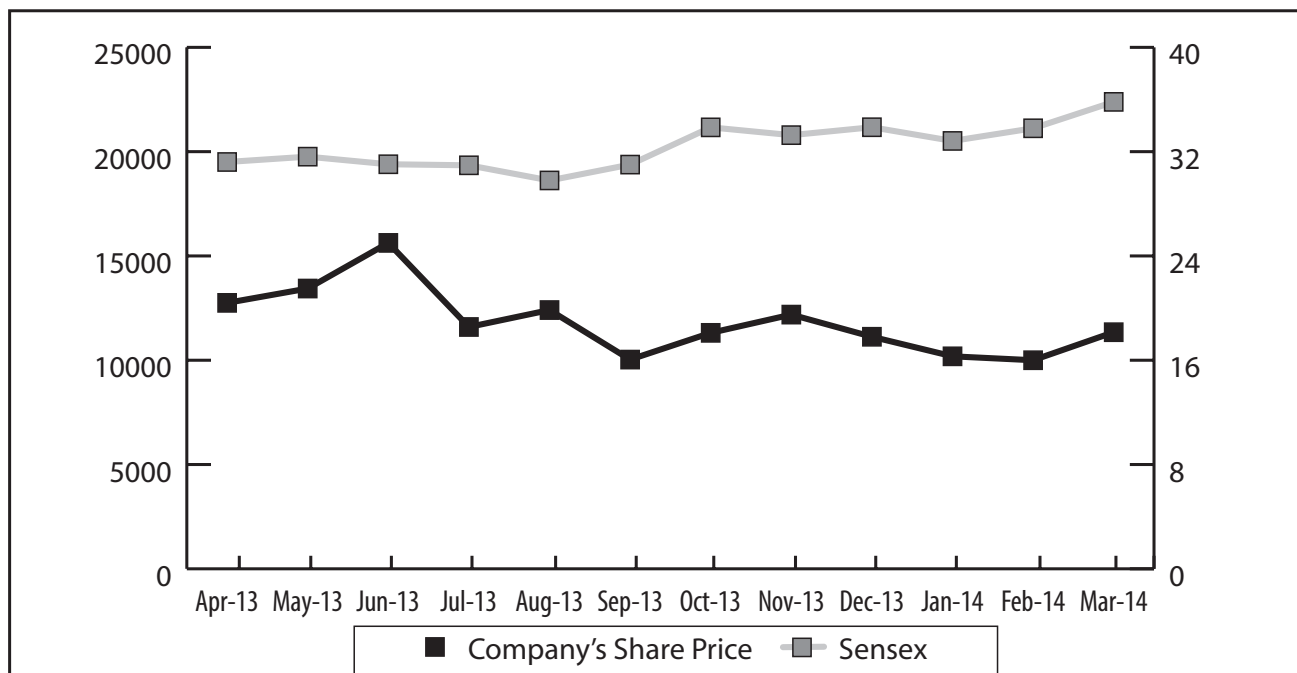
I. AGM:	Date: July 25, 2014 Time: 10.30 A.M. Venue: Khincha Hall, Bharatiya Vidya Bhavan, Race Course Road, Bengaluru – 560 001, Karnataka.												
II. Financial Calendar	Financial year : April to March The financial results are proposed to be declared as per the following tentative schedule:												
	<table> <tr> <th>Particulars</th><th>Tentative schedule</th></tr> <tr> <td>Financial reporting for the quarter ending June 30, 2014</td><td>Before August 14, 2014</td></tr> <tr> <td>Financial reporting for the quarter/half year ending September 30, 2014</td><td>Before November 14, 2014</td></tr> <tr> <td>Financial reporting for the quarter/nine months ending December 31, 2014.</td><td>Before February 14, 2015</td></tr> <tr> <td>Financial reporting for the quarter/year ending on March 31, 2015.</td><td>In April/May 2015</td></tr> <tr> <td>Annual General Meeting for the year ending March 31, 2015.</td><td>July/August, 2015</td></tr> </table>	Particulars	Tentative schedule	Financial reporting for the quarter ending June 30, 2014	Before August 14, 2014	Financial reporting for the quarter/half year ending September 30, 2014	Before November 14, 2014	Financial reporting for the quarter/nine months ending December 31, 2014.	Before February 14, 2015	Financial reporting for the quarter/year ending on March 31, 2015.	In April/May 2015	Annual General Meeting for the year ending March 31, 2015.	July/August, 2015
Particulars	Tentative schedule												
Financial reporting for the quarter ending June 30, 2014	Before August 14, 2014												
Financial reporting for the quarter/half year ending September 30, 2014	Before November 14, 2014												
Financial reporting for the quarter/nine months ending December 31, 2014.	Before February 14, 2015												
Financial reporting for the quarter/year ending on March 31, 2015.	In April/May 2015												
Annual General Meeting for the year ending March 31, 2015.	July/August, 2015												
III. Date of Book Closure	Friday, the 18th July, 2014 to Friday, the 25th July 2014, both days inclusive												
IV. Dividend payment date	Not applicable												
V. Listing on Stock Exchanges	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001. Tel Nos: (022) 22721233/34 Fax: (022) 22723121 Stock Code: 500162 National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot No.C/1, G. Block Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051 Tel Nos. (022) 26598100-8114 Fax: (022) 26598237/38 Stock Code: PARRYSUGAR The Company has paid listing fees for the financial year to each of the Stock Exchanges.												

VI. Market Price Data: Monthly, High, Low and trading volume for equity shares

Month	NSE			BSE		
	High	Low	Volume	High	Low	Volume
	₹ P	₹ P	No. of shares	₹ P	₹ P	No. of shares
April 2013	28.35	20.10	7,631	28.20	16.85	3,781
May 2013	22.80	17.50	1,128	29.90	17.10	7,011
June 2013	21.90	18.25	137	25.00	16.30	6,089
July 2013	21.15	19.20	2,218	29.85	18.55	4,490
August 2013	20.50	20.40	550	19.85	17.15	1,545
September 2013	19.40	18.45	570	19.00	16.05	4,083
October 2013	20.25	17.80	5,138	18.40	16.00	5,641
November 2013	18.20	15.80	1,288	20.00	17.55	4,037
December 2013	20.10	16.90	9,465	20.40	17.60	9,602
January 2014	19.60	16.65	6,474	19.70	16.00	13,643
February 2014	17.45	13.65	15,656	17.30	15.80	9,768
March 2014	18.45	15.00	6,709	20.35	14.05	11,979

VII. Share price performance compared with broad-based indices

Company's share price performance in comparison with BSE Sensex



VIII. Registrar & Transfer Agents

Main Office:

Karvy Computershare Pvt. Ltd.
Unit: Parrys Sugar Industries Limited
Plot No.17 to 24, Vittal Rao Nagar
Madhapur, Hyderabad – 500 081
Phone: (040) 44655000
Fax: (040) 23420814
Email ID: einward.ris@karvy.com

Branch Office:

Karvy Computershare Pvt. Ltd.
Unit: Parrys Sugar Industries Limited
No.59, Skanda Building, Puttanna Road
Basavanagudi, Bangalore-560004
Phone: (080) 67453237/3244
Fax: (080) 26600786
Email Id: ircbangalore@karvy.com

IX. Share Transfer System

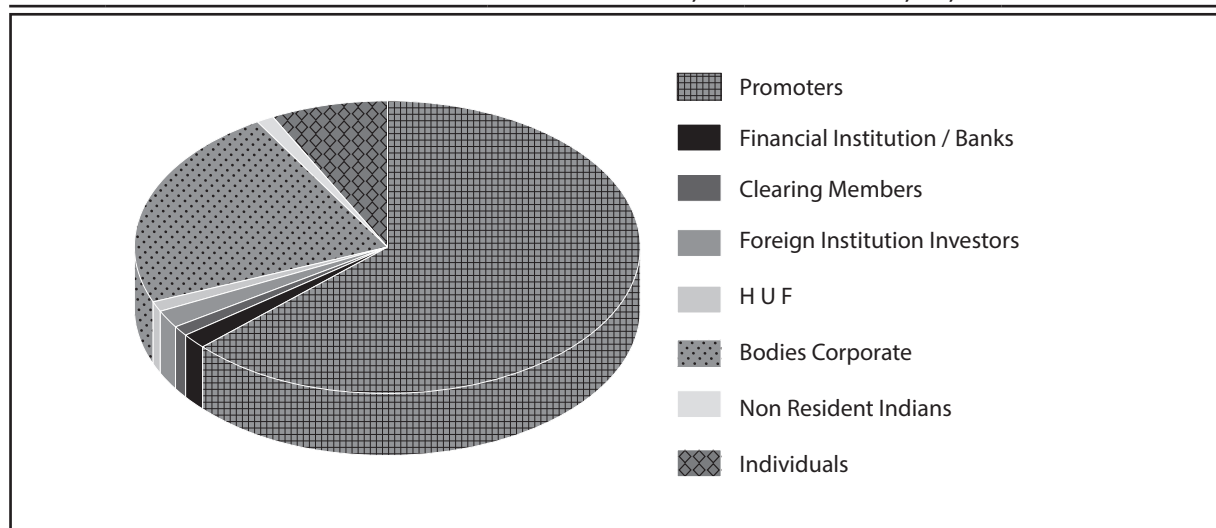
97.10% of the shares of the Company are in electronic form. Transfer of these shares is done through the depositories with no involvement of the Company. Regarding transfer of shares held in physical form, the transfer documents can be lodged with Karvy Computershare Pvt. Ltd. at any of the above mentioned addresses or at the Registered Office of the Company. The shares transfers received in physical form are processed within a period of 15 days from the date of receipt subject to the documents being valid and complete in all respects. The Board of Directors of the Company has delegated the powers of approving transfers, transmission, issue of duplicate share certificates etc., to the Managing Director and Company Secretary. The quarterly details of shares transferred, transmitted, dematerialised etc., are placed before the Board. The Company obtains half yearly certificate from a Company Secretary in practice regarding compliance of share transfer formalities and submits a copy thereof to the Stock Exchanges in terms of Clause 47(c) of the Listing Agreement.

