

B U S I N E S S   W I T H   V A L U E S



**SAKTHI SUGARS LIMITED**

ANNUAL REPORT 2010-11

इवक्वकयुगुलवल कुरीयु इकुथु

The capacity to assume any form in the Universe is Kriya Sakthi (Power of action)



#### REGISTERED OFFICE

Sakthinagar - 638 315  
Bhavani Taluk, Erode District  
Tamilnadu

#### CORPORATE OFFICE

180, Race Course Road  
Coimbatore - 641 018  
Tamilnadu

#### AUDITORS

M/s P N Raghavendra Rao & Co  
Coimbatore

#### MAIN BANKERS

Allahabad Bank  
Axis Bank Ltd  
Bank of India  
Canara Bank  
Citibank NA  
HDFC Bank Limited  
IDBI Bank Limited  
Indian Overseas Bank  
Oriental Bank of Commerce  
Punjab National Bank  
State Bank of India

#### REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Pvt. Limited  
(Formerly Intime Spectrum Registry Limited)  
Surya, 35, May Flower Avenue  
Behind Senthil Nagar  
Sowripalayam Road, Coimbatore - 641 028  
Phone & Fax : 91- 422 - 2314792  
E-mail : coimbatore@linkintime.co.in

Dr N MAHALINGAM  
Chairman

Dr M MANICKAM  
Vice Chairman & Managing Director

Sri M BALASUBRAMANIAM  
Joint Managing Director - Finance

Sri M SRINIVAASAN  
Joint Managing Director - Technical

Sri V K SWAMINATHAN  
Executive Director

Sri P K CHANDRAN

Sri S S MUTHUVELAPPAN

Sri N K VIJAYAN

Sri S DORESWAMY

Sri C RANGAMANI

Sri B ELANGO VAN (Nominee of TIDCO)

Sri V M MANOGARAN (Nominee of IDBI)

Directors

Sri S BASKAR  
Senior Vice President - Finance &  
Company Secretary





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### Important Communication to Members

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses in respect of their holdings in demat form through their concerned Depository Participants. Members who hold shares in physical form are requested to fill in and forward the E-mail Address Registration Form given in page No.109 of this Annual Report to Link Intime India P. Ltd., Registrar & Share Transfer Agents, “Surya”, 35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641 028.



## NOTICE TO MEMBERS

Notice is hereby given that the 49<sup>th</sup> Annual General Meeting of the Company will be held at its Registered Office at Sakthinagar - 638 315, Bhavani Taluk, Erode District, Tamilnadu, on Thursday, 25<sup>th</sup> August 2011 at 3.00 p.m. to transact the following business:

1. To consider and adopt the audited Profit & Loss Account for the year ended 31<sup>st</sup> March 2011 and audited Balance Sheet as at that date and the Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in the place of Sri S Doreswamy, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in the place of Sri V K Swaminathan, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in the place of Sri P K Chandran, who retires by rotation and is eligible for reappointment.
5. To appoint M/s. P.N. Raghavendra Rao & Co., Chartered Accountants, as Auditors of the Company for holding office upto the conclusion of the next Annual General Meeting and to fix their remuneration.

## SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, the reappointment of Sri V K Swaminathan as Executive Director for a period of five years from 1.11.2010 be and is hereby approved and that Sri V K Swaminathan be paid remuneration as detailed below:

### I SALARY

Rs.60,000 per month

### II PERQUISITES

Not exceeding Rs.40,000 per month

In addition to the above Sri V K Swaminathan, Executive Director, shall also be entitled for the following perquisites which shall not be included in the computation of the ceiling on perquisites referred above:

- a) Contribution to Provident Fund and Superannuation Fund or annuity fund to the extent not taxable under the Income Tax Act, 1961.
- b) Gratuity at the rate of half a month salary for each completed year of service, and
- c) Encashment of leave at the end of tenure as per the rules of the Company

The above salary and perquisites be paid as minimum remuneration even in the event of loss or inadequacy of profits in any year."



## NOTICE TO MEMBERS

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED that pursuant to the provisions of Section 293(1)(e) of the Companies Act, 1956, the Board of Directors of the Company be and are hereby authorised to donate and contribute a sum/sums not exceeding in the aggregate of Rs.75 lakhs (Rupees seventy five lakhs) only from out of the funds of the Company for deserving causes and institutions during the financial year ending 31<sup>st</sup> March 2012."

By Order of the Board

S.BASKAR

Sr.Vice President - Finance &  
Company Secretary

Coimbatore  
30<sup>th</sup> May 2011

### NOTE:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, should be lodged with the Company forty eight hours before the meeting at the Registered Office of the Company at Sakthinagar - 638 315, Bhavani Taluk, Erode District or at the Corporate Office at 180, Race Course Road, Coimbatore - 641 018.
3. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business under item Nos. 6 and 7 is annexed.
4. Pursuant to Clause 49 of the Listing Agreement, relevant information on the Directors seeking reappointment at the Annual General Meeting is provided in the annexure.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 18.08.2011 to 25.08.2011 (both days inclusive).
6. The Company had transferred all unclaimed dividend declared upto financial year ended 31.3.1994 to the General Revenue Account of the Central Government as required by The Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from the Registrar of Companies, Stock Exchange Building, Trichy Road, Singanallur, Coimbatore - 641 005.
7. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, equity dividends for the years ended 31.3.1995 to 31.3.1997 and Preference Dividends for the years ended 31.3.1995 to 30.6.1999 that remained unclaimed for a period of seven years from the date of transfer to the respective Unpaid Dividend Accounts have been transferred to Investors Education and Protection Fund established under Section 205C of the Companies Act, 1956 and hence no claim shall lie against the Company or the Central Government for such unclaimed dividends.
8. The unclaimed dividend on Equity Shares for the years ended 30.6.2006 and 30.6.2007 will be transferred to The Investor Education and Protection Fund Account during February 2014 and 2015 respectively. Shareholders who have not encashed their dividend warrants are requested to claim the dividend from the Company at an early date.



**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No. 6**

Sri V K Swaminathan is a Director on the Board of the Company since 2002. He has rich experience in business management. He was appointed as Executive Director of the Company in November 2005 for a period of 5 years. Considering his valuable contribution as Executive Director of the Company, the Board of Directors at its meeting held on 10<sup>th</sup> November 2010 reappointed him as Executive Director for a further period of 5 years from 1<sup>st</sup> November 2010, in accordance with the provisions contained in Schedule XIII of the Companies Act, subject to the approval of the members of the Company.

Necessary resolution is set out in the Notice for the members for approval.

Sri V K Swaminathan may be deemed to be concerned or interested in the resolution as it relates to his reappointment and remuneration.

None of the Directors other than Sri V K Swaminathan is concerned or interested in the said resolution.

**Item No. 7**

To meet certain charitable and social obligations, it is proposed to authorise the Board of Directors to make donations upto Rs.75 lakhs (Rupees seventy five lakhs only) for the year ending 31<sup>st</sup> March 2012 subject to the approval of the Members.

Necessary resolution is set out in the Notice for the members for approval.

None of the Directors is concerned or interested in the said resolution.

By Order of the Board

Coimbatore  
30<sup>th</sup> May 2011

S.BASKAR  
Sr.Vice President - Finance &  
Company Secretary





## RE-APPONITMENT OF DIRECTORS

A brief resume of Directors proposed to be re-appointed is given in terms of Clause 49 of the Listing Agreement

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- |    |                                   |   |   |
|----|-----------------------------------|---|---|
| 1. | Name                              | : | Sri S Doreswamy                                       |
|    | Date of Birth & Age               | : | 30.9.1937 – 74 Years                                  |
|    | Date of Appointment               | : | 26.4.2007   |
|    | Qualification                     | : | B.Sc., B.L.   |
|    | Experience                        | : | Rich experience in Banking Sector                     |
|    | Other Directorship                | : | CEAT Limited  |
|    |                                   |   | Pantaloon Retail (India) Ltd                          |
|    |                                   |   | Hexaware Technologies Ltd                             |
|    |                                   |   | Caliber Point Business Solutions Ltd                  |
|    |                                   |   | DSP Merrill Lynch Trustee Company Ltd                 |
|    |                                   |   | Rama Newsprint & Paper Ltd                            |
|    | No.of Equity Shares held          | : | 500 Shares  |
|    | Member of Committees              | : | Audit Committee                                       |
|    | Relationship with other Directors | : | Nil   |
| 2. | Name                              | : | Sri V K Swaminathan                                   |
|    | Date of Birth & Age               | : | 7.1.1953 – 58 Years                                   |
|    | Date of Appointment               | : | 31.1.2002   |
|    | Qualification                     | : | B.Com   |
|    | Experience                        | : | Rich experience in business management and in exports |
|    | Other Directorship                | : | Biomed Hitech Industries Ltd                          |
|    |                                   |   | Sri Chamundeswari Sugars Ltd                          |
|    |                                   |   | Sangkai Exports Pvt Ltd                               |
|    | No.of Equity Shares held          | : | 1900 Shares   |
|    | Member of Committees              | : | Nil   |
|    | Relationship with other Directors | : | Nil   |
| 3. | Name                              | : | Sri P K Chandran                                      |
|    | Date of Birth & Age               | : | 6.9.1948 – 63 years                                   |
|    | Date of Appointment               | : | 14.11.1977  |
|    | Experience                        | : | Has rich experience in Sugarcane cultivation          |
|    | Other Directorship                | : | Nil   |
|    | No.of Equity Shares held          | : | 6424 Shares   |
|    | Member of Committees              | : | Remuneration Committee                                |
|    | Relationship with other Directors | : | Nil   |
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## REPORT OF THE DIRECTORS

To the Members

Your Directors present their Annual Report together with the audited financial accounts of the Company for the year ended 31<sup>st</sup> March 2011 consisting a period of 15 months.

FINANCIAL RESULTS FOR THE YEAR ENDED 31 <sup>st</sup> MARCH 2011		(Rs.in lakhs)
Profit before interest and depreciation		9249.54
Less: Interest Charges	18165.43	
Depreciation on Fixed Assets	3878.48	
		<u>22043.91</u>
Profit before Tax		(12794.37)
Less: Income Tax Expenses:		
Deferred Tax		(2808.48)
Profit after Tax		<u>(9985.89)</u>
Add: Surplus from Previous year	5721.79	
Debtore Redemption Reserve withdrawn	494.29	
Transfer from General Reserve	3769.81	
		<u>9985.89</u>
Surplus/Deficit carried over		<u>-</u>

## REVIEW OF OPERATIONS

### SUGAR DIVISION

The quantum of sugar cane crushed and raw sugar processed at various units of the Company during the year 2010-11 is as under:

Name of the Units	Cane crushed (in tonnes)	Raw sugar processed (in tonnes)
Sakthinagar Unit	1549498	77126
Sivaganga Unit	491845	22088
Modakurichi Unit	--	181712
Dhenkanal Unit	314960	55612

Due to shortage of cane, Modakurichi Unit did not take up the crushing operation during the year under review. Sugar cane crushed in Sakthinagar Unit includes sugar cane drawn from areas of Modakurichi Unit.



Out of the total sugar of 5.37 lakhs MT produced by the Company during the year under review, 3.14 lakhs MT of sugar was produced by processing of Raw sugar.

**DISTILLERY DIVISION**

During the year under review, 490.77 lakh litres of industrial alcohol was produced at Sakthinagar Distillery Unit and 86.06 lakh litres at Dhenkanal Distillery Unit.

The Company has not produced ethanol as the ethanol blending programme has not been implemented in the State of Tamilnadu.

**SOYA DIVISION**

27995 tonnes of soya bean has been crushed in the Soya plant during the year under review. This division has exported products worth Rs.2336.54 lakhs to various countries.

**CO-GENERATION DIVISION**

The total power generated in the co-generation plant by the Company during the year was 5640 lakh units out of which 4205 lakh units have been exported to Tamilnadu Electricity Board and others. The implementation of the second co-generation plant with 25 MW capacity at Sakthinagar is delayed and is expected to be commissioned in the current year.

Sakthinagar unit has been awarded first prize for best co-generation in Tamilnadu region for 2009-2010 by the South Indian Sugar Cane and Sugar Technologists Association, Chennai.

**FUTURE OUTLOOK**

For the year 2011-12, cane availability is expected to be slightly better than the year 2010-11 on account of increase in planting of sugarcane in the command areas. The country's total production of sugar during the season 2011-12 is estimated to be higher than last season. This may lead to reduction in the selling price of sugar. Besides Government policies, the global demand-supply trends will also have an impact in the financial performance of the Indian sugar industry.

The performance of the Industrial Alcohol Division and Power Division of the Company are expected to be satisfactory for the current year.

The Company continues to be under the Corporate Debt Restructuring Scheme with respect to restructuring of its secured debts availed from Banks/Financial Institution.

**DEPOSITS**

The Company has not accepted any deposit from the public during the year under review. At the end of the financial year, 46 deposits amounting to Rs.10.45 lakhs (including interest) which were due for repayment remained unclaimed on their due dates. Of these, 4 deposits totalling Rs. 0.59 lakh have since been repaid.

**DIRECTORS**

The following Directors retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment:

1. Sri S Doreswamy
2. Sri V K Swaminathan
3. Sri P K Chandran

Sri T Santhanakumar was appointed by IDBI Bank as its nominee director in the place of Smt S Usha with effect from 21.10.2010. His nomination was withdrawn effective from 28.5.2011 and in his place Sri V M Manogaran has been appointed as Nominee Director. Your directors wish to place on record the appreciation of the services rendered by Smt S Usha and Sri T Santhanakumar during the tenure of their office as Directors of the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' responsibility statement, it is hereby confirmed:

- a. that in the preparation of the annual accounts for the financial year ended 31.3.2011 the applicable accounting standards had been followed;
- b. that the Directors had selected such accounting policies and applied them consistently and made judgements 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 the year under review;
- c. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d. that the Directors had prepared the annual accounts on a going concern basis.

**AUDIT COMMITTEE**

The Audit Committee was reconstituted on 10.11.2010 and 30.05.2011 on account of the change in the Nominee Director of IDBI Bank Limited. At present the Audit Committee comprises of the following Directors as its members:

1. Sri C Rangamani, Chairman
2. Sri S Doreswamy
3. Sri M Balasubramaniam and
4. Sri V M Manogaran

**SUBSIDIARY COMPANIES**

The auto industry has turned around globally and is buoyant. There has been significant improvement in the level of operation and performance of both the Indian and European subsidiaries having manufacturing facilities, viz. Sakthi Auto Component Limited, Sakthi Auto Ancillary Private Limited and Sakthi Portugal S.A. The performance of these subsidiaries in the current year is also expected to be encouraging.

On the application made by Tilan Sugar Limited (TSL), wholly owned subsidiary of the Company, under Easy Exit Scheme 2010 announced by the Central Government, the name of Tilan Sugar Limited (TSL) has been struck off in the register maintained in the office of the Registrar of Companies, Tamilnadu, Chennai and is dissolved with effect from 26.10.2010.

Pursuant to the general direction given by the Central Government, vide general circular dated 8<sup>th</sup> February 2011, and the consent given by the Board of Directors of the Company in terms of the said circular, copies of the Balance Sheet, Profit and Loss Account, Reports of the Board and of the Auditors, as the case may be, of the following subsidiary companies, viz. Sakthi Auto Component Limited, Sakthi Auto Ancillary Pvt Limited, Orlandofin BV, Sakthi Netherlands BV, Sakthi European Foreign Sales Corporation BV, Sakthi Holdings BV, Sakthi Services GmbH and Sakthi Portugal SA, have not been attached to the Balance Sheet of the Company as at 31<sup>st</sup> March 2011. The consolidated financial statement and the details of the subsidiaries that are required to be provided under the said circular have been separately furnished forming part of the Annual Report. The related detailed information on the accounts of the subsidiary companies will be made available to the shareholders of the company and the subsidiary companies on specific request at any point of time. The Annual Accounts of the subsidiary companies will also be kept for inspection by the investors at the Registered Office of the Company and that of the subsidiary companies concerned. The details of the accounts of the above subsidiary companies are also provided in the Company's website.



Since the following step down subsidiaries, viz. Sakthi Europe Verwaltungs GmbH, Arvika Gjuteri AB, Arvinova AB, Arvika Handforming Gjuteri AB and Sakthi Sweden AB, are under the control of the Administrators appointed by the respective courts in Germany and in Sweden and there is a long term restriction in the flow of cash from these subsidiaries to the holding company, accounts of these companies are not consolidated in accordance with the provisions contained in Accounting Standard. In view of the dissolution of Tilan Sugar Limited, the accounts of this company are also not consolidated.

During the year under review, Sakthi Auto Mauritius Limited in Mauritius and Luscidco Holdings Co. Limited in Cyprus have become the subsidiaries of the Company with effect from 26<sup>th</sup> January 2011. As their financial year has ended prior to the date of acquisition, i.e. on 31<sup>st</sup> December 2010, the accounts of these companies are not consolidated.

### CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance along with Auditors' Certificate with respect to its compliance forms part of the Annual Report.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as required under Listing Agreement is given in the section on Corporate Governance.

### AUDITORS

M/s P.N.Raghavendra Rao & Co., Chartered Accountants, the Statutory Auditors of the Company, retire at the conclusion of the Annual General Meeting and being eligible, have offered themselves for re-appointment.

### COST AUDIT

The Company appointed M/s STR & Associates, Cost Accountants, to audit the cost accounts relating to Sugar Units, Industrial Alcohol units for the year ended 31<sup>st</sup> March 2011 with the approval of the Central Government. The same firm has been appointed as Cost Auditors for the financial year ending 31<sup>st</sup> March 2012.

### CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

Waste heat recovery system has been installed in TVP Plant in Soya Division wherein condensate waste from dryer is collected and used to pre-heat water used in extraction process.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

Use of Variable Frequency Drives at places wherever possible.

(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:

Substantial savings in power consumption.

Particulars regarding consumption of energy, research and development, technology absorption and foreign exchange earnings and outgo have been provided in Annexure 1 to the Report.



**PARTICULARS OF EMPLOYEES**

The company has no employee drawing remuneration attracting the provisions of section 217(2A) of the Companies Act, 1956.

**AUDITORS REPORT**

With reference to the Auditors remarks, your Directors wish to state that as per the legal opinion obtained, the interest converted into loan under the Corporate Debt Restructuring Scheme would be accounted as and when they become payable.

**ACKNOWLEDGEMENT**

Your Directors wish to place on record their appreciation of the valuable assistance and co-operation extended by the shareholders, cane growers, banks, financial institutions and Government authorities. They also wish to appreciate the dedicated services rendered by officers, staff and workers of the Company.

On behalf of the Board of Directors

Coimbatore  
30<sup>th</sup> May 2011

N MAHALINGAM  
Chairman



ANNEXURE - 1

**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2011**  
**ENERGY CONSERVATION MEASURES**

FORM A

Disclosure of particulars with respect to conservation of energy

Particulars	Current Year (15 Months)	Previous Year (12 Months)
<b>A. POWER AND FUEL CONSUMPTION</b>		
<b>1. ELECTRICITY:</b>		
a) Purchased		
Units	<b>6859758</b>	5568396
Total Amount (Rs.in lakhs)	<b>362.08</b>	269.13
Rate/Unit (Rs.)	<b>5.28</b>	4.83
b) Own Generation		
i) Through Diesel Generator Units	<b>540487</b>	371205
Diesel Oil (Ltrs)	<b>180235</b>	125605
Total Consumption Value	<b>65.91</b>	43.67
Units per Ltr of Diesel Oil	<b>3.00</b>	2.96
Cost/Unit (Rs.)	<b>12.19</b>	11.76
ii) Through Steam Turbine/Generator - Units	<b>108550688</b>	79958448
Units per Ltr of Fuel Oil/Gas	--	--
Cost/Unit	*	*
<b>2. COAL</b>		
Quantity (Tonnes)	<b>23571.230</b>	25543.610
Total Cost (Rs.in lakhs)	<b>1067.24</b>	877.37
Average Rate per Tonne (Rs.)	<b>4527.72</b>	3434.79
<b>3. FURNACE OIL</b>		
Quantity (KL)	<b>91.286</b>	239.030
Total Cost (Rs.in lakhs)	<b>31.38</b>	67.15
Average Rate per Litre (Rs.)	<b>34.38</b>	28.09
<b>4. OTHERS/INTERNAL GENERATION</b>		
a) Bagasse (Tonnes)	<b>123183</b>	62851
Total Cost	**	**
Rate/Unit	--	--
b) Bio Gas		
Quantity (Cu.Mtr)	<b>5601780</b>	2953169
Total Cost	**	**
Rate/Unit	--	--
c) Paddy Husks		
Quantity (Tonnes)	<b>9418.092</b>	2957.666
Total Cost (Rs.in lakhs)	<b>211.66</b>	64.93
Rate/Unit (Rs.)	<b>2247.38</b>	2195.31

\* Own Steam used      \*\* Own Bagasse / Bio-gas used



B. CONSUMPTION PER UNIT OF PRODUCTION

Particulars Products (with details) Unit	Current Year (15 Months)			Previous Year (12 Months)		
	Sugar Qtl	Alcohol Ltr	Soya MT	Sugar Qtl	Alcohol Ltr	Soya MT
Electricity (Units)	17.31	0.27	190.27	16.24	0.27	184.90
Furnace Oil (Ltrs)	--	0.003	0.35	--	0.01	0.34
Coal (Tonnes)	--	--	0.12	--	--	0.14
Others : Bio-gas (Cu.Mtrs)	--	0.10	--	--	0.07	--

On behalf of the Board of Directors

Coimbatore  
30<sup>th</sup> May 2011

N MAHALINGAM  
Chairman

FORM B  
Disclosure of particulars with respect to Technology Absorption

RESEARCH AND DEVELOPMENT (R & D) AND TECHNOLOGY ABSORPTION

1. Specific areas in which R & D carried out by the Company

Use of Multi Bed Filter, Leaf Filter and Bag Filter for filtration of clarifier melt.

2. Benefits derived as a result of the above R & D

Reduction in turbidity level.

3. Future plan of action

Extensive use of drip irrigation and mechanical harvester.

4. Expenditure on Research and Development

(Rs.in lakhs)

a) Capital	12.17
b) Recurring	77.88
c) Total	90.05
d) Total R&D expenditure as a percentage of total turnover	0.04

5. Particulars of technologies imported during the last 5 years: Nil





## FOREIGN EXCHANGE EARNINGS AND OUTGO

- a. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:

The Company has exported refined white sugar valued at Rs.58137.63 lakhs and soya products valued at Rs.2336.54 lakhs during the year under review. Efforts are being taken to increase the volume of export.

- b. Total foreign exchange earned and used :

(Rs. in lakhs)

Foreign Exchange earned during the year 46671.44

Foreign Exchange used :

1. Outgo :

a) Subscription and Membership	0.50	
b) Books & Periodicals	1.24	
c) Foreign Travel	8.84	
d) Redemption of FCCB	1127.45	
e) Listing Fee	0.21	
f) Professional Charge and others	1.45	
g) Commission	8.51	
	<u>          </u>	1148.20

2. Import :

a) Spares & Others	22.51	
b) Capital Goods	33.82	
	<u>          </u>	56.33
Total		<u>1204.53</u>

On behalf of the Board of Directors

Coimbatore  
30<sup>th</sup> May 2011

N MAHALINGAM  
Chairman



## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY

The Company's philosophy on corporate governance endeavours attainment of the highest levels of transparency, accountability and equity in all facets of its operations and in all the interactions with its stakeholders, including shareholders, employees, cane growers, lenders and the Government.

### BOARD OF DIRECTORS

#### a. Composition and size of the Board

The Board consists of a Non-Executive Chairman, Vice Chairman and Managing Director, two Joint Managing Directors, an Executive Director and eight Non-Executive Directors, including two Directors nominated by Financial Institution and Bank.

The Board has a Non-Executive Chairman and the number of independent directors is more than one-half of the total number of directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

The Non-Executive Chairman, Vice Chairman & Managing Director and two Joint Managing Directors are related to each other.

None of the Directors on the Company's Board is a member of more than ten committees and Chairman of more than five committees across all companies in which he is a Director. The necessary disclosures regarding committee positions have been made by the Directors.

#### b. Board Meetings and AGM Attendance

The Board met 10 times during the financial year consisting of a period of 15 months on 16.1.2010, 23.1.2010, 13.3.2010, 29.3.2010, 31.3.2010, 30.4.2010, 16.6.2010, 29.7.2010, 10.11.2010 and 14.2.2011. The Board has formed Audit Committee, Remuneration Committee and Shareholders/Investors Grievance Committee. The Board is provided with all material information viz., budgets, review of budgets, plantwise operational review, actual production, sales and financial performance statistics compared to Budget, which are incorporated in the agenda papers for facilitating meaningful discussions at the meetings. The gap between two board meetings did not exceed four months. The information as required under Annexure-1A to Clause 49 of the Listing Agreement is being made available for discussion and consideration at Board Meetings. The details of attendance of each Director at the Board Meetings and at the last Annual General Meeting, number of other Directorships and Committee Chairmanship/Membership are given below:

Name of the Director	Category of Directorship	Financial Year 2010-2011 Attendance at		As on 30.05.2011		
				No. of other Directorships (1)	Committee Position (2)	
		Board	Last AGM		Chairman	Member
Dr N Mahalingam Chairman	Promoter Non-Executive	7	Yes	4		
Dr M Manickam Vice Chairman & Managing Director	Promoter Executive	10	Yes	13	1	
Sri M Balasubramaniam Joint Managing Director-Finance	Promoter Executive	7	Yes	14	1	2
Sri M Srinivaasan Joint Managing Director-Technical	Promoter Executive	6	Yes	12		1



Name of the Director	Category of Directorship	Financial Year 2010-2011 Attendance at		As on 30.05.2011		
		Board	Last AGM	No. of other Directorships (1)	Committee Position (2)	
					Chairman	Member
					(Other than SSL)	
Sri V K Swaminathan Executive Director	Non-Promoter Executive	10	Yes	2		2
Sri P K Chandran	Independent Non-Executive	10	Yes	-		
Sri G G Gurumurthy	Independent Non-Executive	10	Yes	1		
Sri S S Muthuvelappan	Independent Non-Executive	10	Yes	1		
Sri N K Vijayan	Independent Non-Executive	10	Yes	1		
Sri C Rangamani	Independent Non-Executive	7	Yes	2	2	
Sri S Doreswamy	Independent Non-Executive	4	No	6	3	2
Sri B Elangovan Nominee of TIDCO	Independent Non-Executive	2	No	7		
Smt S Usha Nominee of IDBI upto 21.10.2010	Independent Non-Executive	3	No	-		
Sri T Santhanakumar Nominee of IDBI from 21.10.2010 to 28.5.2011	Independent Non-Executive	2	N.A	-		
Sri V M Manogaran Nominee of IDBI from 28.5.2011	Independent Non-Executive	NA	NA	-		

(1) Excluding directorships in private limited companies and Section 25 company

(2) Includes only Audit and Shareholders/Investors Grievance Committees

### c. Code of Conduct and Ethics

The Company has adopted a Code of Conduct for all Board Members and Senior Management Team of the Company. All Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. A declaration to this effect, duly signed by the Vice Chairman and Managing Director is annexed. The Code of Conduct has been hosted on the website of the Company.

**COMMITTEES OF THE BOARD****A. Audit Committee**

The Audit Committee was reconstituted on 10.11.2010 and 30.5.2011 on account of the change in the nominee director of IDBI Bank. At present the Audit Committee comprises of the following directors as its members :

Sri C Rangamani, Chairman  
Sri S Doreswamy  
Sri M Balasubramaniam and  
Sri V M Manogaran

Except Sri M Balasubramaniam, other members of the Committee are Independent Non-Executive Directors.

The Audit Committee met 5 times during the financial year on 29.3.2010, 30.4.2010, 29.7.2010, 10.11.2010 and 14.2.2011 and the attendance of its members are given below:

Name of Member	No.of meetings held	No.of meetings attended
Sri C Rangamani - Chairman	5	5
Sri S Doreswamy	5	4
Sri M Balasubramaniam	5	5
Smt S Usha	5	3
Sri T Santhana Kumar	5	1

All members of Audit Committee are financially literate. The minutes of the Audit Committee Meetings are placed before the meeting of the Board of Directors. The Chairman of the Audit Committee attended the last Annual General Meeting.

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

1. Company's financial reporting process and the disclosure of financial information to ensure that the financial statement is correct and sufficient.
2. Quarterly/annual financial statements before submission to the Board of Directors for approval.
3. Internal audit and adequacy of the internal control systems.
4. Financial and risk management policies.
5. Statement of significant related party transactions submitted by the Management.
6. Recommending the appointment/re-appointment of statutory auditors and cost auditors and fixing their remuneration.
7. The appointment, removal and terms of remuneration of the internal auditor.

**B. Remuneration Committee**

The Remuneration Committee comprises of the following Non-Executive Directors:

Sri S S Muthuvelappan, Chairman  
Sri P K Chandran and  
Sri C Rangamani

During the year under review, two meetings of Remuneration Committee were held on 29.3.2010 and 10.11.2010 which were attended by all the members of the Committee.

The Remuneration Committee determines and recommends to the Board the remuneration including commission, perquisites and allowances payable to the Chairman, Vice Chairman and Managing Director, Joint Managing Directors / Executive Director as and when the necessity arises. The recommendation will be based on the overall performance and financial results of the Company during the relevant financial year and also based on evaluation of performance on certain fixed parameters.



The details of (a) remuneration paid to Chairman, Vice Chairman and Managing Director, Joint Managing Director - Finance, Joint Managing Director - Technical and Executive Director, (b) sitting fee paid to non-executive directors at the rate of Rs.5,000/- upto December 2010 and Rs.10,000/- from January 2011 onwards for each Board Meeting and Committee Meeting attended by them and (c) the number of equity shares held by the directors are given below:

Name of the Director	Salary	Perquisites	Sitting Fees	Total	No.of Equity Shares held as on 31.3.2011
	(Rs. in lakhs)				
Dr N Mahalingam	-	-	0.40	0.40	145100
Dr M Manickam	22.50	14.66	-	37.16	1704200
Sri M Balasubramaniam	26.29	7.68	-	33.97	337325
Sri M Srinivaasan	26.29	7.68	-	33.97	201000
Sri V K Swaminathan	7.50	7.35	-	14.85	1900
Sri P K Chandran	-	-	0.65	0.65	6424
Sri G G Gurumurthy	-	-	0.55	0.55	700
Sri S S Muthuvelappan	-	-	0.65	0.65	2770
Sri N K Vijayan	-	-	0.55	0.55	1850
Sri C Rangamani	-	-	0.80	0.80	500
Sri S Doreswamy	-	-	0.40	0.40	500
Sri B Elangovan	-	-	0.10	0.10	-
Smt S Usha	-	-	0.30	0.30	-
Sri T Santhanakumar	-	-	0.25	0.25	-

1. Dr M Manickam, Managing Director, was paid remuneration as per the terms of appointment approved by the Members of the Company. The above remuneration consists of fixed component only. The Company does not have any service contract with the Managing Director.
2. Sri M Balasubramaniam, Joint Managing Director-Finance and Sri M Srinivaasan, Joint Managing Director - Technical were paid remuneration as per the terms of appointment approved by the Members of the Company / Central Government. The above remuneration includes remuneration for the period from 23.1.2009 to 31.12.2009, which was not paid by the Company during the previous financial year as the approvals of the Central Government were not then received. The aforesaid remuneration consists of fixed component only. The Company does not have any service contract with the Joint Managing Directors.
3. Sri V K Swaminathan, Executive Director, was paid remuneration as per the terms of appointment approved by the Members of the Company. There is no variable component in his remuneration. The Company does not have any service contract with the Executive Director.
4. No severance fee is payable to the Directors on termination of employment.
5. The Company has no stock option scheme either to its Directors or employees.

### C. Shareholders / Investors Grievance Committee

The Committee consists of the following Directors:

Dr N Mahalingam, Chairman  
Dr M Manickam and  
Sri M Balasubramaniam

The Committee held 5 meetings during the financial year on 23.1.2010, 24.4.2010, 17.7.2010, 27.10.2010 and 24.1.2011.



The Shareholders/Investors Grievance Committee is to look into the redressal of shareholders/investors complaints, if any, on transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend, etc. and also the action taken by the Company on those matters.

Sri S Baskar, Senior Vice President - Finance and Company Secretary, has been functioning as Compliance Officer for the purpose of complying with various provisions of Securities & Exchange Board of India, Listing Agreements with Stock Exchanges, Registrar of Companies and for monitoring the share transfer process, etc.

The Company had received 29 complaints from the shareholders during the financial year 2010-11. All the complaints were redressed to the satisfaction of the shareholders. No share transfer was pending as on 31.3.2011.

Pursuant to Clause 47(f) of the Listing Agreement, the Company has designated the following exclusive e-mail Id for the convenience of investors.

baskar\_shares@sakthisugars.com

### **SUBSIDIARY COMPANIES**

The Company has appointed an Independent Director of the Company on the Board of Directors of Sakthi Auto Component Limited, a material non-listed Indian subsidiary company. The Audit Committee reviewed the financial statements of the subsidiary companies. The minutes of the Board Meetings of the unlisted subsidiary companies are placed before the Board of Directors of the Company.

### **INSIDER TRADING**

The Company has framed a Code of Conduct for Prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 1992. This code is applicable to all Directors and Designated Employees. The Code ensures prevention of dealing in Company's shares by persons having access to unpublished price sensitive information.

### **GENERAL BODY MEETINGS**

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

<b>AGM</b>	<b>Date</b>	<b>Venue</b>	<b>Time</b>
46 <sup>th</sup>	19.12.2007	Registered office at Sakthinagar Bhavani Taluk, Erode District	3.00 p.m
47 <sup>th</sup>	31.03.2009 (18 Months)	- do -	2.45 p.m
48 <sup>th</sup>	16.06.2010	- do -	3.00 p.m

Details of Special Resolutions passed at the previous three Annual General Meetings (AGM) are given below:

<b>Date of AGM</b>	<b>Special Resolutions with respect to -</b>
19.12.2007 (46 <sup>th</sup> AGM)	Nil
31.03.2009 (47 <sup>th</sup> AGM)	Nil
16.06.2010 (48 <sup>th</sup> AGM)	Payment of remuneration by way of commission to the Chairman upto 1% on the net profits of the Company

No special resolution was put through Postal ballot during the last three years, nor is any special resolution proposed to be put through postal ballot at present.

**DISCLOSURES**

The details of related party transactions are given in Notes on Accounts. These transactions were not in conflict with the interest of the Company and are on arms length basis. The Register of Contracts containing the details of the transaction in which the Directors are interested or concerned is placed before the Board for its consideration.

The Audit Committee is periodically briefed of related party transactions entered into by the Company in the ordinary course of business.

The Company follows Accounting Standards issued by the Central Government and in the preparation of financial statements and the company has not adopted a treatment different from that prescribed in the Accounting Standards.

**CEO/CFO Certification**

The Vice Chairman and Managing Director and Joint Managing Director-Finance have certified to the Board in accordance with Clause 49V of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31<sup>st</sup> March 2011.

