

Report on Corporate Governance

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy

The Company's Philosophy on Corporate Governance endeavors attainment of the highest levels of transparency, accountability and equity in all facets of its operation and in all interactions with its stakeholders, including shareholders, employees, cane growers, customers, suppliers, local community, lenders and the Government.

2. Board of Directors

The Board comprises of a Non-Executive Director as Chairman, one Managing Director, one Executive Director and seven other Non-Executive Directors. The Board has a Non-Executive Chairman and the number of Independent Directors is one half of the total number of directors. The composition of the Board is in conformity with clause 49 of the Listing Agreement.

3. Code of Conduct

The Code of Conduct of Sri Chamundeswari Sugars Limited, as adopted by the Board of Directors, is applicable to Directors and Senior Management of the Company. Annual Declaration regarding compliance with the Code is obtained from every person covered by the Code of conduct. A declaration to this effect, duly signed by the Managing Director is annexed. The Code of Conduct is available on the Company's corporate website.

4. Board Meetings and AGM Attendance

The Board met 6 times during the Financial Year on 29.05.2013, 28.06.2013, 14.08.2013, 27.09.2013, 11.11.2013 and 12.02.2014. The Board has formed Audit Committee, Remuneration Committee and Shareholders/Investors Grievance Committee. Details of attendance of each Director at the Board Meetings and at last Annual General Meeting held on 27.09.2013 are given below:

Name of the Director	Category of Directorships	Financial Year 2013-14 Attendance at		No. of other Directorships*	Committee position #		No. of Shares held
		Board Meeting	Last AGM		Chairman	Member	
					(excluding SCSL)		
Dr. N. Mahalingam Chairman	Promoter Non-Executive Director	2	No	4	1	–	2693
Shri. M. Srinivaasan Managing Director	Promoter Executive Director	6	Yes	9	–	1	21200
Shri. K. Prakash Executive Director	Executive Director	6	Yes	1	–	–	1600
Dr. M. Manickam	Non-Executive Director	2	No	10	2	1	2669
Shri. M. Balasubramaniam	Non-Executive Director	5	No	12	–	5	2666
Shri. K.N.V. Ramani	Independent Non-Executive Director	2	No	6	2	2	1397
Shri. V.K. Swaminathan	Independent Non-Executive Director	6	Yes	1	–	–	2693
Dr. A. Selvakumar	Independent Non-Executive Director	5	No	2	1	1	1424
Shri. A. Arjunaraj	Independent Non-Executive Director	6	Yes	–	–	–	666
Shri. S. Srinivasan (upto 27.09.2013)	Independent Non-Executive Director	2	Yes	–	–	–	1336
Dr. M.R. Desai	Independent Non-Executive Director	2	Yes	2	–	1	500
Shri. Vinay C. Sekar Nominee of IFCI (upto 31.10.2013)	Independent Non-Executive Director	1	No	–	–	–	–

* Excluding Directorship in Private Limited Companies and Section 25 Companies

Only Audit Committee and Shareholders'/Investors' Grievance Committee of Public Limited Companies are considered for this purpose.

5. Audit Committee

The Committee consists of three Independent Directors and one Non-Executive Director. No Executive Director is in the Committee. The Audit Committee consists of:

1. Shri. A. Arjunaraj
2. Shri. M. Balasubramaniam
3. Dr. A. Selvakumar
4. Shri. V. K. Swaminathan

Shri. A. Arjunaraj is the Chairman of the Audit Committee.

The Audit Committee met 6 times during the financial year on 28.05.2013, 28.06.2013, 13.08.2013, 27.09.2013, 11.11.2013 and 12.02.2014 and the details of attendance of the members are given below:

Name of Member	No. of meetings attended
1. Shri. A. Arjunaraj	6
2. Shri. M. Balasubramaniam	5
3. Dr. A. Selvakumar	4
4. Shri. V. K. Swaminathan	6

The role and terms of reference of the Audit Committee, inter alia, cover reviewing of the following:

- a) Oversight 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.
- b) Recommending to the Board the appointment, reappointment and, if required, the replacement or removal of the statutory auditor and fixation of audit fees.
- c) Reviewing with the Management, the Annual Financial Statements before submission to the Board for approval.
- d) Reviewing with the Management, the Quarterly Financial Statements before submission to the Board for approval.
- e) Discussion with Internal Auditors, any significant findings and follow up thereon.
- f) Discussion 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.