X. Distribution of shareholding of equity shares as on March 31, 2014

Sl. No.	Distribution of Holdings	No. of shareholders	% of Shareholders	Total Shares
1	1-5000	13,955	97.22%	1,176,578
2	5001- 10000	272	1.89%	196,024
3	10001- 20000	77	0.54%	104,208
4	20001- 30000	18	0.13%	43,890
5	30001- 40000	12	0.08%	41,443
6	40001- 50000	1	0.01%	4,783
7	50001- 100000	11	0.08%	73,940
8	100001& Above	8	0.06%	18,320,841
Total		14,354	100%	19,961,707

XI. Shareholding Pattern as on 31.03.2014

Sl. No.	Descriptions	No. of cases	Total Shares	%
1	Promoters	1	12,975,110	65.00%
2	Financial Institutions/Banks	3	387,690	1.94%
3	Clearing Members	12	954	0.00%
4	Foreign Institutional Investors	1	394,651	1.98%
5	H U F	144	30,052	0.15%
6	Bodies Corporate	185	4,619,246	23.14%
7	Non Resident Indians	111	62,012	0.31%
8	Individuals	13,897	1,491,992	7.47%
TOTAL		14,354	19,961,707	100.00%

**XII. Distribution and Shareholding Pattern of Preference Shareholders as on March 31, 2014.**

The entire Preference Shares of the Company are held by M/s E.I.D.-Parry (India) Limited, the Company's holding Company, as detailed below:

23,26,420 (8%) Non-cumulative Redeemable Preference Shares of ₹11/- each and

4,50,00,000 (8%) Cumulative Redeemable Preference Shares of ₹10/- each.

XIII. Dematerialisation of shares and liquidity

The Company's shares are compulsorily traded in dematerialised form. Through Karvy Computershare Pvt. Ltd., the Company's Registrars & Share Transfer Agents, connectivity has been established with both the Depositories in India viz., National Securities Depository Ltd. and Central Depository Services (India) Limited (CDSL). The Company's shares are traded on the National Stock Exchange of India Limited and the Bombay Stock Exchange Ltd. in electronic form. The International Securities Identification Number (ISIN) allotted to the Company's shares under the Depository system is: INE353B01021.

The modes of holding of the Company's equity shares as on March 31, 2014 is as under:

Description	No. of Shareholders	Total Shares	% Equity
Physical Mode	5,519	5,79,342	2.90
Demat mode: NSDL	6,512	1,91,25,193	95.81
CDSL	2,323	2,57,172	1.29
Total	14,354	1,99,61,707	100.00

XIV. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

The Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible instruments.

XV. Prevention of Insider Trading.

In accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations 1992, the Company has instituted a comprehensive Code of Conduct for Prohibition of Insider Trading in the Company's shares. This code is applicable to all Directors/officers (including Statutory Auditors)/designated employees. The Code ensures prevention of dealing in Company's shares by persons having access to unpublished price sensitive information.

XVI. Plant locations

Sugar complex – Sugar & Co-generation Power (leased unit) at Khanpet Village, PO Toragall, Ramdurg Taluk, Belgaum District, Karnataka.

XVII. Address for correspondence

Registered office Address:

Parrys Sugar Industries Limited
Venus Building, 3rd Floor,
1/2 Kalyanamantapa Road,
Jakkasandra, Koramangala
Bengaluru – 560 034
Phone: 080-49006666
Fax: 080-49006600
Email: investorgrievancescell@psil.murugappa.com

Registrar & Share Transfer Agents:

Karvy Computershare Pvt. Ltd.
(Unit: Parrys Sugar Industries Limited)
Plot Nos.17 to 24, Vittal Rao Nagar
Madhapur, HYDERABAD – 500081
Phone: +91 40 44655000
Fax: +91 40 23420814
Email: einward.ris@karvy.com

XVIII. Corporate Governance Voluntary Guidelines 2009

The Company, in line with its stated policy of being committed to the principles and practices of good corporate governance, is in compliance with many of these guidelines, as reported in the earlier paragraphs. As regards the remaining guidelines, the Company is in the process of evaluating the feasibility for implementation progressively.

XIX. Management Discussion and Analysis Report

The Management Discussion and Analysis Report forms part of the Annual Report.

Declaration regarding compliance by Board Members and Senior Management with the Company's Code of Conduct

This is to confirm that the Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct has also been posted on the website of the Company.

It is further confirmed that all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended March 31, 2014 as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges.

Chennai
April 28, 2014

D. Kumaraswamy
Managing Director

Corporate Governance Compliance Certificate

Corporate Identity No : L28100KA1986PLC049077

Nominal Capital : ₹ 175 Crores

To the Members of Parrys Sugar Industries Limited

We have examined all the relevant records of Parrys Sugar Industries Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges for the year ended March 31, 2014. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records, produced and the explanations and information furnished, we certify that the Company has complied with:

- (a) All the mandatory conditions of the said Clause 49 of the Listing Agreement
- (b) The following non-mandatory requirements of the said Clause 49:
 - (i) Clause 2 relating to Remuneration Committee
 - (ii) Clause 7 relating to Whistle Blower Policy

For V. Sreedharan & Associates
Company Secretaries

Bengaluru
April 28, 2014

PRADEEP B. KULKARNI
Partner
FCS 7260; CP No. 7835

Independent Auditor's Report

To the Members, M/s. Parrys Sugar Industries Limited,

Report on the Financial Statements:

We have audited the accompanying Financial Statements of Parrys Sugar Industries Limited ("Company"), which comprise the Balance Sheet as at 31st March 2014, and the Statement of Profit and Loss for the year then ended, Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

The Company's Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and Cash Flows of the Company in accordance with the Companies Act, 1956 and Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") which as per a clarification issued by the Ministry of Corporate Affairs continue to apply under Section 133 of the Companies Act, 2013 (which has superseded section 211(3C) of the Companies Act, 1956 with effect from 12th September 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Financial Statement that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government in terms of sub-section (4A) of Section 227 of the Act, we enclose in the Annexure, a Statement on the matters specified in Paragraphs 4 and 5 of the said Order.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements of the Company for the year ended 31st March, 2014 are prepared, in all material respects, give the information required by the "the Act", in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014,
- b. In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

As required under the provisions of Section 227(3) of the Act, we report that:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. In our opinion, proper books of accounts as required by law, have been kept by the Company, in so far as it appears from our examination of those books.
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d. The Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 which as per a clarification issued by the Ministry of Corporate Affairs continue to apply under Section 133 of the Companies Act 2013 (which has superseded section 211(3C) of the Companies Act 1956 with effect from 12th September 2013). In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of “the Act”.
- e. On the basis of the written representations received from the Directors as on 31st March, 2014 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2014 from being appointed as director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **RGN Price & Co.,**
Chartered Accountants
Firm Regn No: 002785 S

Chennai
April 28, 2014

H.S. Venkatesh
Partner
Membership No: 026666

Annexure to the Independent Auditors' Report

Annexure referred to in Auditor's Responsibility Paragraph of our report of even date on the Accounts of Parrys Sugar Industries Limited, for the period ended 31st March 2014.