The Senior Management has made disclosures to the Board relating to all material, financial and commercial transactions stating that they did not have personal interest that may have a potential conflict with the interest of the Company at large.

There is no Whistle Blower policy. However no person has been denied access to the Audit Committee or the Management.

There are no instances of non-compliance by the Company on any matters relating to capital markets, nor have any penalty/strictures been imposed on the Company by Stock Exchanges or SEBI or any other statutory authority on any matter relating to capital markets during the last three years.

**RISK MANAGEMENT**

The various determined aspects of risk management and minimization are reviewed periodically and the Board is kept informed on important issues.

**MEANS OF COMMUNICATION**

The quarterly/half yearly/annual financial results of the Company are announced within the stipulated time and are normally published in English and Tamil Newspapers. The Company displays its periodical results on the Company's website "www.sakthisugars.com" as required by the Listing Agreement. The financial results are also accessible on the website "www.corpfiling.co.in".

Pursuant to the Green Initiative taken by the Ministry of Corporate Affairs allowing service of documents through electronic mode, the Company proposes to send all documents in electronic form to those shareholders who have registered their email-id for the purpose.

**MANAGEMENT**

A detailed Management Discussion and Analysis Report forms part of this Annual Report.

**DIRECTORS' RE-APPOINTMENT**

Information on Directors seeking re-appointment at the ensuing Annual General Meeting is given in the Annexure to the Notice.



## GENERAL SHAREHOLDER'S INFORMATION

Annual General Meeting	:	
Day and Date	:	Thursday, 25 <sup>th</sup> August 2011
Time	:	3.00 p.m.
Venue	:	Sakthinagar - 638 315, Erode District, Tamilnadu
Financial Calendar for the financial year	:	From 1 <sup>st</sup> April 2011 to 31 <sup>st</sup> March 2012
Results for the quarter ending	:	Result announcement
30 <sup>th</sup> June 2011	:	On or before 14 <sup>th</sup> August 2011
30 <sup>th</sup> September 2011	:	On or before 14 <sup>th</sup> November 2011
31 <sup>st</sup> December 2011	:	On or before 14 <sup>th</sup> February 2012
31 <sup>st</sup> March 2012 (Audited)	:	On or before 30 <sup>th</sup> May 2012
Date of Book Closure for the purpose of Annual General Meeting	:	18 <sup>th</sup> August 2011 to 25 <sup>th</sup> August 2011 (both days inclusive)

## LISTING

The Company's equity shares are listed on the following Stock Exchanges and the Annual Listing Fee has been paid to all the stock exchanges for the financial year 2011-12. The Company's Stock codes are as follows:

Name of the Stock Exchanges	Stock Code
National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex Bandra (East) Mumbai 400 051	SAKHTISUG
Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai 400 001	507315
Coimbatore Stock Exchange Limited Stock Exchange Building 683-686, Trichy Road Coimbatore 641 005	21009
Madras Stock Exchange Limited Exchange Building 11, Second Line Beach P B No.183 Chennai 600 001	SSR





## INTERNATIONAL LISTING

Foreign Currency Convertible Bonds (FCCB) issued by the Company are listed on Singapore Stock Exchange Limited.

### Outstanding Foreign Currency Convertible Bonds (FCCB) and impact on Equity

	Series A	Series B
No.of Bonds Issued	200	400
No.of Bonds Converted / Redeemed	190	114
No.of Outstanding Bonds	10	286
Balance Amount	Rs. 446.50 lakhs	Rs.12769.90 lakhs
Date of Maturity	30.5.2009	31.5.2011
Conversion	Bondholders have the right to convert the bond at their option any time till the bonds are surrendered and redeemed at a price fixed in accordance with the terms of offering circular, but not less than Rs.177.39 per share. At present the conversion price is Rs.208 per share.	Bondholders have the right to convert the bond at their option any time till the bonds are surrendered and redeemed at a price fixed in accordance with the terms of offering circular, but not less than Rs.177.39 per share. At present the conversion price is Rs.190 per share.

## MARKET PRICE DATA

The high and low quotations of the Company's shares on National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd (BSE) from January 2010 to March 2011 are given below:

Month		NSE		BSE		SENSEX (BSE)	
		High	Low	High	Low	High	Low
		(Rupees)		(Rupees)			
January	2010	110.40	78.00	110.40	78.00	17790	15982
February	2010	91.75	58.00	91.40	58.50	16669	15652
March	2010	74.00	58.90	73.90	58.85	17793	16438
April	2010	62.50	51.40	62.55	51.90	18048	17277
May	2010	56.50	46.20	60.00	46.50	17537	15960
June	2010	58.50	50.15	58.50	51.60	17920	16318
July	2010	60.25	53.00	62.45	52.90	18238	17396
August	2010	55.25	48.60	55.20	48.60	18475	17820
September	2010	64.80	49.05	65.90	49.50	20268	18027
October	2010	64.50	57.10	65.00	54.95	20855	19769
November	2010	68.20	46.00	68.30	46.25	21109	18955
December	2010	60.30	47.10	60.30	47.00	20552	19075
January	2011	60.80	45.50	60.75	46.30	20665	18038
February	2011	51.70	37.10	50.00	37.10	18691	17296
March	2011	42.80	35.00	40.95	35.25	19575	17792

**REGISTRAR AND SHARE TRANSFER AGENTS**

Registered Office:  
 Link Intime India Pvt. Ltd.,  
 (formerly Intime Spectrum Registry Limited)  
 C-13, Pannalal Silk Mill Compound  
 LBS Marg, Bhandup (W), Mumbai - 400 078  
 Phone No : 022 - 25963838  
 Fax No : 022 - 25946969  
 Email: mumbai@linkintime.co.in

Branch Office:  
 "Surya" 35, Mayflower Avenue  
 Behind Senthil Nagar, Sowripalayam Road  
 Coimbatore - 641 028.  
 Phone No : 0422 - 2314792 & 2315792  
 Fax No : 0422 - 2314792  
 Email: coimbatore@linkintime.co.in

**SHARE TRANSFER SYSTEM**

The shares lodged in physical form are processed, registered and returned by the Registrar and Share Transfer Agents within a period of 30 days from the date of receipt, if the documents are in order.

**Distribution of Shareholding as on 31<sup>st</sup> March 2011**

Shareholdings	No. of shareholders	% of shareholders	Number of Shares	% of shareholding
1 - 500	47216	87.80	6083800	16.53
501 - 1000	3460	6.43	2838185	7.71
1001 - 2000	1570	2.92	2404899	6.53
2001 - 3000	531	0.99	1367827	3.72
3001 - 4000	233	0.43	842450	2.29
4001 - 5000	235	0.44	1113528	3.02
5001 - 10000	304	0.56	2274483	6.18
10001 & above	229	0.43	19882167	54.02
Total	53778	100.00	36807339	100.00

**Shareholding pattern as on 31<sup>st</sup> March 2011**

Category	No. of Shares held	% of shareholding
Promoters	12487237	33.93
Nationalised Banks/other Banks	45650	0.12
Financial Institutions	919099	2.50
Mutual Funds	6980	0.02
FII's/NRIs	921698	2.50
Private Bodies Corporate	4156210	11.29
Public	18270465	49.64
Total	36807339	100.00

**DEMATERIALISATION OF SHARES AND LIQUIDITY**

The shares of the Company are in compulsory demat segment. The Company's shares are available for demat both with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). International Securities Identification Number (ISIN) allotted to the equity shares of the Company is INE623A01011.

As on 31<sup>st</sup> March 2011, 3,51,54,522 equity shares of the Company representing 95.51% have been dematerialized.

**OTHER FACILITIES TO SHAREHOLDERS****(A) Nomination Facility**

The Company is accepting nomination forms in the prescribed Form No.2B from shareholders holding shares in physical form. Any shareholder, who is desirous of making a nomination, is requested to contact the Registered Office/Corporate Office of the Company or the Registrar and Share Transfer Agents.

Shareholders holding shares in dematerialized form are requested to forward their nomination instructions to the Depository Participants (DP) concerned.

Nomination is optional and can be cancelled/varied by the shareholder at any time.

**(B) Change of address**

Shareholders are requested to send the change, if any, in their addresses to the Company's Registrars and Share Transfer Agents/Depository Participants (DP) to facilitate better service.

**PLANT LOCATION**

Sugar Unit , Distillery Unit, Ethanol & Co-generation plant	:	Sakthinagar - 638 315 Erode District, Tamilnadu
Sugar Unit & Beverage Plant and Co-generation plant	:	Padamathur Village - 630 561 Sivaganga District, Tamilnadu
Sugar Unit, Distillery Unit and Soya Extrusion Plant	:	Haripur Village, Korian Post - 759 013 Dhenkanal District, Orissa
Sugar Unit & Co-Generation plant	:	Poonthurai Semur Post - 638 115 Modakurichi, Erode District, Tamilnadu
Soya Unit	:	Marchinaickenpalayam Ambarampalayam Post - 642 103 Coimbatore District

**ADDRESS FOR CORRESPONDENCE** : Sakthi Sugars Limited  
180, Race Course Road  
Coimbatore - 641 018  
Phone Nos: 0422-4322 222, 2221551  
Fax Nos.: 0422-2220574 & 4322 488  
E-mail : shares@sakthisugars.com

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

As stipulated in Clause 49 of the Listing Agreement, the Auditors' Certificate on compliance of conditions of corporate governance is annexed.



### COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

The Company has adopted all mandatory requirements of Clause 49 of the Listing Agreement and the status of compliance in respect of non-mandatory requirements stipulated by the said clause is as under:

- Separate Office is maintained for non-executive Chairman at the Company's expense.
- The tenure of Independent Directors is not being restricted to the period of 9 years in the aggregate since the Board of Directors is unanimously of the opinion that the length of the tenure on the Board would not have any material negative impact on the performance of Independent Directors and discharge of their duties towards the Company.
- The Company has constituted a Remuneration Committee. The Chairman of the Remuneration Committee was present at the last Annual General Meeting.
- The quarterly/half yearly financial results are published in leading English newspapers and also in Tamil Newspapers circulating in the District where the Registered Office of the Company is situate and are also posted on the Company's website [www.sakthisugars.com](http://www.sakthisugars.com) and on the website [www.corpfiling.co.in](http://www.corpfiling.co.in). Therefore, the results are not being separately circulated to the shareholders.
- The Directors are kept informed of the latest developments in laws, rules and regulations as also the various risks to which the company is exposed and the manner in which these risks are mitigated/minimized. Therefore the need for formal training on these issues is not felt necessary at present.
- The Company has not adopted a Whistle Blower Policy. However the Company recognizes the importance of reporting to the Management by an employee at any level about the unethical behaviour or suspected fraud in violation of the Company's Code of Conduct or any other point of concern.

On behalf of the Board of Directors

N MAHALINGAM  
Chairman

Coimbatore  
30<sup>th</sup> May 2011

### Annual Declaration by Vice Chairman and Managing Director pursuant to Clause 49(1)(D)(ii) of the Listing Agreement

As required under Clause 49(1)(D)(ii) of the Listing Agreement with the Stock Exchanges, I declare that all 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 31.03.2011.

Coimbatore  
30<sup>th</sup> May 2011

M MANICKAM  
Vice Chairman & Managing Director



## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of  
Sakthi Sugars Limited

We have examined the compliance of conditions of Corporate Governance by Sakthi Sugars Limited for the year ended on 31<sup>st</sup> March 2011, 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 No. 003328S

Coimbatore  
30<sup>th</sup> May 2011

P.R.VITTEL  
Partner  
Membership No.018111



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### An Overview

The Company's total sugarcane crushing capacity is 19,000 TCD with three sugar mills in the State of Tamilnadu at Sakthinagar, Erode District with a capacity of 9,000 TCD, Modakurichi, Erode District with a capacity of 3,500 TCD and at Padamathur, Sivaganga District with a capacity of 4,000 TCD and a sugar mill at Dhenkanal in the state of Orissa with a crushing capacity of 2,500 TCD.

The Company has set up three cogeneration power plants alongside its Sugar units in Tamilnadu at Sakthinagar, Modakurichi and Sivaganga with an aggregate power generation capacity of 92 MW per hour. Another cogen plant of 25 MW per hour capacity is under implementation at Sakthinagar.

The Company has two Distillery units, one at Sakthinagar with 36000 KL per annum and the other at Dhenkanal with 10000 KL per annum

The Company has an integrated Soya complex with a capacity to process 90000 TPA of Soya at Pollachi.

### Performance during the year under review:

During the year under review, the total cane crushing was 23.56 lakh MT with an average sugar recovery of 9.47% of sugar from the cane crushed. A quantity of 3.37 lakh MT of raw sugar was processed. In Distillery Division, 576.83 lakh Litres of Industrial Alcohol was produced for the year ended 31<sup>st</sup> March 2011. The Company has sold 53.80 lakh Qtls. of sugar valuing Rs.1650.73 crores. In the cogeneration plant 5640.06 lakh units of power was generated of which 4205.04 lakh units of power was exported to the state grid of Tamilnadu Electricity Board and to third parties.

### Industry Structure and Developments:

#### Indian Sugar Price

In the sugar season 2010-11, sugar production in India was estimated at 24.5 million tonnes as against the domestic consumption of 22.5 million tonnes. The sugar season 2010-11 and 2011-12 are expected to witness higher level of production than the demand. This will have pressure on the domestic price of sugar. The price in the domestic market is uneconomical as it does not match with the cost of production, mainly on account of high sugarcane price. The Government's control mechanism does not permit the sugar price to go up in line with the price prevailing in global market. The permission granted by the Central Government to export sugar upto 5 lakhs tonnes gives some relief to the industry.

The Central Government has brought down the levy quota from 20% to 10% of the sugar production with effect from 1st October 2010. As the price for the levy quota is lower than the market price, even the reduced level of levy sale has adverse impact on the revenue of the Company.

#### Sugar Cane Price

The method of fixation of cane price under the Sugarcane Control Order has been changed. A Fair and Remunerative Price (FRP) has been introduced in the place of Statutory Minimum Price (SMP) and the price fixed under Clause 5A of the said Order.

The FRP fixed by the Central Government for the season 2010-2011 is Rs.139.12 per quintal linked to a basic recovery of 9.5% sugar with a premium of Rs.1.46 for every 0.1% point increase in recovery and for 2011-2012, FRP has been announced at Rs.145 per Quintal for 9.5% recovery with a premium of Rs.1.53 for every 0.1% point increase in recovery. Besides FRP, the State Government is announcing a price called State Advised Price which is only advisory in nature. The practice of fixing cane price through negotiation with the cane growers is also prevalent in southern states. Cane price being the major factor in the cost of production, the profitability of a sugar mill depends on the price fixed for the sugarcane.

### Opportunities

Adequate availability of sugarcane will result in optimum utilization of the mills capacity. This will also have favourable impact in the operation of Distillery and Cogeneration Divisions.

The policy of the Government of Tamil Nadu allows sale of power generated by using bagasse beyond a certain level as well as the power generated by using coal to third parties. On account this, revenue from the power division will be on the increase.



As the company has integrated sugar plants with industrial alcohol, cogeneration and composting facilities, it has an added advantage over stand alone sugar mill.

### Threats

Any policy of the Government restricting the quantum of free sale and price of sugar will affect the results of the Company.

The cyclical behaviour of the industry and the vagaries of monsoon will have adverse effect on the operations.

Any increase in cane price without having correlation to the sugar price will have negative impact.

### Segmentwise and Productwise performance

Segmentwise results are given in the accounts for the year ended 31.03.2011. Productwise performance is furnished in the Directors Report.

### Financial Performance with respect to Operational Performance

The gross income for the year under review is Rs.211518.37 lakhs. The year has ended with a gross profit of Rs.9249.54 lakhs before providing for interest and depreciation. After providing Rs.18165.43 lakhs for interest and Rs.3878.48 lakhs for depreciation, the net loss for the year is Rs.12794.37 lakhs (previous year net profit Rs.12470.72 lakhs).

### Internal Control System

The Company has an in-house internal audit system to ensure that all activities are monitored and controlled. Adequate internal checks are built in to cover all monetary transactions. These checks and controls are reviewed for improvement periodically.

### Human Resources Development

Industrial relations at all plants and offices remain cordial. The total number of employees at the end of the financial year 2011 on the rolls of the Company is 1701. Training programmes are conducted depending on the needs for updating the knowledge with respect to the developments in the industry.

### Corporate Social Responsibility

The Company has been actively implementing various programmes leading to social welfare in the areas of health and education even before the introduction of the Guidelines on CSR. Your Company had always adopted a policy of transparency and accountability. Work place environment of the Company is probably one of the best in the industry. The safety and hygiene are given utmost importance in the work place and related areas. Imparting training is an ongoing process in the Company.

Towards fulfillment of the social obligation, the Company has been contributing for the development of the rural community, particularly the poor and deserving:

- a) A fully equipped hospital is established to provide good quality medical care at a subsidized nominal fee.
- b) A Leprosy Hospital at Sakthinagar is being run for eradication of leprosy in and around the factory, especially in the hill areas and have been successful in this attempt.
- c) An Elementary School, High School and a Polytechnic have been established for imparting good education to the students from the rural areas. Successful students are also given employment opportunities wherever possible.
- d) Financial assistance is provided to the needy poor students to pursue their higher education and to the ailing poor for meeting medical expenses.

All these community programmes are carried through a Trust by name Sakthi Foundation.