And also the areas mentioned, under clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, besides other terms as may be referred to by the Board of Directors from time to time.

6. Remuneration Committee / Nomination and Remuneration Committee

The Remuneration Committee consists of the following three Non-Executive Directors.

1. Shri. K. N. V. Ramani
2. Shri. A. Arjunaraj
3. Shri. V. K. Swaminathan

Shri. K. N. V. Ramani is the Chairman of the Remuneration Committee.

The Remuneration Committee will determine and recommend to the Board, the remuneration including commission, perquisites and allowances payable to the Managing Director and Executive Director as and when the necessity arises.

The Remuneration committee met on 28.05.2013, all the members were present in the meeting.

Details of remuneration paid to Managing Director and Executive Director are given in Notes Forming part of Financial Statements.

All the Non-Executive Directors were paid a sitting fee of ₹5000/- for each Board Meeting and ₹1000/- for each Audit Committee Meeting attended.

The Remuneration Committee has been reconstituted as Nomination and Remuneration Committee at the Board Meeting held on 29th May 2014. The members of the Committee are:

1. Shri. K. N. V. Ramani
2. Shri. A. Arjunaraj
3. Dr. A. Selvakumar
4. Dr. M. R. Desai

Shri. K. N. V. Ramani is the Chairman of the Nomination and Remuneration Committee.

The Board's terms of reference to the Committee are:

- To formulate criteria for determining qualification, positive attributes and independence of a Director;
- To recommend to the Board a policy, relating to the remuneration of a Director, Key Managerial Personnel and other employees;
- To formulate criteria for evaluation of Independent Directors and the Board;
- To devise a policy on Board diversity;
- To identify the persons, who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommended to the Board their appointment and removal.

7. Shareholders' Committee

(i) Share Transfer Committee

A Share Transfer Committee has constituted to deal with various matters relating to Share Transfer / Transmission, Issue of Duplicate Share Certificates, approving the Split and Consolidation requests and other matters relating to Transfer and Registration of Shares. The members of the Committee are Dr. M R Desai, Director and Shri. M. Srinivaasan, Managing Director.

(ii) Shareholders' / Investors' Grievance Committee or Stakeholders' Relationship Committee

The Company has constituted the Shareholders' / Investors' Grievance Committee to oversee the redressal of Shareholders and Investors' Grievance in relation to the transfer of shares, non-receipt of annual report, etc.,

The Committee consists of the following Directors:

1. Shri. M. Srinivaasan, Managing Director
2. Shri. M. Balasubramaniam, Director

Shri. M. Balasubramaniam is the Chairman of the Committee.

Shri. Vignesa Somathurai Pandian, AGM (Accounts) & Company Secretary, has been functioning as Compliance Officer for the purpose of complying with various provisions of Securities and Exchange Board of India, Listing Agreements with Stock Exchanges, Registrar of Companies, and for monitoring the share transfer process etc.,

All the complaints received from the shareholders during the Financial Year 2013-2014, were redressed to the satisfaction of the shareholders. No complaint is pending as on 31.03.2014.

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The Shareholders' / Investors' Grievance Committee has been reconstituted as Stakeholders' Relationship Committee at the Board Meeting held on 29th May 2014 with the following directors:

1. Shri. M. Srinivaasan
2. Shri. M. Balasubramaniam
3. Dr. M.R. Desai

Dr. M.R. Desai is the Chairman of the Committee

The Committee shall consider and resolve the grievances of security holders of the company including complaints related to transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividend and to monitor the performance of Company's Registrar and Share Transfer Agents.

8. CEO / CFO Certification

The Managing Director & Sr. Deputy General Manager - (F&A) has furnished a Certificate relating to Financial Statements and Internal Controls and systems to the Board of Directors as required under Clause 49 of the Listing Agreement and Board took the same on record.