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us and based on our examination of the records, the Management has carried out the physical verification of the fixed assets, which is considered reasonable having regard to the size of the Company and nature of its business and no discrepancies were observed during the course of verification.
- (ii) (a) The Raw Material, Stores and Spare Parts, Tools, Work in Progress inventory with the Company have been physically verified during the period by the Management. In our opinion, the frequency of verification is reasonable. In case of Finished Goods, stock verification was done at the year end.
- (b) The procedures of physical verification of Raw Material, Stores and Spare Parts, Tools, Work in Progress Inventory and Finished Goods followed by the Management are generally reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of Inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been appropriately dealt in the books.
- (iii) The Company has not granted / taken any loans to / from parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence, Clause No. 4 (iii) of Companies Audit Report Order, 2003, as amended in 2004, is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- (v) According to the information and explanations given to us, we are of the opinion that there are no transactions that need to be entered in register maintained under Section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and Section 58AA of the Companies Act, 1956 and rules framed thereunder.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Company, pursuant to the Companies (Cost Accounting) Rules 2011 made by the Central Government for the maintenance and audit of cost records under Section 209(1)(d) of the Companies Act, 1956 has maintained cost records. The Cost Records are duly audited by a Cost Auditor. We are of the opinion that prima facie the prescribed cost accounts and cost records have been made and maintained. We have not, however, made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax (VAT), Wealth Tax, Service Tax, Customs Duty, Excise Duty, and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed payable in respect of Income Tax, Service Tax, Sales Tax (VAT), Customs Duty, Excise Duty were in arrears, as at 31st March 2014 for a period of six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of Income Tax, Service Tax, Sales Tax (VAT), Customs Duty which have not been deposited on account of any dispute except as follows:

Sl. No.	Statute	Nature of Dues	Forum where the dispute is pending	Amount (₹ In Lakhs)	Period to which the matter pertains
1	Service Tax	Service Tax dues	CESTAT	225.38	2012-13

- (x) The Company has accumulated losses amounting to ₹ 15272.17 Lakhs as at March 31, 2014 and the same has exceeded 50% of the Net Worth. The Company has incurred cash losses during the period ending March 31, 2014 as well as for the previous year ended March 31, 2013 i.e., immediately preceding financial period. During the financial year ended March 31, 2012, the Company has informed BIFR under Section 23(1) of Sick Industrial Companies (Special Provisions) Act, 1985 since accumulated losses exceed 50% of the networth as on June 30, 2011.

- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to bank and financial institutions at the Balance Sheet date.
- (xii) According to the information furnished, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit / society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 as amended in 2004 are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions during the period except for Agricultural purposes availed by the Sugarcane suppliers from Banks, the repayment of which is out of Cane price payable and in our opinion the terms and conditions of which, are not prima facie prejudicial to the Company.
- (xvi) In our opinion, based on our examination of books on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for Long Term investment.
- (xviii) The Company has not made preferential allotment of shares to persons covered under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures and hence Clause 4(xix) of CARO 2003 is not applicable to the Company.
- (xx) The Company has not raised money by Public Issues and hence Clause 4(xx) of CARO 2003 is not applicable to the Company.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the period nor have we been informed of any such case by the Management, that causes the financial statements to be materially misstated.

For **RGN Price & Co.,**
Chartered Accountants
Firm Regn No: 002785 S

Chennai
April 28, 2014

H.S. Venkatesh
Partner
Membership No: 026666

Balance Sheet

S.No. Particulars		Note No.	As at March 31, 2014	As at March 31, 2013
₹ in Lakhs				
I. EQUITY AND LIABILITIES				
1. Shareholder's funds				
(a)	Share Capital	1	6,752.08	3,752.08
(b)	Reserves and surplus	2	(5,816.91)	(2,213.17)
(c)	Money received against share warrants		-	-
2. Share Application Money pending allotment			-	-
3. Non current Liabilities				
(a)	Long term borrowings	3	9,344.77	9,705.08
(b)	Deferred tax liability (Net)	32	-	-
(c)	Other long term liabilities	4	5,343.13	5,327.57
(d)	Long term provisions	5	14.49	9.81
4. Current Liabilities				
(a)	Short term borrowings	6	7,227.11	8,057.70
(b)	Trade payables	7	6,749.67	3,343.23
(c)	Other current liabilities	8	5,907.54	2,880.19
(d)	Short term provisions	9	37.93	29.19
TOTAL			35,559.81	30,891.68
II. ASSETS				
1. Non Current Assets				
(a)	Fixed assets	10		
(i)	Tangible assets		11,000.84	9,779.44
(ii)	Intangible assets		18.44	32.06
(iii)	Capital work in progress		-	323.43
(iv)	Intangible assets under development		-	-
(b)	Non current investments		-	-
(c)	Deferred tax asset (Net)		-	-
(d)	Long Term loans & advances	11	816.09	766.64
(e)	Other non-current assets	12	38.89	-
2. Current Assets				
(a)	Current investments	13	5.00	5.00
(b)	Inventories	14	15,784.80	18,175.32
(c)	Trade receivables	15	4,725.36	514.10
(d)	Cash and cash equivalents	16	128.17	54.85
(e)	Short term loans & advances	17	2,941.58	1,238.78
(f)	Other current assets	18	100.64	2.06
TOTAL			35,559.81	30,891.68

See accompanying notes to the financial statements

25-46

The notes referred to above form an integral part of Balance Sheet

In terms of our report of even date attached

For and on behalf of the Board of Directors

For R.G.N. Price & Co.

Chartered Accountants

FRN : 0027855

K. Balasubramanian

Chairman

D. Kumaraswamy

Managing Director

H.S.Venkatesh

Partner

Membership No: 026666

Chennai

April 28, 2014

Amar Kumar Dora

Company Secretary

Statement of Profit and Loss

₹ in Lakhs

S.No	Particulars	Note No.	For the year ended March 31, 2014	For the year ended March 31, 2013
I	Revenues from operations	19	17,213.81	10,073.46
II	Other income	20	39.02	10.19
III	Total Revenue (I + II)		17,252.83	10,083.65
IV	Expenses:			
	Cost of materials consumed		12,407.56	18,287.44
	Changes in inventories	21	1,863.44	(12,716.70)
	Employee benefit expenses	22	522.38	576.89
	Finance costs	23	2,303.17	1,428.72
	Depreciation and amortisation expenses		639.91	489.91
	Other expenses	24	3,120.11	3,310.66
	Total Expenses		20,856.57	11,376.92
V	Profit / (Loss) before exceptional and extraordinary items and tax (III - IV)		(3,603.74)	(1,293.27)
VI	Exceptional items		-	-
VII	Profit / (Loss) before extraordinary items and tax (V - VI)		(3,603.74)	(1,293.27)
VIII	Extraordinary items		-	-
IX	Profit / (Loss) before tax		(3,603.74)	(1,293.27)
X	Tax Expenses:			
	(1) Current income tax		-	-
	(2) Deferred income tax	32	-	-
	(3) Total		-	-
XI	Profit / (Loss) for the period (IX - X)		(3,603.74)	(1,293.27)
XII	Earning per equity share	44		
	(1) Basic		(18.78)	(6.48)
	(2) Diluted		(18.78)	(6.48)
	See accompanying notes to the financial statements	25-46		

The notes referred to above form an integral part of the Statement of Profit and Loss

In terms of our report of even date attached

For and on behalf of the Board of Directors

For R.G.N. Price & Co.

Chartered Accountants

FRN : 002785S

K. Balasubramanian

Chairman

D. Kumaraswamy

Managing Director

H.S.Venkatesh

Partner

Membership No: 026666

Chennai

April 28, 2014

Amar Kumar Dora

Company Secretary

Cash Flow Statement

	₹ in Lakhs	
	For the year ended March 31, 2014	For the year ended March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss before Taxation	(3,603.74)	(1,293.27)
Adjustments for:		
Depreciation	639.91	489.91
Interest received	(38.77)	(10.11)
Interest and finance charges	2,303.17	1,428.72
Provisions no longer required written back	76.74	-
Bad Debts Written off	47.16	-
Provision for Doubtful advances	22.36	-
Loss on sale of fixed assets	1.78	-
	3,052.35	1,908.52
Operating profit/(loss) before working capital changes	(551.39)	615.25
Adjustments for:		
Trade and other receivables	(6,169.14)	(277.95)
Inventories	2,390.52	(12,760.39)
Trade and other payables	5,214.85	5,273.96
	1,436.23	(7,764.38)
Cash generated from/ (used in) operations	884.84	(7,149.13)
Interest paid	(1,909.81)	(1,061.73)
Income taxes paid	0.22	0.56
Net cash used in operating activities	(1,024.75)	(8,210.30)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(1,530.37)	(3,601.64)
Proceeds from sale of fixed assets	4.33	-
Interest / dividends received	37.20	7.62
Net cash used in investing activities	(1,488.84)	(3,594.02)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of Share Capital	3,000.00	1,500.00
Proceeds from Short term loans	22,050.00	4,750.79
Repayments of Short term loans	(25,280.59)	-
Proceeds from Long term loans	3,409.70	4,553.29
Repayment of Long term loans	(567.63)	-
Unpaid dividend /transferred to IEPF	(24.57)	(10.44)
Net cash from financing activities	2,586.91	10,793.64
Net change in cash and cash equivalents	73.32	(1,010.68)
Cash and cash equivalents as on 31.03.2013	54.85	1,329.20
Cash and cash equivalents transferred on account of Demerger	-	263.67
Cash and cash equivalents as on 31.03.2014	128.17	54.85
[Refer Note 3 below]		

Notes:

- The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at March 31, 2014 and the related Statement of Profit and Loss for the year ended on that date.
- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash flow Statements, as notified under Section 211 (3C) of the Companies Act, 1956.
- Cash and cash equivalents - closing balance include balances aggregating to ₹ 11.56 Lakhs [2013: ₹36.13 Lakhs] with Scheduled banks in respect of unclaimed dividend, which are not available for use by the Company.