On behalf of the Board of Directors

Coimbatore  
30<sup>th</sup> May 2011

N MAHALINGAM  
Chairman



## AUDITORS' REPORT

TO

### THE MEMBERS OF SAKTHI SUGARS LIMITED,

We have audited the attached Balance Sheet of Sakthi Sugars Limited as at 31st March 2011, the Profit and Loss Account and also the Cash Flow Statement for fifteen months ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- I. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we furnish below a statement on the matters specified in paragraphs 4 and 5 of the said Order.
  - i. In respect of its fixed assets:
    - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
    - b. As explained to us, the fixed assets have been physically verified by the management during the year at reasonable intervals and no material discrepancies were noticed on such physical verification.
    - c. The Company has not disposed off substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
  - ii. In respect of its inventories:
    - a. As explained to us, inventory has been physically verified by the management at regular intervals during the year.
    - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
    - c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
  - iii. The company has not granted any loans secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, clauses 4(iii) (a) to (g) of the Order are not applicable to the company.

The company has taken unsecured loans totalling to Rs.18 crores from a company covered in the register maintained under section 301 of the Act. The terms and conditions of the loan are prima facie not prejudicial to the interest of the company.
  - iv. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in the internal control system.





- v. In respect of transactions covered under Section 301 of the Companies Act, 1956:
- In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section.
  - In our opinion and according to the information and explanations furnished to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, in respect of the deposits accepted by the company from the public, the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Companies Act, 1956 and other relevant provisions of the Act and the rules framed thereunder, wherever applicable, have been complied with. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vii. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
- viii. The Central Government has prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained.
- ix. In respect of statutory dues:
- According to the records of the Company, undisputed statutory dues such as Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess have been regularly deposited with the appropriate authorities. There are no arrears of such statutory dues outstanding for a period of more than six months as at 31st March 2011.
  - The disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities are as under :

Particulars	Period to which the matter pertains	Forum where dispute is pending	Rs. in Crores
Income Tax	2008-09	Commissioner of Income Tax (Appeals)	1.76
Sales Tax	1993-94, 2000-01 & 2001-02 1989-90 to 1992-93 2000-01, 1990-91 to 1996-97 2002-03 to 2004-05	Sales Tax Appellate Tribunal High Court of Madras Addl. Commissioner (CT) (RP) Joint Commissioner (CT), Coimbatore	1.63 8.03 3.15 0.64
Excise Duty	Excise Duty: 2002-03, 2006-07 2005-06 2007-08 1992 to 2005  Service Tax: 2005, 2006, 2007 & 2008 2005 to 2008 2008	High Court of Madras CESTAT, Chennai Commissioner of Central Excise (Appeals) High Court of Orissa, Cuttack  CESTAT, Chennai Commissioner (Appeals), Madurai Commissioner(Appeals), Salem	11.66 7.68 0.04 0.12  2.62 0.15 0.78
Water Charges	1964-65 to 1999-2000 and 1993-94 to 2011 2004-05, 2005-06	High Court of Madras High Court of Orissa, Cuttack	8.10 0.06
State Administrative fees	April 2004 to June 2007	Supreme Court	4.47



- x In our opinion, even considering the quantifiable effect of qualification cited in Para II, the accumulated losses at the end of the financial year are less than 50% of its net worth. The company has incurred cash losses during the financial year and cash profit for the previous year.
- xi According to the records of the company examined by us and the information and explanations given to us, the defaults by the company to banks and an institution is as under :

## From Banks

Particulars	Rs. in Crores	Period of default	Since paid (Rs. in Crores)
Principal	4.31	January & February 2011	4.31
Interest	12.01	January & February 2011	12.01

## From an Institution

Particulars	Rs. in Crores	Period of default	Since paid (Rs. in Crores)
Interest	0.69	January & February 2011	0.69

There are no defaults with respect to debentures.

- xii In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company 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 fund/society.
  - xiv The company is not dealing or trading in shares, securities, debentures and other investments.
  - xv. The company has given guarantees for bank loans taken by subsidiaries and the outstanding amount of such loans as at 31<sup>st</sup> March 2011 is Rs. 374.70 crores. Based on the Management's Representation, we are of the opinion that, the terms and Conditions of the guarantees are not prejudicial to the interest of the company.
  - xvi In our opinion, the term loans have been applied for the purpose for which they were raised.
  - xvii According to the information and explanations given to us and on overall examination of the Balance Sheet of the company, we are of the opinion that during the period the company has not utilised funds raised on short term basis for long term investments.
  - xviii During the year, the Company has not made any preferential allotment of shares to companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
  - xix In our opinion and according to the information and explanations given to us, the company has issued debentures and security or charge has been created in respect of debentures issued.
  - xx The Company has not raised any money by way of public issue during the year.
  - xxi In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.
- II. *In our opinion, the Funded Interest under CDR scheme amounting to Rs. 80.81 Crores requires to be written off and the loss of the company is understated to that extent.*



III. Further to our comments under Para I and II above, we report that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of accounts, as required by law, have been kept by the Company, so far as appears from our examination of those books;
- iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- iv. In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards, referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- v. On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified, as on 31st March 2011, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:
  - a. In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2011;
  - b. In so far as it relates to the Profit and Loss Account, of the LOSS of the Company for the period ended on that date; and
  - c. In so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the period ended on that date.

For P.N. RAGHAVENDRA RAO & Co.  
Chartered Accountants  
Firm Registration No. 003328S

Coimbatore  
30<sup>th</sup> May 2011

P.R.VITTEL  
Partner  
M.No.018111



## BALANCE SHEET AS AT 31.03.2011

(Rs. in lakhs)

	Schedule No.	As at 31.03.2011	As at 31.12.2009
<b>I. SOURCES OF FUNDS</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	1	3,680.73	3,483.36
(b) Reserves and Surplus	2	66,380.99	75,548.27
		<b>70,061.72</b>	<b>79,031.63</b>
<b>(2) LOAN FUNDS</b>			
(a) Secured loans	3	111,141.73	108,719.32
(b) Unsecured loans	4	5,191.35	5,826.89
(c) Foreign Currency Convertible Bonds		13,216.40	20,819.28
		<b>129,549.48</b>	<b>135,365.49</b>
<b>(3) DEFERRED TAX LIABILITY</b>		--	2,657.53
TOTAL of 1 to 3		<b>199,611.20</b>	<b>217,054.65</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>(1) FIXED ASSETS</b>			
Gross Block		128,935.31	127,068.20
Less : Depreciation		13,821.61	7,066.27
		<b>115,113.70</b>	<b>120,001.93</b>
Add : Capital Work in Progress		13,237.89	11,662.63
Net Block	5	<b>128,351.59</b>	<b>131,664.56</b>
<b>INTANGIBLE ASSETS</b>	5A	24,678.52	20,192.43
<b>(2) INVESTMENTS</b>	6	16,483.68	16,733.68
<b>(3) DEFERRED TAX ASSET</b>		150.95	--
(Refer Note 'E' in Schedule 23)			
<b>(4) (i) CURRENT ASSETS, LOANS AND ADVANCES</b>			
(a) Inventories	7	14,124.82	18,790.40
(b) Sundry Debtors	8	12,979.03	5,974.07
(c) Cash and Bank balances	9	3,229.32	4,064.35
(d) Other Current Assets	10	4,509.68	3,249.84
(e) Loans and Advances	11	28,697.11	37,883.42
		<b>63,539.96</b>	<b>69,962.08</b>
Less :			
<b>(ii) CURRENT LIABILITIES AND PROVISIONS</b>	12	42,340.22	34,909.94
Net Current Assets (i) - (ii)		<b>21,199.74</b>	<b>35,052.14</b>
<b>(5) MISCELLANEOUS EXPENDITURE</b>	13	8,746.72	13,411.84
(to the extent not written off or adjusted)			
TOTAL of 1 to 5		<b>199,611.20</b>	<b>217,054.65</b>

Schedules 1 to 13 and Notes in Schedule 23 and 24 form part of this Balance Sheet.

Vide our report annexed  
For P N RAGHAVENDRA RAO & Co  
Chartered Accountants  
Firm Registration No. 003328S

P R VITTEL  
Partner  
M. No. 018111

N MAHALINGAM  
Chairman

M MANICKAM  
Vice Chairman & Managing Director

Coimbatore  
30<sup>th</sup> May 2011

M BALASUBRAMANIAM  
Joint Managing Director - Finance

S BASKAR  
Senior Vice President - Finance &  
Company Secretary



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

(Rs. in lakhs)

	Schedule No.	Current Year 31.03.2011 (15 Months)	Previous Year 31.12.2009 (12 Months)
<b>I. INCOME</b>			
Sales	14	216,394.71	140,435.07
Less: Excise duty		2,610.17	2,963.85
		<b>213,784.54</b>	137,471.22
Dividend		3.34	3.16
Interest Gross (Refer Note 'J' in Schedule 23)		410.26	305.26
Other income	15	390.61	2,251.61
Stock adjustment	16	(3,070.38)	9,189.63
		<b>211,518.37</b>	149,220.88
<b>II. EXPENDITURE</b>			
<b>Cost of Goods Consumed / Sold</b>	17		
Opening stock		6,194.90	1,413.26
Add : Purchases		158,130.76	108,764.30
		<b>164,325.66</b>	110,177.56
Less: Closing stock		3,889.71	6,194.90
		<b>160,435.95</b>	103,982.66
Manufacturing expenses	18	24,115.90	15,450.48
Excise Duty on stock adjustments		(43.53)	189.49
Salaries, wages and other employee benefits	19	6,346.87	4,425.05
Interest charges	20	18,165.43	4,614.45
Selling expenses	21	3,439.77	752.07
Any other expenses	22	3,209.78	1,824.35
Intangible asset written off		3,994.91	2,325.14
Depreciation		6,765.51	
Less: Transfer to Revaluation Reserve		2,887.03 3,878.48	3,025.71
		<b>223,543.56</b>	136,589.40
<b>Net profit/(Loss) before Foreign Exchange Fluctuation / Derivative Transactions (Net)</b>		<b>(12,025.19)</b>	12,631.48
Foreign Exchange Fluctuation/Derivative Transactions (Net)		<b>(769.18)</b>	(160.76)
<b>III. NET PROFIT/(LOSS) BEFORE TAX</b>		<b>(12,794.37)</b>	12,470.72



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

(Rs. in lakhs)

	Current Year 31.03.2011 (15 Months)	Previous Year 31.12.2009 (12 Months)
<b>Less : Income Tax Expenses</b>		
Current Tax	--	1,389.58
MAT Credit Entitlement	--	(1,389.58)
Prior year Tax	--	65.16
Deferred Tax	<b>(2,808.48)</b>	2,056.92
<b>IV. NET PROFIT/(LOSS) AFTER TAX</b>	<b>(9,985.89)</b>	10,348.64
Add:		
Surplus from previous year	<b>5,721.79</b>	--
Excess provision withdrawn	--	1.15
Reversal of Provision for Diminution in Value of Investments	--	2.00
Debenture Redemption Reserve withdrawn	<b>494.29</b>	--
Transfer from General Reserve	<b>3,769.81</b>	--
	--	10,351.79
<b>APPROPRIATIONS</b>		
Transfer to General Reserve	--	4,000.00
Transfer to Debenture Redemption Reserve	--	630.00
Surplus carried over	--	5,721.79
Earning Per Share (Rs.)		
Basic	<b>(27.20)</b>	32.62
Diluted	<b>(25.08)</b>	30.34

Schedules 14 to 22 and Notes in Schedule 23 and 24 form part of this Profit and Loss account.

Vide our report annexed  
For P N RAGHAVENDRA RAO & Co  
Chartered Accountants  
Firm Registration No. 003328S

P R VITTEL  
Partner  
M. No. 018111

N MAHALINGAM  
Chairman

M MANICKAM  
Vice Chairman & Managing Director

Coimbatore  
30th May 2011

M BALASUBRAMANIAM  
Joint Managing Director - Finance

S BASKAR  
Senior Vice President - Finance &  
Company Secretary

	As at 31.03.2011	As at 31.12.2009
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
5,00,00,000 Equity Shares of Rs.10 each	5,000.00	5,000.00
50,00,000 Redeemable Cumulative Preference Shares of Rs.100 each	5,000.00	5,000.00
	10,000.00	10,000.00
<b>ISSUED</b>		
3,69,24,008 Equity Shares of Rs.10 each (Previous year 3,49,50,304 Nos)	3,692.40	3,495.03
	3,692.40	3,495.03
<b>SUBSCRIBED AND PAID UP</b>		
3,68,07,339 Equity Shares of Rs.10 each fully paid up (Previous year 3,48,33,635 Nos)	3,680.73	3,483.36
<b>TOTAL</b>	3,680.73	3,483.36
<b>SCHEDULE - 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
Balance as per last Balance Sheet	625.24	625.24
<b>REVALUATION RESERVE</b>		
Balance as per last Balance Sheet	49,848.97	52,167.62
Less: Depreciation on Revalued Assets (Transferred from Profit and Loss account)	2,887.03	2,314.90
Less: Withdrawn on Sale of Assets	2.43	3.75
	46,959.51	49,848.97
<b>CAPITAL REDEMPTION RESERVE</b>		
Balance as per last Balance Sheet	2,512.27	2,512.27
<b>SECURITIES PREMIUM ACCOUNT</b>		
Balance as per last Balance Sheet	10,481.70	3,914.70
Add: Received during the year	3,708.07	6,567.00
	14,189.77	10,481.70
<b>SUBSIDY FROM GOVERNMENT</b>		
Balance as per last Balance Sheet	44.23	44.23



	As at 31.03.2011	As at 31.12.2009
<b>SCHEDULE - 2 (Contd.)</b>		
<b>DEBENTURE REDEMPTION RESERVE</b>		
Balance as per last Balance Sheet	1,046.00	416.00
Add: Transfer from Profit & Loss Account	--	630.00
	1,046.00	1,046.00
Less: Debenture Redemption Reserve withdrawn	494.29	--
	551.71	1,046.00
<b>GENERAL RESERVE</b>		
Balance as per last Balance Sheet	5,268.07	1,268.07
Add: Amount transferred from Profit & Loss Account	--	4,000.00
	5,268.07	5,268.07
Less: Transferred to Profit and Loss account	3,769.81	--
	1,498.26	5,268.07
<b>SURPLUS</b>		
Balance in Profit and Loss Account	--	5,721.79
<b>TOTAL</b>	<b>66,380.99</b>	<b>75,548.27</b>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
<b>A. DEBENTURES</b>		
Secured Redeemable Non-convertible Debentures	1,987.13	4,180.32
Interest accrued and due on the above	6.41	33.93
	1,993.54	4,214.25
<b>B. LOANS AND ADVANCES</b>		
<b>FROM BANKS</b>		
a) Term Loans	91,043.49	94,347.49
Interest accrued and due on the above	1,842.32	3.25
b) Hypothecation Loans for working capital	3,302.66	2,084.29
Interest accrued and due on the above	22.91	11.74
c) Bills Discounted from Banks	1,190.34	--
Interest accrued and due on the above	9.70	--
	97,411.42	96,446.77





## SCHEDULES

(Rs. in lakhs)

	As at 31.03.2011	As at 31.12.2009
<b>SCHEDULE - 3 (Contd.)</b>		
<b>FROM OTHERS</b>		
a) Term Loans	11,556.29	7,928.77
Interest accrued and due on the above	103.73	62.22
b) Hire Purchase/Mortgage Loans from Limited companies	76.75	67.31
	11,736.77	8,058.30
<b>TOTAL</b>	111,141.73	108,719.32
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
Fixed Deposits	--	264.98
Interest accrued and due on the above	--	0.11
<b>Short Term Loans and Advances</b>		
From Others	2,985.00	4,716.75
Interest accrued and due on the above	--	5.85
<b>Other Loans and Advances</b>		
From Banks	401.31	434.07
Interest accrued and due on the above	5.04	5.13
From a Body Corporate	1,800.00	400.00
<b>TOTAL</b>	5,191.35	5,826.89

<b>SCHEDULE - 5</b>											
<b>FIXED ASSETS</b>											
(Rs. in lakhs)											
<b>PARTICULARS</b>	<b>GROSS BLOCK</b>				<b>DEPRECIATION</b>				<b>NET BLOCK</b>		
	AS ON 01.01.2010	ADDITIONS	DELETIONS / WRITTEN BACK	AS ON 31.03.2011	UPTO 31.12.2009	FOR THE YEAR	WITHDRAWN	UPTO 31.03.2011	AS ON 31.12.2009	AS ON 31.03.2011	
1. Land	14018.39	6.22	-	14024.61	-	-	-	-	14018.39	14024.61	
2. Buildings	20154.79	179.76	-	20334.55	521.56	655.28	-	1176.84	19633.23	19157.71	
3. Plant and Machinery	80318.14	1499.30	77.08	81740.36	4181.50	5312.72	1.60	9492.62	76136.64	72247.74	
4. Electrical Installations	9521.86	128.63	0.47	9650.02	449.32	567.78	0.03	1017.07	9072.54	8632.95	
5. Office Equipments & Furniture and Fixtures	1439.87	64.43	2.16	1502.14	915.85	127.24	0.76	1042.33	524.02	459.81	
6. Development of Property- eco friendly trees	23.60	-	-	23.60	-	-	-	-	23.60	23.60	
7. Motor Vehicles	1591.55	79.87	11.39	1660.03	998.04	102.49	7.78	1092.75	593.51	567.28	
Total	127068.20	1958.21	91.10	128935.31	7066.27	6765.51	10.17	13821.61	120001.93	115113.70	
8. Work in Progress	11662.63	1961.00	385.74	13237.89	-	-	-	-	11662.63	13237.89	
TOTAL FOR THE YEAR	138730.83	3919.21	476.84	142173.20	7066.27	6765.51	10.17	13821.61	131664.56	128351.59	
TOTAL FOR THE PREVIOUS YEAR	136053.62	2967.68	290.47	138730.83	1746.14	5340.61	20.48	7066.27	134307.48	131664.56	