9. Insider Trading

In compliance with SEBI Regulations in prevention of Insider Trading, the Company has framed a comprehensive code of conduct for its Management Staff. The code lays down guidelines and procedures to be followed and disclosures to be made by the Management Staff while dealing with the shares of the Company.

10. General Body Meetings

Details of Annual General Meetings:

The venue and time of the General Meetings held during last three years are as follows:

AGM/EGM	Date	Venue	Time
EGM	21.02.2011	Hotel Woodlands #5, Raja Ram Mohan Roy Road Bangalore – 560 025	10.00 AM
38th AGM	26.09.2011	NDK Kalyana Mandira 13th Main, 100 feet Road HAL II Stage, Indiranagar Bangalore 560 008.	3.00 PM
39th AGM	24.09.2012	Hotel Woodlands #5, Raja Ram Mohan Roy Road Bangalore – 560 025	3.00 PM
40th AGM	27.09.2013	Hotel Woodlands #5, Raja Ram Mohan Roy Road Bangalore – 560 025	2.30 PM

Details of Special Resolutions passed during the last 3 AGM /EGM:

Date of AGM / EGM	Particulars
21.02.2011 (EGM)	1. Alteration in Articles of Association 2. Issue of further shares under Section 81, 81(1A) 3. Increase in Foreign Institutional Investors Limits.
27.09.2013 (AGM)	1. Commission to Non-Executive Chairman

11. Disclosures

The details of related party transactions are given in the Notes forming part of Financial Statements. These transactions are not in conflict with the interest of the Company. There are no

instances of non-compliance relating to capital markets during the last three years.

Risk Management

Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. The Board periodically discusses the significant business risks identified by the management and the mitigation process being taken up.

Compliance with Corporate Governance Norms

The company has complied with all the mandatory requirements of Corporate Governance norms as enumerated in Clause 49 of the Listing Agreement with Stock Exchanges. The Company has not adopted the non-mandatory requirement.

12. Means of Communication

The Quarterly / Half yearly / Annual Financial results of the Company are published in English and Kannada newspapers.

13. Shareholders Information

Annual General Meeting

Day and Date	Thursday, 25th September 2014
Time	3.15 P.M
Venue	Hotel Woodlands, Bangalore
Financial Calendar	1st April 2014 to 31st March 2015

Financial Results for the quarter ending

Year Ending	Results announcement
30th June 2014 (Unaudited)	Second week of August 2014
30th September 2014 (Unaudited)	Second week of November 2014
31st December 2014 (Unaudited)	Second Week of February 2015

Year Ending

31st March 2015 (Audited)	Last Week of May 2015
Date of Book Closure	18th September 2014 to 25th September 2014 (both dates inclusive)

Share Price Movement

During the year no trading has taken place in Bangalore and Madras Stock Exchanges where the Company's shares are listed. Consequent to the arrangement between National Stock Exchange Limited (NSE) and Madras Stock Exchange (MSE), the trading platform at NSE was permitted to list our shares with effect from 1st October 2010. The scrip code at NSE for our Company is "SRICHAMUND". Monthly low and high price at NSE from 1st April 2013 to 31st March 2014 is given below:

MONTH	NSE	
	HIGH	LOW
April 2013	23.00	21.40
May 2013	No Trade has taken place during May 2013 to January 2014	
June 2013		
July 2013		
August 2013		
September 2013		
October 2013		
November 2013		
December 2013		
January 2014		
February 2014		
March 2014	27.30	21.40

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Listing

The Company's equity shares are listed on the following Stock Exchanges and the Annual Listing Fee have been paid to all the Stock Exchanges for the Financial Year 2014-15.

Bangalore Stock Exchange Ltd.
Stock Exchange Towers,
51, First Cross, JC Road
Bangalore - 560 027

Madras Stock Exchange Limited,
Exchange Building, Post Box No. 183,
No.30, Second Line Beach, Chennai- 600 001

Share Transfer System

To enable members for conversion of shares from physical to demat form, the company has entered into an agreement with National Securities Depository Limited (NSDL) and the Central Depository Service (India) Limited (CDSL) and appointed M/s.Canbank Computer Services Ltd., Bangalore as the Registrars & Share Transfer Agents. International Securities Identification Number (ISIN) allotted to the equity shares of the company is **INE 004H01019**.