For and on behalf of the Board of Directors

For R.G.N. Price & Co.

Chartered Accountants
FRN : 0027855

K. Balasubramaniam
Chairman

D. Kumaraswamy
Managing Director

H.S.Venkatesh

Partner
Membership No: 026666
Chennai
April 28, 2014

Amar Kumar Dora
Company Secretary

Notes forming part of accounts

		₹ in Lakhs		
	As at March 31, 2014	As at March 31, 2013		
NOTE 1 : SHARE CAPITAL				
AUTHORISED :				
2,19,00,000 (2013: 2,19,00,000) Equity Shares of face value of ₹ 10/- each	2,190.00	2,190.00		
2,10,00,000 (2013: 2,10,00,000) (8%) Redeemable Non Cumulative Preference Shares of face value of ₹ 11/- each	2,310.00	2,310.00		
13,00,00,000 (2013: 13,00,00,000) (8%) Redeemable Cumulative Preference Shares of face value of ₹ 10/- each	13,000.00	13,000.00		
	17,500.00	17,500.00		
ISSUED, SUBSCRIBED AND PAID-UP				
1,99,61,707 [2013: 1,99,61,707] Equity Shares of ₹ 10/- each fully paid up	1,996.17	1,996.17		
[1,29,75,110 Shares [2013: 1,29,75,110] of ₹10/- each are held by the Holding Company M/s E.I.D.-Parry (India) Ltd]				
Preference Shares				
(i) 23,26,420 8% Redeemable Non cumulative Preference Shares of ₹ 11/- each [2013: 23,26,420 Non cumulative preference shares were held by E.I.D.- Parry (India) Limited. These preference shares are redeemable on 14th August 2014]	255.91	255.91		
(ii) 1,50,00,000 (2013: 1,50,00,000) 8% Redeemable Cumulative Preference Shares of ₹ 10/- each [These Preference shares are redeemable not later than 8 years from the date of issue, i.e. 30th March 2013, with a call option to the shareholders for redemption after three years from the date of issue.]	1,500.00	1,500.00		
(iii) 3,00,00,000 8% Redeemable Cumulative Preference shares of ₹ 10/- each [These Preference shares are redeemable not later than 8 years from the date of issue, i.e. 27th March 2014, with a call option to the shareholders for redemption after three years from the date of issue.]	3,000.00	-		
	6,752.08	3,752.08		
(i) Details of shareholders holding more than 5 percent of equity shares in the company are as follows:				
Name of the Shareholder	No. of Shares held			
	As at March 31, 2014		As at March 31, 2013	
	Nos.	%	Nos.	%
E.I.D.- Parry (India) Limited	1,29,75,110	65.00	1,29,75,110	65.00
GMR Holdings Private Limited	43,97,295	22.03	43,97,295	22.03
(ii) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period				
Particulars	As at March 31, 2014		As at March 31, 2013	
	Nos	₹ in Lakhs	Nos	₹ in Lakhs
Equity Shares				
At the beginning of the period	1,99,61,707	1,996.17	1,99,61,707	1,996.17
Issued during the period	-	-	-	-
Outstanding at the end of the period	1,99,61,707	1,996.17	1,99,61,707	1,996.17
Preference Shares(Non Cumulative)				
At the beginning of the period	23,26,420	255.91	23,26,420	255.91
Issued during the period	-	-	-	-
Outstanding at the end of the period	23,26,420	255.91	23,26,420	255.91
Preference Shares(Cumulative)				
At the beginning of the period	1,50,00,000	1,500.00	1,50,00,000	1,500.00
Issued during the period	3,00,00,000	3,000.00	-	-
Outstanding at the end of the period	4,50,00,000	4,500.00	1,50,00,000	1,500.00

Notes forming part of accounts

	₹ in Lakhs			
	As at March 31, 2013	Additions	Deductions	As at March 31, 2014
NOTE 2 : RESERVES AND SURPLUS				
CAPITAL RESERVES				
Capital Redemption Reserve	1,175.00	-	-	1,175.00
Securities Premium	991.97	-	-	991.97
Capital Reserve (as per scheme of arrangement of Demerger)	5,717.56	-	-	5,717.56
	7,884.53	-	-	7,884.53
REVENUE RESERVES				
General Reserve	1,570.73	-	-	1,570.73
	9,455.26	-	-	9,455.26

	₹ in Lakhs	
	As at March 31, 2014	As at March 31, 2013
PROFIT AND LOSS ACCOUNT BALANCE		
Add: Profit (Loss) for the period	(11,668.43)	(10,375.16)
	(3,603.74)	(1,293.27)
	(15,272.17)	(11,668.43)
Total Reserve and Surplus	(5,816.91)	(2,213.17)

	₹ in Lakhs	
	As at March 31, 2014	As at March 31, 2013
NOTE 3 : LONG TERM BORROWINGS		
(a) Secured Term Loans:		
- Banks - Rupee Loan	5,989.59	5,874.60
- Government of India - Sugar Development Fund	1,949.70	25.00
	7,939.29	5,899.60
(b) Unsecured Term Loans from:		
- Inter corporate Loan	1,305.48	3,805.48
- Term Loans	100.00	-
	9,344.77	9,705.08

NOTE 4 : OTHER LONG TERM LIABILITIES		
(a) Trade payables	34.43	18.87
(b) Payable to Holidng Company	5,308.70	5,308.70
	5,343.13	5,327.57

NOTE 5 : LONG-TERM PROVISIONS		
Provision for employee benefits (Note 34 (a) & (b))	14.49	9.81
	14.49	9.81

Notes forming part of accounts

₹ in Lakhs

	As at March 31, 2014	As at March 31, 2013
NOTE 6 : SHORT TERM BORROWINGS		
Loans repayable on demand		
- Cash Credit from Bank	1,227.11	5,057.70
- Unsecured Short Term loan from Banks - Rupee loan	-	3,000.00
- Commercial Paper	6,000.00	-
	7,227.11	8,057.70

NOTE 6 (A) : DETAILS OF LOAN AND TERMS OF REPAYMENT

Lender	Refer Note.	As at March 31, 2014	As at March 31, 2013	Terms of Repayment (as at 31st March 2014)
SBI Term Loan	26 (i)	2,815.17	3,153.83	Repayable during next 5 years
SBI SEFASU Term Loan	26 (iii)	1,460.00	-	Repayable during next 5 years with 2 years Moratorium
ICICI Bank Loan	26 (ii)	3,059.44	3,263.40	Repayable during next 4 years
SDF -Expansion loan	26 (iv)	1,671.65	-	Repayable during next 10 years with 5years Moratorium
Yes Bank Term Loan	27 (i)	100.00	-	Repayable during next 5 years with 2 years Moratorium
SDF Cane Development Loan 2	26 (iv)	278.05	-	Repayable during next 7 years with 3 years Moratorium
SDF Cane Development Loan 1	26 (iv)	25.00	50.00	Repayable during next 1 year
SBI Cash Credit	26 (v)	1,227.11	5,057.70	On Demand
Indusind Bank Short Term Loan		-	3,000.00	
Commercial Paper	27 (iii)	6,000.00	-	Repayable during next 6 months
E.I.D. Parry (India) Ltd. Loans	27 (ii)	1,305.48	3,805.48	Repayable during next 6 months
		17,941.90	18,330.41	

₹ in Lakhs

	As at March 31, 2014	As at March 31, 2013
NOTE 7 : TRADE PAYABLES		
Other Trade Payables	6,749.67	3,343.23
	6,749.67	3,343.23

NOTE 8 : OTHER CURRENT LIABILITIES

(a) Current maturities of long-term debt		
- Banks - Rupee Loan (Refer Note 26)	1,345.02	542.63
- Government of India - Sugar Development Fund	25.00	25.00
(b) Interest accrued but not due on borrowings	1,234.47	841.11
(c) Unclaimed dividend	11.56	36.13
(d) Other payables		
- Other Misc Liabilities	3,291.49	1,435.12
- Advances and Deposits from Customers/Others	-	0.20
	5,907.54	2,880.19

Notes forming part of accounts

₹ in Lakhs

	As at March 31, 2014	As at March 31, 2013
NOTE 9 : SHORT-TERM PROVISIONS		
Provision for employee benefits (Note 34 (a) & (b))	37.93	29.19
	37.93	29.19