Note : Land, Buildings, Plant & Machinery and Electrical Installations have been revalued as on 31.12.2008. The difference between revalued figures and original cost is Rs.42675.33 Lakhs

<b>SCHEDULE - 5 A</b>											
<b>INTANGIBLE ASSETS</b>											
(Rs. in lakhs)											
<b>PARTICULARS</b>	<b>GROSS BLOCK</b>				<b>AMORTISATION</b>				<b>NET BLOCK</b>		
	AS ON 01.01.2010	ADDITIONS	DELETIONS	AS ON 31.03.2011	UPTO 31.12.2009	FOR THE YEAR	UPTO 31.03.2011	AS ON 31.12.2009	AS ON 31.03.2011		
GOODWILL	25174.44	8481.00	-	33655.44	4982.01	3994.91	8976.92	20192.43	24678.52		
TOTAL FOR THE YEAR	25174.44	8481.00	-	33655.44	4982.01	3994.91	8976.92	20192.43	24678.52		
TOTAL FOR THE PREVIOUS YEAR	23251.43	1923.01	-	25174.44	2656.87	2325.14	4982.01	20594.56	20192.43	20192.43	



(Rs. in lakhs)

	As at 31.03.2011	As at 31.12.2009
<b>SCHEDULE - 6</b>		
<b>INVESTMENTS - LONG TERM at cost</b>		
<b>1) Investment in Govt. Securities</b>	<b>1.26</b>	<b>1.26</b>
<b>2) Investment in Shares</b>		
<b>A. Quoted</b>		
In fully paid Equity Shares		
a) Sri Chamundeswari Sugars Limited 6,81,146 Shares of Rs.10 each	<b>117.88</b>	117.88
b) Sakthi Finance Limited 10,40,000 Shares of Rs.10 each	<b>282.00</b>	282.00
c) ICICI Bank Ltd 441 Shares of Rs.10 each	<b>0.24</b>	0.24
d) NIIT Ltd. 2,527 Shares of Rs. 2 each	<b>0.06</b>	0.06
e) NIIT Technologies Ltd. 759 Shares of Rs. 10 each	<b>0.09</b>	0.09
f) Kovai Medical Centre and Hospital Ltd. 2,00,000 Shares of Rs.10 each	<b>20.00</b>	20.00
g) K G Denim Limited 16,129 Shares of Rs.10 each	<b>2.74</b>	2.74
h) IFCI Ltd 100 Shares of Rs.10 each	<b>0.04</b>	0.04
i) The Industrial Development Bank of India Ltd 1,360 Shares of Rs.10 each	<b>1.10</b>	1.10
j) The South Indian Bank Limited 1,65,000 Shares of Rs.1 Each	<b>4.22</b>	4.22
Aggregate of Quoted Investments	<b>428.37</b>	428.37
<b>B. Unquoted</b>		
In fully paid Equity Shares		
a) The ABT Co-operative Stores Ltd. 1,000 Shares of Rs. 10 each	<b>0.10</b>	0.10
b) Sakthi Sugars Co-operative Stores Ltd. 760 Shares of Rs.10 each	<b>0.08</b>	0.08
c) Angul Central Co-op Bank Ltd. 100 Shares of Rs.100 each	<b>0.10</b>	0.10
d) Shamarao Vithal Co-op Bank 25 Shares of Rs.25 each	<b>0.01</b>	0.01
	<b>0.29</b>	0.29
In Preference Shares		
8,95,900 5% Redeemable Non-Convertible Cumulative Preference Shares in Sri Chamundeswari Sugars Ltd	<b>895.90</b>	895.90
	<b>896.19</b>	896.19
<b>Total of 2</b>	<b>1,324.56</b>	1,324.56



## SCHEDULES

(Rs. in lakhs)

	As at 31.03.2011	As at 31.12.2009
<b>SCHEDULE - 6 (Contd.)</b>		
<b>3) Investment in Subsidiaries</b>		
In fully paid Equity Shares		
a) Sakthi Auto Component Limited 4,38,60,000 Shares of Rs.10 each (Wholly Owned Subsidiary)	13,157.86	13,157.86
b) Tilan Sugar Ltd 73,37,300 Shares of Rs.10 each (Wholly Owned Subsidiary - since dissolved)	--	500.00
	13,157.86	13,657.86
In Preference Shares		
20,00,000 15% Participatory Cumulative Optionally Convertible Preference Shares in Sakthi Auto Component Ltd	2,000.00	2,000.00
Total of 3	15,157.86	15,657.86
Total Investments (1 to 3 )	16,483.68	16,983.68
Less: Provision for Diminution in value of Investments	--	250.00
<b>TOTAL</b>	<b>16,483.68</b>	<b>16,733.68</b>

Note: 1) Market Value of quoted Investments as on 31<sup>st</sup> March, 2011 is Rs. 559.90 lakhs (Rs. 459.14 lakhs).

2) Government securities of the total face value of Rs. 0.22 lakh are deposited with Panchayat and Public Works Department as road contract work deposits and of the value of Rs. 1.04 lakhs are deposited with State Commercial Tax Department.

<b>SCHEDULE - 7</b>		
<b>INVENTORIES</b>		
Stores and spares	3,229.47	2,515.72
Standing crop	4.16	7.91
<b>STOCK-IN-TRADE</b>		
<b>i) Finished goods</b>		
Sugar	4,137.47	5,009.48
Molasses - Sugar Unit	425.91	1,291.95
Industrial Alcohol	1,216.52	1,300.42
Ethanol	0.64	0.64
Soya Products	486.34	734.85
Bio-Earth	1.93	1.69
Fusel Oil	1.48	2.03
	6,270.29	8,341.06



## SCHEDULES

(Rs. in lakhs)

	As at 31.03.2011	As at 31.12.2009
<b>SCHEDULE - 7 (Contd.)</b>		
<b>ii) Raw materials</b>		
Molasses - Distillery Unit	490.88	492.59
Raw Sugar	--	3,306.54
Soya Bean	3,107.69	2,158.05
Soya Flour	139.64	61.73
	<b>3,738.21</b>	<b>6,018.91</b>
<b>iii) Other stocks</b>		
News print paper	0.44	1.65
Chemicals, Fertilisers & Others	151.06	174.34
Bagasse	4.49	0.07
	<b>155.99</b>	<b>176.06</b>
<b>iv) Stock-in-process</b>		
Sugar	620.42	1,583.53
Molasses	106.28	147.21
	<b>726.70</b>	<b>1,730.74</b>
<b>TOTAL</b>	<b>14,124.82</b>	<b>18,790.40</b>
<b>SCHEDULE - 8</b>		
<b>SUNDRY DEBTORS</b>		
<b>Unsecured - considered good</b>		
i) Debts outstanding for a period exceeding six months	323.57	229.44
ii) Other debts	12,655.46	5,744.63
<b>TOTAL</b>	<b>12,979.03</b>	<b>5,974.07</b>
<b>SCHEDULE - 9</b>		
<b>CASH AND BANK BALANCES</b>		
i) Cash on hand	62.00	58.69
ii) Bank Balances		
<b>Scheduled Banks</b>		
Current Accounts	994.54	1,680.98
Deposit Accounts	312.37	260.46
	<b>1,306.91</b>	<b>1,941.44</b>
<b>Non Scheduled Banks</b>		
(Refer Note 'H' in Schedule 23)		
Current Accounts	9.53	1.50
	<b>1,316.44</b>	<b>1,942.94</b>
iii) Deposit with Government Bodies	1,850.88	2,062.72
<b>TOTAL</b>	<b>3,229.32</b>	<b>4,064.35</b>
<b>SCHEDULE - 10</b>		
<b>OTHER CURRENT ASSETS</b>		
Outstanding Income/Claim and interest receivable	3,665.33	1,860.26
MAT Credit Entitlement	844.35	1,389.58
<b>TOTAL</b>	<b>4,509.68</b>	<b>3,249.84</b>



## SCHEDULES

(Rs. in lakhs)

	As at 31.03.2011	As at 31.12.2009
<b>SCHEDULE - 11</b>		
<b>LOANS AND ADVANCES</b>		
Unsecured: (Considered good)		
Advance to Subsidiary Company	13,753.31	13,619.57
Advance for Purchase and Others	6,980.69	15,957.10
Advance for Capital Expenditure	1,907.46	1,534.20
Income-tax payments	1,323.36	1,684.71
Prepaid expenses	235.35	1,173.38
Deposit with Central Excise, Electricity Department, etc.	4,496.94	3,914.46
<b>TOTAL</b>	<b>28,697.11</b>	<b>37,883.42</b>
<b>SCHEDULE - 12</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. Current Liabilities</b>		
<b>Sundry Creditors</b>		
Liabilities for purchases, Expenses & Others	37,875.55	26,225.70
Liabilities for Capital Expenditure	826.90	3,425.96
Loans and advances from Subsidiaries	70.75	501.83
Share Application Money	1,566.00	1,566.00
<b>Investor Education and Protection Fund shall be credited by the following and not due</b>		
Unclaimed dividends	34.69	34.90
Unclaimed matured Deposits	10.45	18.20
Unclaimed matured Debentures	219.73	127.06
Interest accrued and due on the above	12.39	13.49
<b>Interest accrued but not due</b>	<b>270.59</b>	<b>202.97</b>
	<b>40,887.05</b>	<b>32,116.11</b>
<b>B. Provisions</b>		
Provision for Taxation	--	1,389.58
Provision for Fringe Benefit Tax	10.00	10.00
Provision for Provident Fund	29.10	21.62
Provision for Employee Benefits	1,414.07	1,372.63
<b>TOTAL</b>	<b>42,340.22</b>	<b>34,909.94</b>



## SCHEDULES

(Rs. in lakhs)

	As at 31.03.2011	As at 31.12.2009
<b>SCHEDULE - 13</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or not adjusted)		
Deferred Revenue Expenditure	665.86	967.15
Funded Interest	8,080.86	12,444.69
<b>TOTAL</b>	<b>8,746.72</b>	<b>13,411.84</b>
	Current Year 31.03.2011 (15 Months)	Previous Year 31.12.2009 (12 Months)
<b>SCHEDULE - 14</b>		
<b>SALES *</b>		
Sugar	165,072.97	103,663.27
Industrial Alcohol	19,900.39	13,932.52
Power	18,893.30	13,735.25
Soya Products	11,260.33	7,812.36
Molasses	31.59	105.38
Fertilisers & Chemicals	848.79	437.49
Soyabean Seeds	25.50	17.67
Bio Earth	133.37	171.99
Magazines	14.84	13.09
Raw Sugar	180.30	522.60
Others	33.33	23.45
<b>TOTAL</b>	<b>216,394.71</b>	<b>140,435.07</b>
* Inclusive of Excise duty.		
<b>SCHEDULE - 15</b>		
<b>OTHER INCOME</b>		
Rent Receipts	92.16	68.52
Profit on sale of Fixed Assets	0.26	2.20
Profit on sale of used materials	86.15	23.00
Interest reversed as per CDR Scheme/Capitalised	--	1,913.01
Income from Job Process	5.51	2.27
Miscellaneous Income	148.77	136.22
Sundry balances written off	57.76	106.39
<b>TOTAL</b>	<b>390.61</b>	<b>2,251.61</b>
<b>SCHEDULE - 16</b>		
<b>STOCK ADJUSTMENT</b>		
<b>(A) OPENING STOCK</b>		
Sugar	5,009.48	59.80
Molasses	1,291.95	83.64
Industrial Alcohol	1,300.42	183.67
Ethanol	0.64	0.64
Soya Products	734.85	310.53
Bagasse	0.07	--
Bio Earth	1.69	1.68
Fusel Oil	2.03	1.34
Stock-in-process	1,730.73	240.93
	<b>10,071.86</b>	<b>882.23</b>



## SCHEDULES

(Rs. in lakhs)

	Current Year 31.03.2011 (15 Months)	Previous Year 31.12.2009 (12 Months)
<b>SCHEDULE - 16 (Contd.)</b>		
<b>(B) CLOSING STOCK</b>		
Sugar	4,137.46	5,009.48
Molasses	425.91	1,291.95
Industrial Alcohol	1,216.52	1,300.42
Ethanol	0.64	0.64
Soya Products	486.34	734.85
Bagasse	4.49	0.07
Bio Earth	1.93	1.69
Fusel Oil	1.48	2.03
Stock-in-process	726.71	1,730.73
	<b>7,001.48</b>	<b>10,071.86</b>
TOTAL (B) - (A)	<b>(3,070.38)</b>	<b>9,189.63</b>
<b>SCHEDULE - 17</b>		
<b>COST OF GOODS CONSUMED/SOLD</b>		
<b>(A) OPENING STOCK</b>		
Molasses	492.59	58.51
Raw Sugar	3,306.54	--
Fertilisers & Chemicals	174.34	117.51
Newsprint Paper	1.65	0.45
Soyabean Seeds	2,158.05	1,221.05
Soya Flour	61.73	15.74
	<b>6,194.90</b>	<b>1,413.26</b>
<b>(B) ADD: PURCHASES</b>		
Sugarcane	47,110.82	35,580.63
Molasses	3,035.19	1,299.49
Raw Sugar	97,681.50	64,075.95
Fertilisers & Chemicals	794.89	470.74
Newsprint Paper	24.71	20.85
Soyabean Seeds	9,445.85	7,274.21
Soya Products	37.80	42.43
	<b>158,130.76</b>	<b>108,764.30</b>
<b>(C) LESS: CLOSING STOCK</b>		
Molasses	490.88	492.59
Raw Sugar	--	3,306.54
Fertilisers & Chemicals	151.06	174.34
Newsprint Paper	0.44	1.65
Soyabean Seeds	3,107.69	2,158.05
Soya Flour	139.64	61.73
	<b>3,889.71</b>	<b>6,194.90</b>
<b>(D) CONSUMPTION (A+B-C)</b>	<b>160,435.95</b>	<b>103,982.66</b>





## SCHEDULES

(Rs. in lakhs)

	Current Year 31.03.2011 (15 Months)	Previous Year 31.12.2009 (12 Months)
<b>SCHEDULE - 18</b>		
<b>MANUFACTURING EXPENSES</b>		
Consumption of Stores & Spares and Packing materials	4,592.41	3,657.24
Power and Fuel	14,232.42	7,983.21
Water charges	62.74	58.72
Printing and Publication charges	32.07	24.17
Rent	65.34	43.76
Rates and Taxes	430.89	270.24
Insurance	155.32	110.07
Repairs and Maintenance:		
Building	253.36	189.87
Machinery and Electrical	2,444.53	1,778.39
Vehicles	178.12	143.87
Others	173.00	110.20
Effluent disposal expenses	478.14	275.31
State Administrative Service Fees	245.39	189.79
Subsidy and Crop development expenses	772.17	615.37
Tools and implements written off	--	0.27
<b>TOTAL</b>	<b>24,115.90</b>	<b>15,450.48</b>
<b>SCHEDULE - 19</b>		
<b>SALARIES, WAGES AND OTHER EMPLOYEE BENEFITS</b>		
Salaries and Wages, Bonus, etc.	5,377.89	3,699.84
Contribution to P.F. and other funds	468.57	299.92
Workmen and Staff Welfare expenses	500.41	425.29
<b>TOTAL</b>	<b>6,346.87</b>	<b>4,425.05</b>
<b>SCHEDULE - 20</b>		
<b>INTEREST CHARGES</b>		
Term Loans	14,140.31	791.59
Debentures	658.86	547.58
Working capital loans	437.18	186.82
Payment to Cane Growers/Banks	22.41	457.19
Finance Charges & Others	2,906.67	2,631.27
<b>TOTAL</b>	<b>18,165.43</b>	<b>4,614.45</b>



## SCHEDULES

(Rs. in lakhs)

	Current Year 31.03.2011 (15 Months)	Previous Year 31.12.2009 (12 Months)
<b>SCHEDULE - 21</b>		
<b>SELLING EXPENSES</b>		
Selling and Distribution expenses	3,377.14	693.55
Commission and brokerage:		
On sale of magazines	1.66	2.27
Others	60.97	56.25
<b>TOTAL</b>	<b>3,439.77</b>	<b>752.07</b>
<b>SCHEDULE - 22</b>		
<b>ANY OTHER EXPENSES</b>		
Travelling expenses	370.54	467.59
Freight and Transport	38.78	27.59
Administrative and other expenses	320.45	245.12
Bank Charges	220.68	135.77
Printing, Postage, Telephone & Telex	209.69	142.78
Donations	102.02	33.72
Effluent on soil/crop - R & D expenses	22.72	13.96
Data processing charges	36.58	28.25
Legal and Professional charges	106.62	165.47
Compensation on Non-lifting of Raw sugar	1,010.40	--
Managerial remuneration	119.95	110.13
Directors Sitting Fees	4.65	3.70
Auditors Remuneration	37.37	24.81
Loss on sale of Fixed Assets	7.18	2.00
Loss on sale of used materials	0.44	0.33
Investment written off	500.00	
Less: Already provided	<u>250.00</u>	--
Deferred Revenue Expenditure written off	301.29	259.03
Soyabean Development Expenses	--	4.56
Irrecoverable advances written off	50.42	159.54
<b>TOTAL</b>	<b>3,209.78</b>	<b>1,824.35</b>



## SIGNIFICANT ACCOUNTING POLICIES

1. **Basis of Preparation:**  
The accompanying Financial Statements have been prepared on a going concern basis under the historical cost convention on the accrual basis of accounting in conformity with Generally Accepted Accounting Principles in India ("India GAAP").
2. **Valuation of Inventories:**  
Inventories of raw materials, work-in-progress, stores, finished products and stock-in-trade are valued at the lower of cost or net realizable value. Cost is ascertained on seasonal weighted average for sugar and yearly average for stores and soya products. Soya Bean, Stock-in-trade of fertilizer and newsprint cost ascertained on FIFO basis. By-products are valued at Net realizable value. Standing crops are valued at net realizable value.
3. **Fixed Assets:**
  - a) Fixed Assets are shown at cost/re-valued figures, less accumulated depreciation. Fixed assets added during the year are valued at cost net of CENVAT but includes all direct expenses like freight, erection charges, preoperative expenses and borrowing costs.
  - b) Expenditure including borrowing cost incurred on projects under implementation is shown under "Work-in-Progress" pending allocation to the assets.
4. **Intangible Assets:**  
The payments made towards goodwill to cane ryots and to employees as per wage board settlement during the year 2004-05 are amortized over a period of 10 years in accordance with AS-26.
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.
6. **Depreciation:**  
Depreciation is provided under Straight Line Method at the rates as per notes prescribed in Schedule XIV to the Companies Act, 1956 on revalued/original cost of assets, as the case may be. The additional depreciation relating to increased value of revalued assets is adjusted against Revaluation Reserve.
7. Long term Investments are accounted at Cost. The diminution, if any, in value of long term investments is provided if such decline is other than temporary.
8. **Miscellaneous Expenditure:**  
Research & Development expenses, Technical know-how, Crop development Expenses, soya product launching expenses are written off over a period of ten years. Voluntary Retirement Scheme payments upto 31.03.2009 are written off over a period of five years. Loan processing fee, syndication fee and ancillary cost incurred upto 31st December 2008 are written off over the repayment period of respective loans.
9. **a) Revenue Recognition:**  
Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer and is stated net of trade discounts, excise duty and sales return.
  - i. Gross turnover includes excise duty but exclude sales tax.
  - ii. Dividend income is accounted for in the year it is declared.
  - iii. All other incomes are accounted for on accrual basis.
  - iv. The Excise duty on sale of finished goods is deducted from the turnover to arrive at the net sales as shown in the Profit and loss account.
  - v. Inter segmental transfer price is not recognised.