The shares lodged in physical form are processed, registered and returned by the Registrar & Share Transfer Agents within a stipulated time if the documents are in order.

Distribution of Shareholding as on 31st March 2014

Share holdings	No. of Share holders	% of Share holders	No. of Shares	% of Share holding
1 – 100	3535	50.73	1,47,105	0.60
101 – 500	2875	41.25	6,06,389	2.48
501 – 1000	353	5.07	2,37,549	0.97
1001 – 2000	126	1.81	1,69,792	0.69
2001 – 3000	32	0.46	79,344	0.33
3001 – 4000	12	0.17	43,689	0.18
4001 – 5000	5	0.07	21,487	0.09
5001 – 10000	7	0.10	44,174	0.18
10001 – and above	24	0.34	2,31,04,799	94.48
Total	6969	100.00	2,44,54,328	100.00

Shareholding pattern as on 31st March 2014

Category	No. of shares held			% of share holding
	Physical	Demat	Total	
1. Promoters and Associates	-	1,82,73,779	1,82,73,779	74.73
2. Banks / Financial Institutions, Public Sector Undertakings, Mutual Funds	150	1,33,532	1,33,682	0.55
3. NRIs	1,632	2,132	3,764	0.01
4. Private Corporate Bodies	1,43,904	40,91,433	42,35,337	17.32
5. Public	11,79,033	6,28,733	18,07,766	7.39
Total	13,24,719	2,31,29,609	2,44,54,328	100.00
Percentage (%)	5.42	94.58	100.00	

Plant Location

Unit - I
Sugar, Distillery
& Cogeneration Unit.
Bharathinagara, KM Doddi,
Maddur Taluk, Mandya District,
Karnataka.

Unit - II
Sugar unit
Srinivasapura
Channarayapatna Taluk
Hassan District
Karnataka

Address for Correspondence

The Company has appointed M/s. Canbank Computer Services Limited., Bangalore, as the authorised Registrars and Share Transfer

Agents. Members are requested to correspond with them directly for non-receipt of share certificates, for share transfers, transmission, and change of address, consolidation, splits, and registration of power of attorney, Non-receipt of dividend and on all other queries, in the following address.

M/s Canbank Computer Services Limited

Unit: Sri Chamundeswari Sugars Limited

No.218, J.P.Royale, 1st Floor, 2nd Main, Sampige Road
(Near 14th Cross), Malleswaram, Bangalore – 560003.
Ph:080-23469661/62/64/65, Fax:080-23469667/68
e-mail: canbankrta@csl.co.in

(or)

Shri Vignesa Somathurai Pandian

Asst. General Manager (A/c) & Company Secretary
Sri Chamundeswari Sugars Limited
88/5, Richmond Road, Bangalore - 560025, Karnataka.
Tel : 080 - 25002500 Fax : 080 - 25002510
e-mail : complianceofficer@chamundisugars.com

ANNUAL DECLARATION BY MANAGING DIRECTOR PURSUANT TO CLAUSE 49(1)(D)(II) OF LISTING AGREEMENT

As required under Clause 49(1)(D)(II) of the Listing Agreement with Stock Exchanges, I declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct and Ethics for the year ended 31st March 2014

For Sri Chamundeswari Sugars Limited

Date: 14.08.2014
Place: Coimbatore

(Sd/-) **M. Srinivaasan**
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE (Under Clause 49 of the Listing Agreement)

To the members of

SRI CHAMUNDESWARI SUGARS LIMITED

We have examined the compliance of conditions of Corporate Governance by Sri Chamundeswari Sugars Limited for the year ended on 31st March 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

For P.N. Raghavendra Rao & Co.,
Chartered Accountants
Firm Registration Number : 003328S
(Sd/-) **P.R.Vittel**

Coimbatore
August 14, 2014

Partner
Membership Number: 018111