NOTE 10 : FIXED ASSETS

₹ Lakhs

Particulars	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	Cost/Value As at 01-04-2013	Additions	Deletions	Transferred on account of Demerger	Cost/Value As at 31-03-2014	As at 01-04-2013	For the year	Deletions	Transferred on account of Demerger	As at 31-03-2014	As at 31-03-2014	As at 31-03-2013
Tangible assets												
Land	42.63	-	-	-	42.63	-	-	-	-	-	42.63	42.63
Buildings	548.80	294.92	-	-	843.72	22.62	11.35	-	-	33.97	809.75	526.18
Plant and Equipment	10,415.61	1,542.61	-	-	11,958.22	1,227.03	597.90	-	-	1,824.93	10,133.29	9,188.58
Furniture and Fixtures	12.14	1.66	-	-	13.80	3.25	1.44	-	-	4.69	9.11	8.89
Vehicles	15.89	-	6.87	-	9.02	2.73	0.99	0.76	-	2.96	6.06	13.16
	11,035.07	1,839.19	6.87	-	12,867.39	1,255.63	611.68	0.76	-	1,866.55	11,000.84	9,779.44
Intangible Assets												
SAP & CMS Project	156.82	14.61	-	-	171.43	124.76	28.23	-	-	152.99	18.44	32.06
	11,191.89	1,853.80	6.87	-	13,038.82	1,380.39	639.91	0.76	-	2,019.54	11,019.28	9,811.50
Previous Year	67,007.14	3,313.50	-	59,128.75	11,191.89	15,585.68	489.91	-	14,695.18	1,380.39		
Capital Work-in-Progress											-	323.43
Intangible assets under development											-	-
											11,019.28	10,134.93

₹ in Lakhs

	As at March 31, 2014	As at March 31, 2013
NOTE 11 : LONG-TERM LOANS AND ADVANCES		
Unsecured and considered good unless otherwise stated :		
(a) Capital Advances	-	84.70
(b) Security Deposits	510.15	509.78
(c) Other loans and advances		
- Advance Tax less Provision for Tax	40.44	40.66
- Balance with Customs and Central Excise Authorities	-	-
- MAT Credit Entitlement	125.35	125.35
- Advance recoverable in cash or in kind or for value to be received		
• Unsecured and Considered Good	544.17	363.02
Less: Provision for Doubtful Advances	(404.02)	(356.87)
	816.09	766.64

Notes forming part of accounts

₹ in Lakhs

	As at March 31, 2014	As at March 31, 2013
NOTE 12 : OTHER NON-CURRENT ASSETS		
Long Term Trade Receivables		
- Secured, considered good	38.89	-
	38.89	-

NOTE 13 : CURRENT INVESTMENTS

Particulars	Nominal Value	Nos				Amount (₹ In lakhs)			
	₹	As at April 1, 2013	Acquisitions	Sales	As at March 31, 2014	As at April 1, 2013	Acquisitions	Sales	As at March 31, 2014
Quoted Investments									
Other Investments									
Metkore Alloys & Industries Ltd (formerly Cronimet Alloys India Ltd)	2	2,50,000	-	-	2,50,000	5.00	-	-	5.00
Total Quoted Investments						5.00	-	-	5.00
Market Value of Quoted Investments						20.38	-	-	13.93

₹ in Lakhs

	As at March 31, 2014	As at March 31, 2013
NOTE 14 : INVENTORIES		
(a) Work-in-progress	304.35	121.86
(b) Finished goods	14,509.58	17,221.61
(c) By Products	538.53	456.99
(d) Stores and spares	432.34	374.86
	15,784.80	18,175.32

NOTE 15 : TRADE RECEIVABLES (UNSECURED)

Debts outstanding for a period exceeding six months:

Considered good	175.11	54.73
Other Debts:		
Considered good	4,550.25	459.37
	4,725.36	514.10

NOTE 16 : CASH AND CASH EQUIVALENTS

(a) Balances with banks		
In Current account	105.25	5.42
In Dividend account	11.56	36.13
In Margin Money accounts towards Bank Guarantee	11.00	11.00
(b) Cash on hand	0.36	2.30
	128.17	54.85

Notes forming part of accounts

	₹ in Lakhs	
	As at March 31, 2014	As at March 31, 2013
NOTE 17 : SHORT-TERM LOANS AND ADVANCES		
Other loans and advances		
- Balance with Customs and Central Excise Authorities	500.51	505.43
- Advance recoverable in cash or in kind or for value to be received		
Unsecured and Considered Good	2,441.07	733.35
	2,941.58	1,238.78

NOTE 18 : OTHER CURRENT ASSETS		
Income accrued on Deposits etc.	3.63	2.06
Export Incentive Receivable	97.01	-
	100.64	2.06

	₹ in Lakhs	
	Year ended March 31, 2014	Year ended March 31, 2013
NOTE 19 : REVENUE FROM OPERATIONS		
(a) Sales of Products	17,677.11	10,478.08
Less : Excise Duty	669.58	505.11
	17,007.53	9,972.97
(b) Other operating revenues		
- Liabilities/ Provisions no longer required written back	76.74	-
- Export Incentive & Duty drawback	97.01	-
- Insurance claims received	15.87	28.75
- Scrap Sales	2.77	23.86
- Sundry Income	13.89	47.88
	17,213.81	10,073.46

NOTE 20 : OTHER INCOME		
Non Trade Investments	0.25	0.08
Interest on Deposits, etc	38.77	10.11
	39.02	10.19

NOTE 21 : CHANGES IN INVENTORIES		
(Increase)/Decrease in Stocks		
Opening Stock:		
Work-in-process	121.86	226.46
Finished Goods	17,678.03	4,856.73
Less: ED on closing stock reversed on 1.4.2013	583.99	-
	17,215.90	5,083.19
Closing Stock:		
Work-in-process	304.35	121.86
Finished Goods	15,048.11	17,678.03
	15,352.46	17,799.89
	1,863.44	(12,716.70)
	1,863.44	(12,716.70)

Notes forming part of accounts

₹ in Lakhs

	Year ended March 31, 2014	Year ended March 31, 2013
NOTE 22 : EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages and Bonus	411.25	323.41
Deputed Employee Cost	43.35	175.15
Contribution to Provident and Other Funds	20.30	19.36
Workmen and Staff Welfare Expenses	47.48	58.97
	522.38	576.89
NOTE 23 : FINANCE COST		
(a) Interest expense		
- Other Fixed Loans	1,532.43	906.07
- Others	509.30	507.39
(b) Other borrowing costs	261.44	15.26
	2,303.17	1,428.72
NOTE 24 : OTHER EXPENSES		
(a) Consumption of Stores, Spares and Consumables	409.38	568.58
(b) Power and Fuel	31.00	54.82
(c) Rent	45.72	4.92
(d) Repairs and Maintenance		
- Buildings	8.48	11.29
- Plant and Machinery	266.83	300.78
- Others	113.98	93.84
	389.29	405.91
(e) Insurance	36.74	26.58
(f) Rates and Taxes	590.77	610.11
(g) License Fee	13.90	8.75
(h) Material Handling Expenses	15.43	2.43
(i) Other Manpower Cost	336.15	392.08
(j) Distribution Expenses	4.35	1.03
(k) Travelling and Conveyance	88.45	90.67
(l) Communication Expenses	17.03	13.35
(m) Operation Lease Rentals	792.94	769.85
(n) Printing and Stationery	10.35	8.76
(o) Auditors' Remuneration	6.83	20.21
(p) Directors' Remuneration	123.39	123.23
(q) Directors' Fees and Commission	6.70	7.75
(r) Sales Promotion and Publicity	4.58	0.51
(s) Fixed Assets scrapped	1.78	-
(t) Professional Charges	51.48	17.13
(u) Provision for Doubtful Debts and Advances	47.16	-
(v) Bad Debts/Advances written off	22.36	-
(w) General Manufacturing, Selling and Administration Expenses	72.56	183.99
(x) Foreign Exchange loss	1.77	-
	3,120.11	3,310.66

25. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

25.1 Basis of preparation of financial statements

The financial statements of the Company are prepared to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards notified under Sub-section (3C) of Section 211 of the Companies Act, 1956 (hereinafter referred as "the Act") and other relevant provisions of the Act.

25.2 Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities on the date of the financial statements and reported amounts of income and expenses during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

25.3 Fixed Assets

Fixed Assets are stated at cost of acquisition and subsequent improvements thereto including taxes, duties, freight and other incidental expenses for bringing the asset concerned to its working condition for its intended use, less accumulated depreciation and impairment loss. Interest on borrowings attributable to qualifying assets are capitalised and included in the cost of fixed assets as appropriate. Intangible assets are stated at cost of acquisition less accumulated amortisation.

25.4 Leases

Assets acquired under Leases, where the Company has substantially all the risks and rewards of ownership, are classified as finance leases. Such leases are capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

Assets acquired as leases, where a significant portion of the risk and rewards of ownership are retained by the lessor, are classified as operating leases. Lease rentals are charged to the statement of profit and loss on accrual basis as per terms of the lease.

25.5 Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

25.6 Depreciation and Amortisation

Depreciation is provided on straight line method, pro rata to the period of use, at the rates specified in schedule XIV of the Act or the rates based on the useful lives of the assets as estimated by the management, whichever is higher. The rates based on the useful lives of the assets in the following categories are estimated to be higher than those specified in Schedule XIV of the Act:

Electrical Equipment	5.38%
Telephone Equipment	6.33%
Computer Software	16.67%

Lease hold assets are amortized at rate based on the remaining period of lease or the rate specified in Schedule XIV of the Act, whichever is higher.