**b) Expenditure Recognition:**

- i. The Cane price is written off on the basis of determination of statutory price and agreed price over and above statutory price.
- ii. The Excise duty appearing in the Profit and loss account under Expenditure represents excise duty provision for difference between opening and closing stock of finished goods.

**10. Foreign currency transactions:**

Foreign currency transactions are accounted at the exchange rate ruling on the date of the transactions. Foreign currency monetary items as at the date of Balance sheet are restated using the closing exchange rate or at the rate that is likely to be realized from/required to disburse.

**11. Retirement Benefits:**

Contribution payable by the Company under defined contribution schemes towards Provident fund, Gratuity, Employees State Insurance and Superannuation fund for the year are charged to profit and loss account.

The Company has opted for Life Insurance Corporation of India Group Gratuity Scheme. The gratuity liability ascertained by LIC has been taken into account.

Provision for liability in respect of Leave encashment benefits are made based on actuarial valuation made by an independent actuary as at 31.03.2011.

**12. The segment reporting is in line with the accounting policies of the company. Inter segment transactions have been accounted for based on the price which has been arrived at considering cost for utilities and net realizable value for by-products. Revenue and expenses that are directly identifiable with or allocable to segments are considered for determining the segment results. Segment assets and liabilities include those directly identifiable with the respective segments. Business segments are identified on the basis of the nature of products, the risk/return profile of the individual business, the organizational structure and the internal reporting system of the company.****13. Deferred tax is recognized on timing difference between accounting income and the taxable income for the period and reversal of timing differences of earlier periods and quantified using the tax rates and laws that have been enacted / substantively enacted as at the balance sheet date. The deferred tax assets are recognized and carried forward to the extent that there is reasonable certainty that these would be realized in future.****14. Earning per share:**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**15. Impairment of Assets:**

Impairment, if any, is recognized in accordance with the Accounting Standard 28.

**16. Provisions, Contingent Liabilities and Contingent Assets:**

Provision is recognized only when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.



## SCHEDULE - 23

NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

### A. DEBENTURES

Secured Redeemable Non-convertible Debentures of Rs. 100 Each

Sl. No.	Series	Particulars	No. of Debentures Outstanding	Amount Outstanding (including Interest) (Rs.in lakhs)	Series Maturity Date	Security
1	XXI	12% -Cumulative Debentures	1,08,420	108.42	20.04.2011	Paripassu first mortgage/ charge on the Company's immovable property situated at 137 St.Mary's Road, Chennai-18
2	XXII	12% -Non- Cumulative Debentures	3,14,000	316.83	07.05.2011	
3	XXIII	12% - Cumulative Debentures	5,90,430	590.43	18.06.2011	
4	XXIV	12%-Non-Cumulative Debentures	4,87,080	490.66	07.07.2011	Paripassu first mortgage/ charge on the Company's immovable assets relating to the Company's Beverage Division in the Sugar Mill premises at Sivaganga.
5	XXV	12% - Cumulative Debentures	4,87,200	487.20	22.07.2011	

### B. SECURED LOANS

#### 1. LOANS UNDER CDR

##### I. FROM BANKS

- a) The amount outstanding under Secured Loans from Banks includes Term Loans, Working Capital Term Loans and Funded Interest Term Loans aggregating to Rs.83,155.19 lakhs (including interest) from Axis Bank Ltd, Allahabad Bank, Bank of India, Canara Bank, HDFC Bank Limited, IDBI Bank, Indian Overseas Bank, Oriental Bank of Commerce, Punjab National Bank and State Bank of India. These Loans are secured by:
  - i) Pari passu first charge on the entire movable and immovable properties of the Company except the assets charged on exclusive basis;
  - ii) Pari passu second charge on the current assets of the Company;
  - iii) Pledge of shareholdings of the promoters in the Company;
  - iv) Personal Guarantees of Chairman, Vice Chairman & Managing Director, Joint Managing Director (Finance) and Joint Managing Director (Technical); and
  - v) Collateral security and Corporate Guarantee provided by a promoter company
- b) The amount outstanding under Secured Loans from Banks includes Term Loans and Funded Interest Term Loans aggregating to Rs.3,875.94 lakhs (including interest) from Allahabad Bank. These Loans are secured by:
  - i) Pari passu First charge on the entire movable and immovable properties of the Company except the assets charged on exclusive basis;
  - ii) First charge on the assets pertaining to Co-generation Plant I at Sakthi Nagar ranking pari passu with TIIC;



- iii) Pari passu second charge on the current assets of the Company;
  - iv) Pledge of shareholdings of the promoters in the Company;
  - v) Personal Guarantees of Chairman, Vice Chairman & Managing Director, Joint Managing Director (Finance) and Joint Managing Director (Technical); and
  - vi) Collateral security and Corporate Guarantee provided by a promoter company.
- c) The amount outstanding under Secured Loans from Banks includes Term Loan of Rs.2,841.12 lakhs (including interest) from State Bank of India. This loan is secured by:
- i) Residual charge on the entire fixed assets of the Company. The charge on the assets of sugar division ranking pari passu with Bank of India, Canara Bank, HDFC Bank and Indian Overseas Bank;
  - ii) Residual charge on the current assets of the Company;
  - iii) Pledge of shareholdings of the promoters in the Company;
  - iv) Personal Guarantees of Chairman, Vice Chairman & Managing Director, Joint Managing Director (Finance) and Joint Managing Director (Technical); and
  - v) Collateral security and Corporate Guarantee provided by a promoter company.
- d) The amount outstanding under Hypothecation loans from Banks includes Working Capital facilities of Rs.1,439.69 lakhs from Bank of India, HDFC Bank and Indian Overseas Bank which are secured by:
- i) First charge by way of hypothecation of the current assets of the Company ranking pari passu with Citibank;
  - ii) Pari passu second charge on the entire movable and immovable properties of the Company except Sugar and Co-generation Units in Sivaganga and Modakuruchi;
  - iii) Pledge of shareholdings of the promoters in the Company;
  - iv) Personal Guarantees of Chairman, Vice Chairman & Managing Director, Joint Managing Director (Finance) and Joint Managing Director (Technical); and
  - v) Collateral security and Corporate Guarantee provided by a promoter company.
- e) The amount outstanding under Secured Loans includes Bill Discounting limit of Rs.1,200.04 lakhs (including interest) from Bank of India. The loan is secured by :
- i) First charge by way of hypothecation of the current assets of the Company ranking pari passu with HDFC Bank, Indian Overseas Bank and Citibank N.A
  - ii) First charge on the TNEB receivables;
  - iii) Pari passu second charge on the entire movable and immovable properties of the Company except Sugar and Co-generation Units in Sivaganga and Modakuruchi;
  - iv) Pledge of shareholdings of the promoters in the Company;
  - v) Personal Guarantees of Chairman, Vice Chairman & Managing Director, Joint Managing Director (Finance) and Joint Managing Director (Technical); and
  - vi) Collateral security and Corporate Guarantee provided by a promoter company.

## **II. FROM OTHERS**

The amount outstanding under Secured Loans from Others includes Term Loan and Funded Interest Term Loan aggregating to Rs.4,702.16 lakhs (including interest) from Infrastructure Development Finance Company (IDFC) Limited. This loan is secured by:

- i) Pari passu first charge on the entire movable and immovable properties of the Company except the assets charged on exclusive basis;
- ii) Pari passu second charge on the current assets of the Company;
- iii) Pledge of shareholdings of the promoters in the Company;
- iv) Personal Guarantees of Chairman, Vice Chairman & Managing Director, Joint Managing Director (Finance) and Joint Managing Director (Technical); and
- v) Collateral security and Corporate Guarantee provided by a promoter company.



The Collateral security and the Corporate Guarantee provided by a promoter company for the loans under serial Nos.I(a)(c)(d)(e) and II above are subject to an overall limit of Rs.180 crores and is subservient to the loans from Allahabad Bank under serial No.I(b) above and the loan from TIIC.

## **2. LOANS OUTSIDE CDR**

### **I. FROM BANKS**

- a) The amount outstanding under Secured Loans from Banks includes Interest Free Excise Duty Term Loans aggregating to Rs.3,013.54 lakhs from Bank of India, Canara Bank, HDFC Bank and Indian Overseas Bank. These Loans are secured by:
  - i) Residual charge on the Fixed Assets of the Sugar Units of the Company ranking pari passu with State Bank of India; and
  - ii) Personal Guarantees of Chairman and Vice Chairman & Managing Director.
- b) The amount outstanding under Hypothecation Loans from Banks includes Working Capital facility of Rs.706.96 lakhs (including interest) from Citibank which is secured by:
  - i) First charge by way of hypothecation of finished goods, raw materials, stock in process, stores and spares, book debts of the Company's sugar (except Modakurichi), distillery & soya units ranking pari passu with Bank of India, HDFC Bank and Indian Overseas Bank;
  - ii) Second charge on the immovable & movable assets of the Company's sugar (except Sivaganga & Modakurichi), distillery & soya units; and
  - iii) Personal guarantees of Chairman and Vice Chairman & Managing Director.
- c) The amount outstanding under Hypothecation Loans from Banks includes Working Capital (Packing Credit) facility of Rs.578.92 lakhs (including interest) from Central Bank of India which is secured by:
  - i) Exclusive charge by way of hypothecation of raw sugar in transit from the bonded warehouse from ports, raw and processed sugar at the sugar factories of the company, white sugar in transit for export and documents of title to goods covered under LC/EBN, Packing materials etc.
  - ii) Second Charge on the immovable assets of the company except assets exclusively charged ranking pari passu with the existing member banks of consortium for working capital facility.
  - iii) Personal Guarantee of Vice Chairman & Managing Director.
- d) The amount outstanding under Hypothecation Loans from Banks includes Working Capital (Adhoc Cash Credit Limit) facility of Rs.600 lakhs from Bank of India which is secured by:
  - i) First pari passu charge on stocks and receivables.
  - ii) Second pari passu charge on Block assets to cover Working Capital Fund Based /Non Fund Based Limits (except assets exclusively charged).
  - iii) Personal Guarantee of Vice Chairman & Managing Director.

### **II. FROM OTHERS**

- 1) The amount outstanding under Secured Loans from Others includes Term Loan of Rs.2,531.70 lakhs from Tamilnadu Industrial Investment Corporation Limited (TIIC). This loan is secured by:
  - i) First Charge on the movable and immovable assets of the Company's Cogen Plant-I at Sakthinagar Sugar Unit on pari passu basis with Allahabad Bank;
  - ii) Escrow of the receivable on evacuation of power to Tamil Nadu Electricity Board (TNEB) from the Co-gen plant-I at Sakthinagar;
  - iii) Escrow of receivable on sale of ethanol from the Company's distillery unit at Sakthinagar ;
  - iv) Personal Guarantees of Chairman and Vice-Chairman & Managing Director; and
  - v) Collateral security provided by a promoter company.





- 2) The amount outstanding under Secured Loans from Others includes Corporate Loan of Rs.9.76 lakhs availed by the Company from Housing Development Finance Corporation Ltd (HDFC). This loan is secured by a mortgage of Company's property at New Delhi.
- 3) The amount outstanding under Secured Loans from Others includes Term Loan of Rs.3,614.56 lakhs availed by the Company from Sugar Development Fund (SDF) of Government of India. This loan is secured by exclusive second charge on the assets of sugar and cogen units at Sivaganga unit of the company.
- 4) The amount outstanding under Secured Loans from Others includes Term Loan of Rs.801.86 availed by the Company from Sugar Development Fund (SDF) of Government of India. This loan is secured by exclusive second charge on the assets of sugar and cogen units at Modakuruchi unit of the company.
- 5) The amount outstanding under Hire Purchase Loans aggregating to Rs.76.75 lakhs (total amount payable including future interest is Rs.88.07 lakhs) represents the amount availed by the Company from public limited companies and is secured by hypothecation of the vehicles so financed.

#### C. FOREIGN CURRENCY CONVERTIBLE BONDS

The Company had issued during May 2006, Zero coupon - Foreign Currency Convertible Bonds in two series aggregating to US\$ 60 Million (Series A - US\$ 20 million and Series B - US\$ 40 million). These Bonds are convertible at the option of the holders into fully paid Equity shares at such conversion price as determined in accordance with the Offer Letter, but not less than Rs.177.39 per share. Bonds of value aggregating to US\$24.10 Million have been converted into 54,34,273 fully paid Equity shares at the conversion price of Rs.208 and Rs.190 per share for Series A and Series B respectively. Bonds for value aggregating to US\$ 6.30 Million have been redeemed @40%. As on 31.3.2011, balance outstanding is US\$ 1.0 Million of Series A Bonds and US\$ 28.6 Million of Series B Bonds.

#### D. SEGMENT INFORMATION FOR THE YEAR ENDED 31.03.2011

(Rs. in lakhs)

REVENUE	SUGAR		INDUSTRIAL ALCOHOL		SOYA PRODUCTS		POWER		TOTAL	
	31.03.11	31.12.09	31.03.11	31.12.09	31.03.11	31.12.09	31.03.11	31.12.09	31.03.11	31.12.09
<b>PRIMARY</b>										
External Sales	163591.84	101800.32	20015.31	14106.54	11284.10	7829.11	18893.29	13735.25	213784.54	137471.22
Inter Segment Sales	10670.20	9581.47	2.01	1.10	--	--	9277.10	6355.64	19949.31	15938.21
Operating Income	327.92	1719.36	27.74	19.12	34.84	42.75	0.11	470.38	390.61	2251.61
	174589.96	113101.15	20045.06	14126.76	11318.94	7871.86	28170.50	20561.27	234124.46	155661.04
Segment Result	-9988.73	2778.47	5000.31	4554.04	375.65	249.19	10504.23	9677.86	5891.46	17259.56
Unallocated Corporate Expenses / Income (Net)									161.48	318.91
Operating Profit									5729.98	16940.67
Interest Expenses									18165.43	4614.45
Interest Income									410.26	305.26
<b>Profit from Ordinary activities</b>									-12025.19	12631.48
Foreign Exchange Fluctuation/Derivative transactions (Net)									-769.18	-160.76
<b>Net Profit/Loss before Tax</b>									-12794.37	12470.72
<b>Less: Income tax expenses</b>										
Prior Year Tax									--	65.16
Deferred Tax									-2808.48	2056.92
<b>Net Profit/Loss after Tax</b>									-9985.89	10348.64





**D. SEGMENT INFORMATION FOR THE YEAR ENDED 31.03.2011 (Contd.)**

(Rs. in lakhs)

REVENUE	SUGAR		INDUSTRIAL ALCOHOL		SOYA PRODUCTS		POWER		TOTAL	
	31.03.11	31.12.09	31.03.11	31.12.09	31.03.11	31.12.09	31.03.11	31.12.09	31.03.11	31.12.09
<b>OTHER INFORMATION</b>										
Segment Assets	104756.50	135339.67	13983.81	14782.78	8623.46	8627.81	39027.21	36534.36	166390.98	195284.62
Unallocated Corporate Assets									19028.84	19663.06
<b>Total Assets</b>									185419.82	214947.68
Segment Liabilities									124256.72	132659.64
Deferred Tax Liability(+)/ Asset (-)									-150.95	2657.53
<b>Total Liabilities</b>									124105.77	135317.17
Capital Expenditure	1527.28	1809.16	37.48	69.38	100.89	48.69	1867.82	811.71	3533.47	2738.94
Depreciation	1980.02	1504.43	325.94	259.47	149.13	116.84	1423.39	1144.97	3878.48	3025.71
<b>SECONDARY</b>										
Revenue by Geographical Market India	116451.01	111139.64	20045.06	14126.76	8982.40	6168.04	28170.50	20561.27	173648.97	151995.71
Outside India	58138.95	1961.51	--	--	2336.54	1703.82	--	--	60475.49	3665.33

Inter segment revenues are recognised at a price less than the market price prevailed on the date of transaction.