All individual assets costing ₹ 5,000/- or less are fully depreciated in the year of purchase.

25.7 Investments

Long term investments are valued at cost. Provision is made to recognize a decline, other than temporary, in the value of long term investments. Current Investments are stated at lower of cost or market value.

25.8 Inventories

(a) Stock of Raw-materials is valued at lower of cost or Net Realizable Value. The costs are, in general, determined on Weighted Average Basis.

(b) Finished goods and Work-in-process:

Finished goods are valued at lower of cost or Net Realizable Value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost also includes all duties and taxes but excludes duties and taxes that are subsequently recoverable from taxing authorities.

Work in process is valued at lower of cost or Net Realizable Value. The cost is determined up to the estimated stage of process and includes direct materials, labour and a proportion of manufacturing overheads based on normal operating parameters.

(c) By Products: At estimated realizable value.

(d) Stores and Spares: At lower of cost or Net Realizable Value. The costs are, in general, determined on weighted average basis

25.9 Revenue Recognition

Revenue is recognized when the significant risks and rewards of ownership of goods have been passed on to the buyer. Sale of goods is exclusive of sales tax and captive consumption of Molasses, Power and Baggasse. Export Incentive and Duty Drawback is accounted on accrual basis.

Dividend Income is recognized in the year in which the right to receive the payment is established.

Income from investments is recognized in the year in which it is accrued and stated at gross of tax deducted at source.

25.10 Foreign Currency Transactions

All foreign currency transactions are accounted for at the exchange rates prevailing on the date of such transactions.

Liabilities/ assets in foreign currencies are reckoned in the accounts as per the following principles:

Exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are accounted as below:

- (a) In so far as they relate to the acquisition of depreciable capital assets, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset; and
- (b) In other cases, the said exchange differences are accumulated in a 'Foreign Currency Monetary Items Translation Difference Account' and amortized over the balance period of such long term asset/liability but not beyond March 31, 2020.

All other monetary assets and liabilities denominated in foreign currency are restated at the rates ruling at the year end and all exchange gains/ losses arising there from are adjusted to the statement of profit and loss account, except those covered by forward contracted rates where the premium or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

Exchange differences on forward contracts are recognised in the statement of profit and loss account in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward contracts is recognised as income or expense for the year.

For forward exchange contracts and other derivatives that are not covered by Accounting Standard (AS) -11 'The Effects of Changes in Foreign Exchange Rates', the Company follows the guidance in the announcement of the Institute of Chartered Accountants of India (ICAI) dated March 29, 2008, whereby for each category of derivatives, the Company records any net mark-to-market losses. Net mark-to-market gains are not recorded for such derivatives.

25.11 Employee Benefits

(a) Short Term Employee Benefits :

Undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the services. These benefits include compensated absences such as paid annual leave and performance incentives.

(b) Defined Contribution Plans:

These comprise of contributions to employees' provident fund with the government and certain state plans like Employees' Pension scheme. The Company's payments to the defined contribution plans are recognized as an expense during the period in which the employees perform the services.

(c) Defined Benefit Plans:

Gratuity for employees is covered under a scheme of Life Insurance Corporation of India and contributions in respect of such scheme are recognized in the Statement of profit and loss. The liability as at the Balance Sheet date is provided for based on the actuarial valuation, based on Projected Unit Credit Method at the balance sheet date, carried out by an independent actuary. Actuarial Gains and Losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the statement of profit and loss as income or expense.

(d) Other Long Term Employee Benefits :

Other Long term employee benefits comprise of ;Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services, are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date based on actuarial valuation carried out at each balance sheet date.

25.12 Earnings per Share

The earnings considered in ascertaining the Company's Earnings Per Share (EPS) comprise of the net profit after tax less dividend (including dividend distribution tax) on preference shares. The number of shares used for computing the basic EPS is the weighted average number of shares outstanding during the year.

25.13 Taxes on Income

Provision for income tax comprises current taxes and deferred taxes. Current tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable/ virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

25.14 Provisions

A provision is recognized when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions, other than employee benefits, are not discounted to their present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

25.15 Contingencies

Obligations which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and, to the extent not provided for, are disclosed by way of notes to accounts.

25.16 Impairment of Assets

Impairment loss is provided to the extent carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of asset's selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

25.17 Expenditure

Expenses are recorded at net of eligible credit, wherever applicable

25.18 Operating Cycle

Based on the nature of products/ activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12months for the purpose of classification of its assets and liabilities as current and non-current.

26. SECURED LOANS

- (i) Term Loan & Short Term (Bridge) Loan extended by State Bank of India is primarily secured by Pari-passu first charge on fixed Assets of the Company and collaterally secured by second charge on the current assets of the company.
- (ii) Term Loan extended by ICICI Bank Ltd. is secured by Pari-passu second charge on fixed Assets of the company.
- (iii) SEFASU Term Loan extended by State Bank of India is secured by Pari-passu first charge on fixed Assets of the Company and collaterally secured by second charge on the current assets of the company.
- (iv) Sugar Development Fund (SDF) Loans for Cane development & expansion at the Ramdurg Unit is secured by a Bank Guartantee.
- (v) Cash Credit facility extended by State Bank of India is secured by way of hypothecation of entire current assets of the company and further secured by second charge on company's fixed assets.

The above loans extended by SDF & banks carry interest rates ranging from 4.00% p.a. to 12.85% p.a. The loans extended by banks are linked to their Base Rate.

27. UNSECURED LOANS

- (i) Loan extended by Yes Bank Ltd. is unsecured in nature. It carries an interest rate of 10.75% p.a
- (ii) Loans extended by Holding Company, E.I.D. Parry (India) Ltd are unsecured in nature. These loans cannot be withdrawn during the tenancy of the loans extended by SBI & ICICI Bank Ltd. and hence classified as Long Term Borrowings.

The loans extended by E.I.D. Parry (India) Ltd. carries an interest rate of 9% p.a

- (iii) Commercial Paper was issued to HDFC Trustee Co. Ltd-HDFC A/c Liquid Fund at the discount rate of 10.45% p.a

28. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) of Nil Lakhs (2013: ₹84.70 Lakhs).

29. Contingent Liabilities not provided for on account of : ₹ in Lakhs

Particulars	2013-2014	2012-2013
(a) Bank Guarantees	4,301.65	122.23
(b) Corporate Guarantees given by the Company to banks in respect of crop loans to farmers and H&T loan	1,768.32	2,344.85
(c) Arrears of fixed cumulative dividends of Preference shares	0.77	-
(d) Claims made by Government Departments against the Company not acknowledged as debts:		
(i) Excise/Service tax claims under appeal	225.38	225.38
(ii) Sales tax & Commercial taxes appeal under various states	-	13.18
(e) Preference Dividend attributable to Cumulative Preference Shares	144.24	0.77

30. (a) The Ministry of Corporate Affairs, Government of India has vide its Notification No GSR 913(E) dated December 29, 2011 has announced Companies Accounting Standards (Amendment) Rules 2009 prescribing changes to Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates' extended till 31-03-2020.

The Company has, pursuant to the adoption of such principles of Companies (Accounting Standards) Amendment Rules 2009, exercised the option of recognizing the exchange differences arising on reporting of foreign currency monetary items at rates different from those at which they were recorded earlier, in the original cost of such depreciable fixed assets in so far such exchange differences arose on foreign currency monetary items relating to the acquisition of a depreciable asset.

Exchange differences aggregating to ₹1.77 lakhs arising during the year ended March 31, 2014 (2013: Nil) have been accounted in Statement of Profit and Loss.

(b) Particulars	2013-2014	2012-2013
Borrowing Cost Capitalised on fixed assets/CWIP	196.23	87.32

31. OPERATING LEASES

The Company has entered in to a non cancellable operating lease agreement with Shri Dhanalakshmi Sahakari Sakkare Karkhane Niyamit, Ramdurg for the lease of sugar factory together with the specified assets on Built, Own, Operate and Transfer basis (BOOT) for a period of 25 years. Lease rentals of ₹ 792.94 Lakhs (2013: ₹ 769.85 Lakhs) in respect of the obligation under such lease agreement have been recognized in the statement of profit and loss.

Future obligations of lease rentals applicable to the above lease agreement aggregate to ₹ 12,675.61 Lakhs (2013: ₹ 13,468.55 Lakhs) and are due:

Particulars	2013-2014	2012-2013
Not later than one year	816.73	792.94
Later than one year and not later than five years	3,519.40	3,416.89
Later than five years	8,339.48	9,258.72
Total	12,675.61	13,468.55

32. DEFERRED TAX

The major components of the deferred tax assets and liabilities on account of timing differences are as follows:

	₹ in Lakhs	
	Deferred Tax Liability/(Asset)	
	2013-14	2012-13
Deferred Tax Liability		
Difference between the written down value of assets as per books of account and Income Tax Act.	700.11	759.14
Deferred Tax Asset		
Unabsorbed Depreciation		
Business Loss	(700.11)	(759.14)
Others		
Net Deferred Tax liability	-	-

33. As per the information available with the Management, there are no suppliers falling under the Micro, Small and Medium Enterprise registered with the company.

34. (a) The following table sets forth the status of the Gratuity Plan of the Company and the amount recognized in the Balance Sheet and Statement of Profit and Loss.

	₹ in Lakhs	
Particulars	Gratuity (Funded)	
	2013-14	2012-13
Present Value of obligations at the beginning of the year	11.32	7.98
Current service cost	4.36	3.60
Interest Cost	0.93	0.64
Benefits Settled	(1.64)	(0.43)
Actuarial loss/(gain)	(0.61)	(0.47)
Present Value of obligations at the end of the period	14.36	11.32
Changes in the fair value of planned assets		
Fair value of plan assets at beginning of year	22.56	21.06
Transferred consequent to Demerger	(1.93)	-
Expected return on plan assets	1.63	1.67
Contributions	-	-
Benefits Paid	(1.64)	(0.43)
Actuarial gain/(Loss) on plan assets	0.41	0.26
Fair Value of plan assets at the end of the year	21.03	22.56
Amounts recognized in the Balance Sheet		
Projected benefit obligation at the end of the period	14.36	11.32
Fair value of plan assets at end of the period	21.03	22.56
Funded status of the plans – Asset/(Liability) recognised in the balance sheet	6.67	11.23
Cost for the period		
Current service cost	4.36	3.60
Interest Cost	0.93	0.64
Expected return on plan assets	(1.63)	(1.67)
Net actuarial (gain)/loss recognised in the period	(1.02)	(0.73)
Net Cost	2.64	1.85
Assumptions		
Discount rate	8.85%	8.25%
Expected return on assets	8.25%	8.00%
Rate of Compensation increase	6%	6%
Attrition rate	5%	5%
Retirement expectancy (in years)	58	58
Expected average remaining service (in Years)	23.30	26.25
Mortality rates	LIC 1994-96 ultimate table	LIC 1994-96 ultimate table
Actual return on plan assets (₹ In Lakhs)	0.41	1.93

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at. Assumed rate of return on assets is expected to vary from year to year reflecting the returns on matching government bonds.

The estimates of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

As per the best estimate of the management, contribution of ₹2.00 lakhs is expected to be paid to the plan during the year ending March 31, 2015.

- (b) Provision made during the year for other long term employee benefits based on the actuarial valuation report amounted to ₹5.51 lakhs (2013: Nil)
- (c) During the period, the Company has recognised the following amounts in the statement of profit and loss, which are included in 'Contribution to Provident and Other Funds

		₹ in Lakhs	
Particulars	2013-2014	2012-2013	
Provident Fund and Employees' Pension Scheme	20.30	19.36	

35. AUDITORS' REMUNERATION AND EXPENSES: ₹ in Lakhs

		2013-2014	2012-2013
(i) Audit Fees		6.00	12.50
(ii) Fees for other services		0.73	7.50
(iii) Reimbursement of out of pocket expenses		0.10	0.21
Total		6.83	20.21

36. CANE PRICE:

The Sugar Cane Control Board formed by the Government of Karnataka under the Karnataka Sugar Cane (Regulation of Purchase and Supply) Act, 2013, had declared a cane procurement price of ₹ 2500/MT for the sugar season 13-14. This has been challenged by South India Sugar Mills Association - Karnataka (SISMA-K) before the Hon'ble High Court of Karnataka and the matter is subjudice.

37. PARTICULARS IN RESPECT OF FINISHED GOODS STOCK

Classes of Goods	UNIT	OPENING STOCK				CLOSING STOCK			
		2013-14		2012-13		2013-14		2012-13	
		Qty.	Value ₹ Lakhs	Qty.	Value ₹ Lakhs	Qty.	Value ₹ Lakhs	Qty.	Value ₹ Lakhs
Sugar	Quintals	5,48,838	17,221.61	6,20,550	13,995.69	5,52,213	14,509.57	5,48,838	17,221.61
Molasses	MT	7,336	366.81	20,828	545.26	10,300	473.79	7,336	366.81
Work-in-process	Quintals	4,380	121.86	34,214	728.00	11,416	283.68	4,380	121.86
WIP-Molasses	MT	-	-	1,628	33.34	499	20.68	-	-
Bagasse/Bio-mass	MT	6,937	89.61	26,260	184.83	4,980	64.74	6,937	89.61
Distillery:									
Rectified Spirit	Litres	-	-	3,93,092	90.71	-	-	-	-
Impure Spirit	Litres	-	-	3,49,450	62.90	-	-	-	-
ENA	Litres	-	-	18,50,467	427.16	-	-	-	-
Ethanol	Litres	-	-	7,50,353	151.51	-	-	-	-
			17,799.89		16,219.40		15,352.46		17,799.89

38. PARTICULARS IN RESPECT OF FINISHED GOODS – SALES

Classes of Goods	UNIT	SALES (Including Excise Duty)			
		2013-14		2012-13	
		Qty.	Value ₹ Lakhs	Qty.	Value ₹ Lakhs
Sugar	Quintals	5,74,511	15,948.14	2,97,952	8,578.76
Molasses	MT	18,646	1,038.97	26,373	1,319.39
Cogeneration - Power#	Units	1,57,14,120	628.56	1,40,99,083	558.62
Others		1,724	61.44		21.30
			17,677.11		10,478.08

Net of captive consumption

39. ANALYSIS OF RAW MATERIALS CONSUMED

DESCRIPTION	UNIT	2013-14		2012-13	
		Qty.	Value ₹ Lakhs	Qty.	Value ₹ Lakhs
Sugarcane	MT	4,95,727	12,404.61	5,74,862	18,287.44
Others	MT	78	2.95		
			12,407.56		18,287.44

40. VALUE OF IMPORTS ON C.I.F BASIS ₹ in Lakhs

	2013-14	2012-13
Capital Goods	-	-
Spares	-	-

41. EXPENDITURE IN FOREIGN CURRENCY ₹ in Lakhs

	2013-14	2012-13
Travel	-	-
Professional Fee	-	-

42. EARNINGS IN FOREIGN CURRENCY ₹ in Lakhs

	2013-14	2012-13
Sale of RawSugar-Receiveables	-	-
Indian Rupee Equivalent (USD 1.08 Millions)	647.89	-

43. SEGMENT REPORTING:

The Company has identified two business segments viz. Sugar and Power. Segments have been identified and reported taking into account the nature of the products, the differing risks and returns, the organizational structure and internal business reporting system.

- Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on a reasonable basis have been disclosed as "Un-allocable".
- Segment Assets and Segment Liabilities represent assets and liabilities of respective segment. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on a reasonable basis have been disclosed as "Un-allocable"
- The Company generally accounts for inter segment sales/transfer as if the sales/transfers were to external parties at prevailing average market price on the date of transfer.

Information about primary business segments:

₹ in Lakhs

Business Segments	Sugar		Power		Total	
Particulars	2014	2013	2014	2013	2014	2013
Revenue						
Revenue from Customers	15,729.31	9,414.35	628.56	558.62	16,357.87	9,972.97
Export Sales-Raw Sugar	649.66	-	-	-	649.66	-
Inter Segment Revenue	889.14	1,003.12	1,554.22	1,607.01	2,443.36	2,610.13
Segment Revenues	17,268.11	10,417.47	2,182.78	2,165.63	19,450.89	12,583.10
Operating Expenses	17,587.94	8,952.07	325.55	506.23	17,913.49	9,458.30
Inter Segment Cost	1,554.22	1,607.01	889.14	1,003.12	2,443.36	2,610.13
Depreciation/ Amortisation	409.60	344.13	230.31	145.78	639.91	489.91
Segment Result	(2,283.65)	(485.74)	737.78	510.50	(1,545.87)	24.76
Interest Expenses	(1,770.54)	(1,064.25)	(532.63)	(364.47)	(2,303.17)	(1,428.72)
Interest Income	39.02	10.19	-	-	39.02	10.19
Other income	205.00	99.98	1.28	0.52	206.28	100.50
Profit/(Loss) before tax	(3,810.17)	(1,439.82)	206.43	146.55	(3,603.74)	(1,293.27)
Taxation						
Current tax						
Deferred tax						
Net Profit/(Loss) after taxation/Adjusted Profits					(3,603.74)	(1,293.27)
Other Information						
Segment Assets	30,665.76	26,526.69	4,894.04	4,365.00	35,559.80	30,891.68
Segment Liabilities	34,543.27	29,201.16	81.38	151.62	34,624.64	29,352.78
Capital Expenditure	958.96	1,742.99	894.84	1,570.51	1,853.80	3,313.50
Other Non-cash expenses/(income) (net)	(9.97)	-	4.53	-	(5.44)	-

During the year under report, the Company has engaged in business only within India and not in any other country. The conditions prevailing in India being uniform, no separate geographical segment disclosure is considered necessary.