**E. DEFERRED TAX**

(Rs. in lakhs)

Particulars	2010-11	2009
<b>A- Deferred Tax Liability</b>		
Arising out of depreciation of Fixed Assets (Net)	<b>9703.20</b>	9733.45
Difference in treatment of expenses/income (Net)	<b>8442.13</b>	6254.05
<b>Total</b>	<b>18145.33</b>	15987.50
<b>B- Deferred Tax Asset</b>		
Carried forward losses/Unabsorbed depreciation	<b>18296.28</b>	13329.97
<b>Net Deferred Tax Liability(+)/Assets(-)</b>	<b>-150.95</b>	2657.53

**F.** Borrowing Cost capitalized during the year is Rs. 1,020.88 lakhs (Previous year Rs.630.92 lakhs).

**G.** The Company has pledged 4,38,59,394 equity shares holding in Sakthi Auto Component Limited (SACL), wholly owned subsidiary, to secure the loan and obligation in relation to SACL.



- H.** The closing balances with Non scheduled Banks aggregate to Rs.9.53 lakhs (Previous year Rs.1.50 lakhs) as detailed below:

(Rs. in lakhs)

<b>Name of the Bank</b>	<b>Balance as on 31.03.2011</b>	<b>Maximum Balance during the year 2010-11</b>	<b>Balance as on 31.12.2009</b>	<b>Maximum Balance during the year 2009</b>
Cuttack Gramya Bank, Sajuanpur	0.03	0.03	0.04	0.04
Cuttack Gramya Bank, Dihasahi	2.60	5.58	0.08	0.08
Dhenkanal Gramya Bank, Dhenkanal	0.45	4.21	0.96	0.96
Dhenkanal Gramya Bank, Kabera	1.22	1.67	0.05	0.13
Dhenkanal Gramya Bank, Pingua	0.47	0.82	0.02	0.02
Puri Gramya Bank, Chari Chhak	0.15	1.60	0.10	0.12
Kalinga Gramya Bank, Sundaragram	4.61	4.63	0.25	0.52
<b>Total</b>	<b>9.53</b>		<b>1.50</b>	

**31.03.2011**      **31.12.2009**  
(Rs. In lakhs)

- I.** Advance due from Officers (Senior Executives) of the Company      **73.77**      72.38
- Maximum amount due from officers (Senior Executives) of the Company during the year      **80.12**      78.98

**J. TAX DEDUCTED AT SOURCE**

(Rs. in lakhs)

<b>Particulars</b>	<b>31.03.2011</b>	<b>31.12.2009</b>
i) On Interest Receipts	<b>23.69</b>	32.17
ii) On Other Income	<b>12.17</b>	12.50
<b>Total</b>	<b>35.86</b>	<b>44.67</b>

**K. RELATED PARTIES DISCLOSURE**

**I. RELATED PARTIES**

**A. SUBSIDIARY COMPANIES**

Sakthi Auto Component Limited  
Sakthi Auto Ancillary Private Limited  
Tilan Sugar Limited (since dissolved)

**B. KEY MANAGERIAL PERSONNEL**

Dr N Mahalingam, Chairman  
Dr M Manickam, Vice Chairman and Managing Director  
Sri M Balasubramaniam, Joint Managing Director (Finance)  
Sri M Srinivaasan, Joint Managing Director (Technical)  
Sri V K Swaminathan, Executive Director

**C. RELATIVES OF KEY MANAGERIAL PERSONNEL**

There have been no transactions with relatives of key managerial personnel

**D. ENTERPRISES WHERE CONTROL EXIST**

ABT Limited  
 ABT Industries Limited  
 ABT Info Systems Pvt. Ltd  
 Anamallais Bus Transport Pvt. Ltd  
 Sakthi Finance Limited  
 Sakthi Logistic Services Ltd.  
 Sri Chamundeswari Sugars Limited (SCSL)  
 Nachimuthu Industrial Association

**E. ENTERPRISES IN WHICH KEY MANAGERIAL PERSONNEL/RELATIVES OF KEY MANAGERIAL PERSONNEL HAVE SIGNIFICANT INFLUENCE**

ARC Petroleum Services  
 N.Mahalingam & Company  
 Sakthi Automobiles  
 Sakthi Coffee Estates (P) Ltd

Note: Information has been furnished with respect to individuals/entities with whom/which related party transactions had taken place during the year.

**II. RELATED PARTY TRANSACTIONS**

(Rs. in lakhs)

Particulars	Subsidiary Company	Key Managerial Personnel	Enterprises	Total for the Year 2010-11	Previous Year 2009
Sale of materials	25.82			25.82	1.71
Sale of Power	549.18			549.18	144.95
Purchase of materials	12.22			12.22	13.70
Interest Payments	69.87			69.87	53.82
Commission to Chairman				--	35.01
Remuneration to Vice Chairman & Managing Director		37.16		37.16	65.34
Remuneration to Joint Managing Director - Finance		33.97		33.97	--
Remuneration to Joint Managing Director - Technical		33.97		33.97	--
Remuneration to Executive Director		14.85		14.85	9.78
Sitting Fees		0.40		0.40	0.35
Raw sugar Sales to SCSL			117.36	117.36	533.05
Rent Receipts			16.57	16.57	12.60
Other Receipts			8.47	8.47	3.05
Transport Charges			500.58	500.58	258.01



**II. RELATED PARTY TRANSACTIONS (Contd.)**

(Rs. in lakhs)

Particulars	Subsidiary Company	Key Managerial Personnel	Enterprises	Total for the Year 2010-11	Previous Year 2009
Vehicle Purchase/Maintenance			22.98	22.98	16.73
Purchase of Milk			4.66	4.66	2.96
Management Fee			--	--	237.13
Electricity charges			0.94	0.94	0.52
Purchase of Computer consumables			22.31	22.31	19.08
Courier charges			--	--	0.07
Rent Payments			19.44	19.44	15.60
Interest charges			10.48	10.48	--
Water charges receipts			14.93	14.93	10.75
Technical charges receipts			1.80	1.80	1.44
Purchase of fuel			55.06	55.06	40.43
Advertisement Receipts			5.65	5.65	3.86
Printing Charges			22.18	22.18	16.82
Promoter Contribution			1400.00	1400.00	400.00
				<b>Outstanding Amount 31.03.2011</b>	<b>Outstanding Amount 31.12.2009</b>
Dues from Enterprises				196.59	365.96
Dues to Enterprises				5202.49	4499.88
Dues from Subsidiary Company				13753.31	13619.57
Dues to Subsidiary Company				70.75	501.83
Dues to Key Managerial Personnel				83.25	111.42

**31.03.2011**

**31.12.2009**

(Rs. in lakhs)

- L.** Estimated amount of contracts remaining to be executed on capital account and not provided for :

**1912.53**

**2583.82**

- M.** Particulars of Commission, Remuneration and Perquisites to Managerial personnel

(Rs. in lakhs)

Particulars	31.03.2011	31.12.2009
Salary	<b>82.58</b>	23.40
P.F. Contribution/Superannuation	<b>22.30</b>	2.80
Gratuity	<b>2.57</b>	0.61
Perquisites	<b>12.50</b>	9.60
Commission on Profit	<b>--</b>	73.72
<b>Total</b>	<b>119.95</b>	<b>110.13</b>



**N. FEES PAID/PAYABLE TO AUDITORS**

(Rs. in lakhs)

Particulars	31.03.2011	31.12.2009
As Auditors	18.75	12.00
In other Capacities:		
i) Taxation matters	7.00	5.80
ii) Management Services	8.47	5.23
iii) Consolidated Audit Report	0.85	0.15
iv) Service Tax	2.30	1.63
Total	37.37	24.81

- O.** The company has not received information from vendors regarding their status under The Micro, Small & Medium Enterprises Development Act, 2006 and hence disclosures relating to their outstanding amount and interest have not been made.

**P. EMPLOYEE BENEFITS**

**Gratuity and Provident Fund**

Gratuity, Provident Fund and Employees State Insurance are defined Contribution Plans. The expenses recognised in the Profit and Loss Account :

(Rs. in lakhs)

Particulars	31.03.2011 (15 Months)	31.12.2009 (12 Months)
Gratuity	298.15	44.85
Provident Fund	372.41	261.64
Employees State Insurance	12.80	6.79

**Disclosure report under Accounting Standard-15 (Revised) - Leave Salary**

Type of Plan: Long Term Compensated Absence as per Actuarial valuation

(Rs. in lakhs)

Particulars	31.03.2011	31.12.2009
<b>I PRINCIPAL ACTUARIAL ASSUMPTIONS</b> (Expressed as weighted average)		
Discount Rate	7.50%	7.50%
Salary escalation rate	6.50%	6.50%
Attrition rate	5.00%	5.00%
Expected rate of return on Plan Assets	--	--
<b>II CHANGES IN THE PRESENT VALUE OF THE OBLIGATION</b> (PVO)-RECONCILIATION OF OPENING AND CLOSING BALANCES		
PVO as at the beginning of the period	458.42	439.80
Interest Cost	34.98	30.47
Current Service Cost	46.11	22.92
Past Service cost-(non vested benefits)	--	--



**Disclosure report under Accounting Standard-15 (Revised) - Leave Salary (Contd.)**

(Rs. in lakhs)

<b>Particulars</b>	<b>31.03.2011</b>	<b>31.12.2009</b>
Past service cost-(vested benefits)	--	--
Benefits paid	<b>-42.32</b>	-66.99
Actuarial loss/(gain) on obligation (balancing figure)	<b>-10.86</b>	32.22
PVO as at the end of the period	<b>486.33</b>	458.42
<b>III CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES</b>		
Fair value of plan assets as at the beginning of the period	--	--
Expected return on plan assets	--	--
Contributions	<b>42.32</b>	66.99
Benefits paid	<b>-42.32</b>	-66.99
Actuarial gain/(loss) on obligation (balancing figure)	--	--
Fair value on plan assets as at the end of the period	--	--
<b>IV ACTUAL RETURN ON PLAN ASSETS</b>		
Expected return on plan assets	--	--
Actuarial gain/(loss) on plan assets	--	--
Actual return on plan assets	--	--
<b>V ACTUAL GAIN/ LOSS RECOGNIZED</b>		
Actuarial gain/(loss) for the period-Obligation	<b>10.86</b>	-32.22
Actuarial gain/(loss) for the period-Plan Assets	--	--
Total (gain)/loss for the period	<b>-10.86</b>	32.22
Actuarial (gain)/loss recognized in the period	<b>-10.86</b>	32.22
Unrecognized actuarial (gain)/loss at the end of the year	--	--
<b>VI AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES</b>		
Present value of the obligation	<b>486.33</b>	458.42
Fair value of plan assets	--	--
Difference	<b>486.33</b>	458.42
Unrecognised transitional liability	--	--
Unrecognised past service cost-non vested benefits	--	--
Liability recognized in the balance sheet	<b>486.33</b>	458.42



**Disclosure report under Accounting Standard-15 (Revised) - Leave Salary (Contd.)**

(Rs. in lakhs)

Particulars	31.03.2011	31.12.2009
<b>VII EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS</b>		
Current service cost	<b>46.11</b>	22.92
Interest Cost	<b>34.98</b>	30.47
Expected return on plan assets	--	--
Net actuarial (gain)/loss recognised in the year	<b>-10.86</b>	32.22
Transitional Liability recognised in the year	--	--
Past service cost-non-vested benefits	--	--
Past service cost-vested benefits	--	--
Expenses recognized in the statement of profit and loss	<b>70.23</b>	85.61
<b>VIII MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET</b>		
Opening net liability	<b>458.42</b>	439.80
Expenses as above	<b>70.23</b>	85.61
Contribution paid	<b>-42.32</b>	-66.99
Closing net liability	<b>486.33</b>	458.42
<b>IX AMOUNT FOR THE CURRENT PERIOD</b>		
Present value of obligation	<b>486.33</b>	458.42
Plan Assets	--	--
Surplus/(Deficit)	<b>-486.33</b>	-458.42
<b>X MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)</b>	<b>Nil</b>	Nil

**Q. EARNINGS PER SHARE**

Particulars	2010-11 (15 Months)	2009 (12 Months)
a. Profit After Tax (Rs. in Lakhs)	<b>-9985.89</b>	10348.64
b. Less: Preference Dividend (Rs. in Lakhs)	--	--
c. Total (Rs. in Lakhs)	<b>-9985.89</b>	10348.64
d. The weighted average no. of Equity Shares	<b>36712863</b>	31727168
e. The nominal value per Equity Share (Rs.)	<b>10</b>	10
f. Earnings per Share - Basic (Rs.)	<b>-27.20</b>	32.62
<b>Diluted Earning per Share</b>		
a. Profit After Tax (Rs. in Lakhs)	<b>-9985.89</b>	10348.64
b. The weighted average no. of Equity Shares	<b>39819389</b>	34111730
c. Earnings per Share - Diluted (Rs.)	<b>-25.08</b>	30.34



**R. DISCLOSURE AS REQUIRED UNDER CLAUSE 32 OF THE LISTING AGREEMENT**

Amount of loans / advances in the nature of loans outstanding from Subsidiaries and Associates during 2010-11

(Rs. in lakhs)

Name of the Company	Outstanding as on 31.03.2011	Maximum amount Outstanding during the year	Investment in the share of the company No. of Shares	Investment in the share of the subsidiaries of the company No. of Shares
<b>Subsidiary</b>				
Sakthi Auto Component Limited	13753.31 Dr.	14514.16	--	43860000

**S. DISCLOSURE PURSUANT TO AS-28 ON 'IMPAIRMENT OF ASSETS'**

During the year, review has been done for carrying value of the assets for finding out the impairment, if any. The review has not revealed any impairment of assets in terms of AS-28.

**T. CONTINGENT LIABILITIES IN RESPECT OF**

(Rs. in lakhs)

Particulars	31.03.2011	31.12.2009
Income tax matters	<b>394.68</b>	1168.05
Purchase tax/sales tax matters	<b>2691.80</b>	2205.45
Excise/service tax matters	<b>3293.16</b>	3487.73
Water tax	<b>822.40</b>	662.34
Claims against the company not acknowledged as debts	<b>827.81</b>	1208.70
Note: Above matters are subject to legal proceedings in the ordinary course of business. The legal proceedings when ultimately concluded will not, in the opinion of the management, have a material effect on the results of the operations or financial position of the company.		
Guarantees issued by bankers	<b>29.01</b>	28.01
Corporate guarantee given for loans to subsidiaries		
a. Guarantee amount	<b>43381.88</b>	53945.30
b. Outstanding amount	<b>37469.98</b>	44299.33
Export obligation:		
Obligation for export of sugar (in lakh Mts)	--	1.67
Duty component to be paid in case of non fulfillment of obligation	--	15524.92

**U.** Wherever necessary, figures for previous year have been regrouped or reclassified to conform to this year's grouping or classification.

**V.** Previous year's figures are not comparable with the current year figures as the current year is for a period of 15 months whereas previous year's figures were for a period of 12 months.