44. EARNINGS PER SHARE:

The computation of earnings per share is set out below:

Particulars	2013-2014	2012-2013
Nominal Value of Equity Shares (₹)	10	10
Net Profit/(Loss) after Tax (₹ Lakhs)	(3,603.74)	(1,293.27)
Less : Preference Dividend attributable to Preference Shares (including corporate tax thereon) (₹ Lakhs)	144.24	0.77
Net Profit/(Loss) attributable to the Equity Shareholders (₹ Lakhs)	(3,747.98)	(1,294.04)
Shares:		
Weighted average number of Equity Shares of ₹ 10 each outstanding during the year	1,99,61,707	1,99,61,707
Basic and diluted Earnings/(Loss) – ₹ Per Share	(18.78)	(6.48)

45. RELATED PARTY DISCLOSURES

(i) Names of the related parties and description of relationship.

Relationship	Name of the Parties
Holding Company	E.I.D. – Parry (India) Limited
Fellow Subsidiaries	Coromandel International Ltd
	Parry Chemicals Ltd
	CFL Mauritius Limited
	Coromandel Brasil Limitada – Partnership.
	Sabero Organics Gujarat Limited
	Sabero Europe BV
	Sabero Australia Pty. Ltd
	Sabero Organics America SA
	Sabero Argentina SA
	Sabero Organics Merico SA De. C.V.
	Alagawadi Bireshwar Sugars Private Limited (ABSPL)
	Sadashiva Sugars Ltd
	Parry America Inc.,
	Parrys Investments Limited
	Parrys Sugar Limited
	Parry Infrastructure Company Private Limited
	Silkroad Sugars Private Limited
	Parry Phytoremedies Private Limited
	US Nutraceuticals Inc.,
	Parry Agrochem Exports Limited
	Valensa Europe AG
	La Belle Botanics LLC
Key Management Personnel	Mr. D. Kumaraswamy

(ii) Summary of transactions with the above related parties are as follows: ₹ in Lakhs

Nature of the Transaction	2013-2014	2012-2013
Purchase of Machinery		
(i) Holding Company		
E.I.D. Parry (India) Limited	-	-
Purchase of Goods/Receipt of Services		
(i) Holding Company		
E.I.D. Parry (India) Limited	264.94	213.53
(ii) Fellow Subsidiary		
Coromandel International Limited	21.69	17.89
Sadashiva Sugars Limited	54.99	74.52
Interest on Unsecured Loan		
(i) Holding Company		
E.I.D. Parry (India) Limited	352.18	397.40

Nature of the Transaction	2013-2014	2012-2013
Sale of Goods/ Rendering of Service		
(i) Holding Company		
E.I.D. Parry (India) Limited	863.89	527.80
(ii) Fellow Subsidiary		
Sadashiva Sugars Limited	1,537.77	262.12
Silkroad Sugars Private Limited	647.89	-
Unsecured loans Repaid		
Holding Company- E.I.D. Parry (India) Limited	450.00	-
Unsecured loans taken		
Holding Company- E.I.D. Parry (India) Limited	450.00	-
Issue of Preference Shares		
Holding Company- E.I.D. Parry (India) Limited	3,000.00	1,500.00
Remuneration		
Key Management Personnel - Mr. D. Kumaraswamy	123.39	123.23
Balance Payable /(recoverable) at the end of the year:		
(i) Holding Company	7,673.44	10,065.18
(ii) Fellow Subsidiaries		
Coromandel International Limited	15.54	-
Sadashiva Sugars Limited	(1,489.71)	130.35
Silkroad Sugar Private Limited	(647.89)	-

46. Previous year's figures have been regrouped/reclassified to conform to current year's classification.

For R.G.N. Price & Co.

Chartered Accountants
FRN : 002785S

H.S.Venkatesh

Partner
Membership No: 026666
Chennai
April 28, 2014

For and on behalf of the Board of Directors

K. Balasubramanian
Chairman

D. Kumaraswamy
Managing Director

Amar Kumar Dora
Company Secretary

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PARRYS SUGAR INDUSTRIES LIMITED

(CIN: L28100KA1986PLC049077)

Regd. Office: Venus Building, 3rd Floor, 1/2 Kalyanamantapa Road, Jakkasandra, Koramangala, Bengaluru-560034, Karnataka,
Tel: 080-49006666 Fax: 080-49006600

e-mail: investorgrievancescell@psil.murugappa.com | website: www.parrysugar.com

PROXY FORM

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

Name of the member (s)																
Registered address:																
E-mail Id:																
Folio No/ Client Id																
DP ID:																

I/We, being the member (s) of shares of the above named company, hereby appoint

Name:	Email:
Address:	
Signature_____	

or failing him/ her

Name:	Email:
Address:	
Signature_____	

or failing him/ her

Name:	Email:
Address:	
Signature_____	



as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th Annual General Meeting of the company, to be held on the Friday of 25th July, 2014 at 10.30 a.m. at Khincha Hall, Bharatiya Vidya Bhavan, Race Course Road, Bengaluru-560001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolution	Vote (Optional, see Note 2)		
		For	Against	Abstain
1.	Adoption of Balance Sheet, Statement of Profit & Loss, Report of the Board of Directors and Auditors for the financial year ended March 31, 2014			
2.	Appointment of Director in place of Mr. V.Ravichandran who retires by rotation and being eligible, seeks re-appointment			
3.	Appointment of M/s R.G.N. Price & Co., as Auditors of the Company			
4.	Ratification of the remuneration payable to M/s Narasimha Murthy & Co., Cost Auditors			
5.	Appointment of Mr. V.Ramesh as Director of the Company liable to retire by rotation			
6.	Appointment of Mr. K.Balasubramanian as an Independent Director.			
7.	Appointment of Mr. K.Ramadoss as an Independent Director.			
8.	Appointment of Mr. C.R.Rajan as an Independent Director.			
9.	Special resolution under Section 180(1)(c) of the Companies Act, 2013 for borrowing money upto Rs.500 Crores over and above the aggregate of the paid up share capital and free reserves of the Company.			
10.	Special resolution under Section 180(1)(a) of the Companies Act, 2013 for creation of charge/mortgage etc., upto Rs.500 Crores on the assets of the Company.			

Signed thisday of..... 2014.

Affix revenue stamp of not less than Re.0.15

_____ Signature of shareholder	_____ Signature of Proxy holder(s)
-----------------------------------	---------------------------------------

Notes:

1. This form of proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. It is optional to indicate your preference. If you leave the 'for', 'against' or 'abstain' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.



PARRYS SUGAR INDUSTRIES LIMITED

(CIN: L28100KA1986PLC049077)

Regd. Office: Venus Building, 3rd Floor, 1/2 Kalyanamantapa Road, Jakkasandra, Koramangala, Bengaluru-560034, Karnataka,
Tel: 080-49006666 Fax: 080-49006600

e-mail: investorgrievancescell@psil.murugappa.com | website: www.parrysugar.com

ATTENDANCE SLIP

28TH ANNUAL GENERAL MEETING – JULY 25, 2014

Registered Folio No/ DP ID No./ Client Id																
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Registered Folio No/ DP ID No./ Client Id																
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

I certify that I am a member / proxy for the member of the Company

I hereby record my presence at the 28th Annual General Meeting of the Company at Khincha Hall, Bharatiya Vidya Bhavan, Race Course Road, Bengaluru-560001, Karnataka on the Friday of 25th July, 2014 at 10.30 a.m.

Name of shareholder	Name of Proxy holder(s)
---------------------	-------------------------

Signature of shareholder	Signature of Proxy holder(s)
--------------------------	------------------------------

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the AGM.



The Spirit of the Murugappa Group

Integrity

Responsibility

Passion

The five lights

The values, principles and beliefs that have always guided us and continue to show the way forward.

Respect

Quality

Integrity

We value professional and personal integrity above all else. We achieve our goals by being honest and straightforward with all our stakeholders. We earn trust with every action, every minute of every day.

Passion

We play to win. We have a healthy desire to stretch, to achieve personal goals and accelerate business growth. We strive constantly to improve and be energetic in everything that we do.

Quality

We take ownership of our work. We unfailingly meet high standards of quality in both what we do and the way we do it. We take pride in excellence.

Respect

We respect the dignity of every individual. We are open and transparent with each other. We inspire and enable people to achieve high standards and challenging goals. We provide everyone equal opportunities to progress and grow.

Responsibility

We are responsible corporate citizens. We believe we can help make a difference to our environment and change lives for the better. We will do this in a manner that befits our size and also reflects our humility.



murugappa

Be the energy



Parrys Sugar Industries Ltd.

CIN : L28100KA1986PLC049077

Registered Office :

Venus Building, 3rd Floor, 1/2 Kalayanamantapa Road, Jakkasandra, Koramangala, Bengaluru - 560034.

Tel.: 080 4900 6666 Fax: 080 4900 6600.

www.parrysugar.com