**SCHEDULE - 24**

**ADDITIONAL INFORMATION PURSUANT TO PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956**

PRODUCT	UNITS	LICENSED CAPACITY		INSTALLED CAPACITY	
		31.03.2011	31.12.2009	31.03.2011	31.12.2009
Sugar - Unit at Sakthinagar	Tonnes of Cane Crush / Day	Not applicable	Not applicable	9000	9000
Sugar - Unit at Sivaganga	Tonnes of Cane Crush / Day			4000	4000
Sugar - Unit at Haripur	Tonnes of Cane Crush / Day			2500	2500
Sugar - Unit at Modakurichi	Tonnes of Cane Crush / Day			3500	3500
Industrial Alcohol - Sakthinagar Unit	Kilo Litres per annum			36000	36000
Industrial Alcohol - Haripur Unit	Kilo Litres per annum			10000	10000
Co- Generation unit at Sakthinagar	MW			32	32
Co- Generation unit at Sivaganga	MW			35	35
Co- Generation unit at Modakurichi	MW			25	25
PVC Corrugated Rings	Tonnes per annum			800	800
Soyabean	Tonnes per annum			90000	90000

**RAW MATERIALS, STORES AND SPARES CONSUMED**

(Rs. in lakhs)

Particulars	Purchase Value	Consumed Value	% of Total Consumption
1) Raw Materials			
a) Imported	89218.02 (60559.83)	92299.76 (57299.31)	57.83 (55.32)
b) Indigenous		67318.02 (46269.44)	42.17 (44.68)
2) Spares and Components			
a) Imported C.I.F.		4.75 (13.47)	0.10 (0.37)
b) Indigenous		4587.66 (3643.77)	99.90 (99.63)
3) Value of Imports on C.I.F. basis			
a) Stores and Components	22.51 (5.11)		
b) Capital Goods	11.20 (3.04)		
4) Earnings in Foreign Exchange			
a) FOB Value of Exports	54271.12 (1659.09)		
b) Consultancy Charges	-- (27.98)		
5) Expenditure in Foreign Exchange			
a) Subscription	0.50 (0.83)		
b) FCCB Redemption	1127.45 (--)		
c) Commission Others	8.51 (--)		
d) Travelling	8.84 (3.91)		
e) Professional Charges & Others	2.90 (88.93)		



**STATISTICAL PARTICULARS FOR THE YEAR ENDED 31.03.2011**

Sl. No.	Products and units	Opening Stock	Production	Purchases/ Transfer	Consumption	Value of Consumption (Rs.in lakhs)	Sales/ Transfer (Rs. in Lakhs)	Sales/Transfer Value	Closing Stock
<b>RAW MATERIALS</b>									
1	Sugarcane	-	-	2356303.425	2356303.425	47110.82	-	-	-
	Tonnes	(-)	(-)	(2045681.285)	(2045681.285)	(35580.63)	(-)	(-)	(-)
2	Raw Sugar	13109.842	-	324243.055	336538.409	100988.04	814.488	180.30	-
	Tonnes	(-)	(-)	(286922.287)	(271061.923)	(60769.41)	(2750.522)	(522.60)	(13109.842)
3	Molasses	26307.001	149097.670	206483.578	205816.005	11720.38	159880.178	9099.56	16192.066
	Tonnes	(6074.092)	(144010.043)	(141542.330)	(136344.079)	(8444.77)	(128975.385)	(7946.08)	(26307.001)
4	Newsprint/Maplitho/ Glazed paper (Reams)	303.272	-	3211.240	3421.000	25.92	-	-	94.032
		(95.032)	(-)	(2948.000)	(2739.240)	(19.65)	(-)	(-)	(303.272)
5	Soyabean	9024.768	-	32418.837	27995.332	6868.72	85.850	25.50	13362.423
	Tonnes	(6528.458)	(-)	(27053.236)	(24496.819)	(5841.41)	(60.107)	(17.67)	(9024.768)
6	Soya Flour/Flakes	209.705	-	7831.630	7491.809	1939.76	-	-	549.526
	Tonnes	(71.200)	(-)	(3480.355)	(3341.850)	(917.46)	(-)	(-)	(209.705)
<b>FINISHED PRODUCTS</b>									
1	Sugar (Bagged)	182648	5369730	-	-	-	5379967	165072.97	172411
	Quintals	(3689)	(4272880)	(-)	(-)	(-)	(4093921)	(103663.27)	(182648)
2	Industrial Alcohol	4947149	57682965	-	-	-	57921786	19902.40	4708328
	Litres	(1170450)	(41053954)	(-)	(-)	(-)	(37277255)	(13933.62)	(4947149)
3	Ethanol	5334	-	-	-	-	-	-	5334
	Litres	(5334)	(-)	(-)	(-)	(-)	(-)	(-)	(5334)
4	Bio Earth	482.565	47850.000	-	-	-	47681.235	133.37	651.330
	Tonnes	(599.275)	(53650.000)	(-)	(-)	(-)	(53766.710)	(171.99)	(482.565)
5	Soya Products:-								
a)	Soya Oil	502.068	4691.646	-	-	-	5024.843	2512.61	168.871
	Tonnes	(250.105)	(4303.808)	(-)	(-)	(-)	(4051.845)	(1786.11)	(502.068)
b)	Soya Meal	290.619	3269.805	-	-	-	3469.355	933.51	91.069
	Tonnes	(-)	(3108.109)	(-)	(-)	(-)	(2817.490)	(712.12)	(290.619)
c)	Flour and Flakes	1182.564	4966.674	-	-	-	5422.187	1378.21	727.051
	Tonnes	(480.954)	(6686.418)	(-)	(-)	(-)	(5984.808)	(1597.78)	(1182.564)
d)	Soya Chunks	347.066	19077.518	-	-	-	18902.532	6592.08	522.052
	Tonnes	(307.375)	(10973.548)	(-)	(-)	(-)	(10933.857)	(4007.38)	(347.066)
e)	Soap,Gums and Waste Oil & Others	88.500	1801.094	-	-	-	1839.384	206.86	50.210
	Tonnes	(24.057)	(1378.719)	(-)	(-)	(-)	(1314.276)	(134.21)	(88.500)
<b>OTHERS</b>									
1	Magazines	10781	246000	-	-	-	255009	14.84	1772
	No.of copies Printed	(2879)	(184000)	(-)	(-)	(-)	(176098)	(13.09)	(10781)
2	Fertilizers	972.175	-	10608.000	-	-	10474.525	848.79	1105.650
	Tonnes	(531.965)	(-)	(5157.700)	(-)	(-)	(4717.490)	(437.49)	(972.175)
3	Bagasse	832.763	667699.915	-	123183.307	-	542161.959*	1983.57	3187.412
	Tonnes	(1022.338)	(582885.567)	(-)	(62850.894)	(-)	(520224.248)	(1999.80)	(832.763)
4	Press Mud	-	82694.335	-	-	-	82694.335	3.14	-
	Tonnes	(-)	(81334.970)	(-)	(-)	(-)	(81334.970)	(1.70)	(-)
5	Power	-	564005987	-	54730177\$	-	509275810	22563.34	-
	Units	(-)	(409444074)	(-)	(41764126)	(-)	(367679948)	(16357.60)	(-)

**Note :**

1. Industrial Alcohol Storage/conversion loss - Litres 22353 (9756)
2. Process stock Molasses - Opening Stock - Tonnes 505.000 (480.000)  
- Closing Stock - Tonnes 443.000 (505.000)
3. Sales/Transfer Value Includes the value of Captive Consumption.  
\* Includes Bagasse supplied to TNPL in exchange of coal and own consumption in Co-generation.  
\$ Own consumption in the Co-Generation unit.  
Figures in brackets are that of the previous year.



## BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No	000396	State Code	18
Balance Sheet Date	31032011		

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

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement (FCCB Conversion)	19737

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

#### SOURCES OF FUNDS

Total Liabilities	19961120	Total Assets	19961120
Paid up Capital	368073	Reserve & Surplus	6638099
Secured Loans	11114173	Unsecured Loans	519135
Foreign Currency Convertible Bonds	1321640		

#### APPLICATION OF FUNDS

Net Fixed Assets	12835159	Intangible Assets	2467852
Investments	1648368	Deferred Tax Asset	15095
Net Current Assets	2119974	Misc. Expenditure	874672
Accumulated Losses	Nil		

### IV. Performance of the Company (Amount in Rs. Thousands)

Turnover	21378454	Total Expenditure	22354356
Profit before tax	-1279437	Profit After Tax	-998589
Earnings per share	-27.20	Dividend Rate %	-

### V. Generic Names of Three Principal Products / Service of the Company (as per Monetary Terms)

Item Code No. (ITC Code)	17.01	Product Description	SUGAR
Item Code No. (ITC Code)	22.07	Product Description	INDUSTRIAL ALCOHOL
Item Code No. (ITC Code)	NA	Product Description	POWER



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011

(Rs. in lakhs)

Particulars	2010-11		2009	
<b>A. Cash Flow from Operating Activities</b>				
Profit before tax		(12,025.19)		12,631.48
Depreciation	3,878.48		3,025.71	
Interest	18,165.43		4,614.45	
Miscellaneous Expenses & Other exp.written off	301.29		263.59	
Intangible Asset Written off	3,994.91		2,325.14	
Loss on Sale of Assets	7.18		2.00	
Loss on Sale of Investments	250.00		-	
Investment Income :				
Dividend	(3.34)		(3.16)	
Interest	(410.26)		(305.26)	
Profit on Sale of Assets	(0.26)		(2.20)	
		<b>26,183.43</b>		9,920.27
Operating Profit Before Working Capital changes		<b>14,158.24</b>		22,551.75
Adjustment for:				
Inventories	4,665.58		(14,437.96)	
Debtors	(7,004.96)		(3,216.00)	
Other Current Assets	892.85		(995.96)	
Loans and Advances	8,958.70		5,009.05	
Liabilities	3,376.65		2,162.04	
Expenses relating to Prior Years	-		1.15	
Intangible Assets	(8,481.00)		(1,923.01)	
Misc. Expenditure Paid	-		(27.91)	
		<b>2,407.82</b>		(13,428.60)
Net Cash from Operating Activities after extraordinary items		<b>16,566.06</b>		9,123.15
Foreign Exchange Fluctuation (net)		(55.43)		10.85
Income tax paid		(483.00)		(1,061.09)
Net Cash From Operating Activities		<b>16,027.63</b>		8,072.91
<b>B.Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets	(3,533.49)		(1,995.13)	
Sale of Fixed Assets	71.83		37.70	
Investment Income	413.60		308.42	
Advance to Subsidiary	(133.74)		(2,440.47)	
Sale / Purchase of Investment	-		5.00	
Net Cash used in Investing Activities		<b>(3,181.80)</b>		(4,084.48)
<b>C.Cash Flow from Financing Activities</b>				
Interest paid	(10,952.92)		(6,724.89)	
Derivative Transactions (net)	(1,519.47)		(1,509.28)	
Redemption of FCCB	(1,127.45)		-	
Receipts from long term / short term borrowings	(81.02)		4,086.66	
Net Cash used in Financing Activities		<b>(13,680.86)</b>		(4,147.51)
Net increase in Cash & Cash Equivalents		<b>(835.03)</b>		(159.08)
Cash & Cash Equivalents at the beginning of the period		<b>4,064.35</b>		4,223.43
Cash & Cash Equivalents at the end of the period		<b>3,229.32</b>		4,064.35

Vide our report annexed  
For P N RAGHAVENDRA RAO & Co  
Chartered Accountants  
Firm Registration No. 003328S

P R VITTEL  
Partner  
M. No. 018111

N MAHALINGAM  
Chairman

M MANICKAM  
Vice Chairman & Managing Director

Coimbatore  
30th May 2011

M BALASUBRAMANIAM  
Joint Managing Director - Finance

S BASKAR  
Senior Vice President - Finance &  
Company Secretary



## COMPANY'S PERFORMANCE AT A GLANCE

YEAR	SUGARCANE CRUSHED (TONNES)	SUGAR PRODUCED (TONNES)	RECOVERY %	TURNOVER (Rs. in lakhs)	PROFIT BEFORE DEPRN (Rs. in lakhs)	DEPRN (Rs. in lakhs)	PROFIT AFTER DEPRN (Rs. in lakhs)	EQUITY DIVIDEND (%)	GROSS BLOCK (Rs. in lakhs)
1966	332794	28741	8.64	328.24	18.47	11.63	6.84	6	180.66
1967	202641	16750	8.27	346.44	3.08	12.78	-9.70	--	181.33
1968	195997	17614	8.99	346.60	74.97	14.90	60.07	12	173.51
1969	332822	27955	8.40	520.65	31.09	13.74	17.35	12	179.75
1970	460457	38704	8.41	536.07	10.30	15.23	-4.93	6	312.82
1971	434862	40159	9.23	692.62	55.05	20.04	35.01	12	345.52
1972	526103	50063	9.52	1112.43	135.34	29.89	104.45	15	466.18
1973	687892	59691	8.72	1358.41	67.83	34.66	33.17	15	567.55
1974	813430	67776	8.33	1779.28	72.04	46.99	25.05	12	958.57
1975	1002544	84494	8.43	2324.35	128.52	65.61	62.91	--	1014.43
1976	311774	28025	8.98	1395.33	19.20	64.00	-44.80	--	1026.49
1977	298725	22692	7.60	653.64	-98.96	0.00	-98.96	--	1020.98
1978	366487	33883	9.25	706.32	-27.36	0.00	-27.36	--	1021.26
1979	767844	64299	8.37	1201.64	52.40	0.00	52.40	--	1037.86
1980	624399	54680	8.76	2323.30	303.52	58.24	245.28	12	1068.08
1981	648514	57236	8.83	2400.96	138.32	67.22	71.10	17.5	1207.00
1982▲	1121964	104305	9.30	3861.03	322.10	99.89	222.21	20	1396.35
1983	803716	79295	9.87	3371.42	248.52	194.78	53.74	15	1846.66
1984	336704	34375	10.12	3063.41	109.28	108.20	1.08	15	2024.62
1985	697491	70103	10.05	3211.28	297.71	128.91	168.80	16	2122.82
1986	704626	72150	10.24	3739.00	211.46	116.05	95.41	15	2229.53
1987	496762	48791	9.82	3647.90	173.62	150.86	22.76	--	2443.58
1989●	934601	96145	10.28	5087.15	849.45	249.08	600.37	30	4530.72
1990	1122219	108421	9.66	8762.84	989.65	377.09	612.56	20	6101.95
1991	1130173	107984	9.55	7474.44	801.55	394.37	407.18	20	6617.61
1992	1091843	103723	9.50	11200.64	1010.49	409.11	601.38	20	8540.39
1993	1115158	107158	9.61	11547.77	1027.03	411.07	615.96	20	11387.44
1994	956993	89163	9.36	18109.42	1521.21	489.38	1031.83	24	17649.21
1995	1724621	159199	9.28	21701.32	1859.60	782.45	1077.15	24	18638.23
1996	2345289	211267	9.00	33568.19	2953.13	857.58	2095.55	24	26042.75
1997	2106840	191940	9.11	33442.13	2022.05	1019.11	1002.94	20	30242.48
1998	1569438	143991	9.21	36753.07	2478.28	1414.47	1063.81	--	32548.89
1999▲	2607462	246609	9.43	40788.52	2298.23	1860.97	437.26	--	35155.94
2000	2161594	212600	9.86	36393.04	2102.55	1485.66	616.89	--	28394.91
2001	2316874	233278	10.04	45197.53	1596.80	1272.83	323.97	--	29463.22
2002	1914453	193302	10.04	45022.47	1791.99	1309.48	482.51	--	30771.78
2003	1472547	192505 ■	9.80	32221.35	-3968.28	1347.49	-5315.77	--	61006.09 ★
2004	499480	124559 ■	10.15	30313.24	-3339.32	948.67	-4287.99	--	56054.15
2005	847934	257611 ■	9.30	63942.19	3972.94	1158.49	2814.45	--	56273.16
2006	2746916	347702 ■	9.52	89601.78	10835.71	1218.85	9616.86	15	60637.41
2007	3477203	336996 ■	9.56	76651.73	4358.84	1340.87	3017.97	15	91376.04
2008●	4416309	400678	9.07	103847.83	-4419.38	4294.29	-8713.67	--	136053.62 *
2009	2045681	427288 ■	9.22	140435.07	15496.43	3025.71	12470.72	--	138730.83
2011▲	2356303	536973 ■	9.47	216394.71	-8915.89	3878.48	-12794.37	--	142173.20

▲ 15 months period

● 18 months period

■ Includes sugar produced out of Raw Sugar

★ Including increase in value on account of revaluation of fixed assets Rs. 30045.71 lakhs

\* Including increase in value on account of revaluation of fixed assets Rs. 38696.60 lakhs



**STATEMENT OF INFORMATION OF SUBSIDIARY COMPANIES**

(Rs. in lakhs)

Name of the Subsidiary Company	Sakthi Auto Component Ltd	Sakthi Auto Ancillary Pvt. Ltd	Orlando BV	Sakthi Netherlands BV	Sakthi European Foreign Sales Corp. BV	Sakthi Holdings BV	Sakthi Services GmbH	Sakthi Portugal SA
	a	b	c	d	e	f	g	h
Financial Year ended	31.03.2011	31.03.2011	31.12.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2010
Share Capital	24,631.00	359.13	11.38	18.66	11.51	11.38	17.07	4,133.02
Reserves	16,664.37	671.80	18,613.93	60,536.37	60,666.40	36,212.42	14,568.62	9,164.93
Total Assets	87,748.35	4,997.53	45,593.55	72,023.47	60,734.74	42,020.93	14,712.28	43,668.40
Total Liabilities	46,452.98	3,966.60	26,968.24	11,468.44	56.84	5,797.13	126.59	30,370.45
Details of Investments (except investment in subsidiaries)	1.02	--	--	--	--	--	--	56.92
Turnover	46,321.70	7,518.49	--	--	--	--	--	40,897.45
Profit before taxation	2,331.83	181.72	(2,043.39)	(113.33)	(12.26)	(14.09)	90.75	670.15
Provision for taxation	201.33	45.59	--	--	--	--	--	(173.28)
Profit after taxation	2,130.50	136.13	(2,043.39)	(113.33)	(12.26)	(14.09)	90.75	496.87
Proposed dividend	--	--	--	--	--	--	--	--

Note: In respect of subsidiaries under c to h, the financial statements are translated at the exchange rate as on 31.03.2011 i.e. EUR 1 = Rs 63.24



## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF SAKTHI SUGARS LIMITED.

We have audited the attached Consolidated Balance Sheet of Sakthi Sugars Limited and its subsidiaries as at 31<sup>st</sup> March 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for fifteen months ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We did not audit the financial statements of seven of the subsidiaries viz Sakthi Auto Ancillery P Ltd, Sakthi Portugal SA, Orlandofin BV, Sakthi Netherlands BV, Sakthi European Foreign Sales Corporation BV, Sakthi Holding BV and Sakthi Service GmbH whose financial statements reflect total assets of Rs.729.11 Crores as at 31<sup>st</sup> March 2011 with respect to Sakthi Auto Ancillery P Ltd and 31<sup>st</sup> December, 2010 with respect to other companies, total revenue of Rs. 503.84 Crores and net cash flow of Rs. 0.0092 Crore for the period then ended.

With respect to two of the subsidiaries viz Sakthi Auto Ancillery P Ltd and Sakthi Portugal the financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors. With respect to five of the subsidiaries viz Orlandofin BV, Sakthi Netherlands BV, Sakthi European Foreign Sales Corporation BV, Sakthi Holding BV and Sakthi Service GmbH, the financials are unaudited as the respective country's statute does not require audit of these entities and we have relied upon the management certificate of these entities.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

Based on our audit and on consolidation of reports of the other auditors on separate financial statements and on the other financial information of the subsidiary companies and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India; subject to the following observations:

### **In Sakthi Sugars Ltd:**

*In our opinion, the Funded Interest under CDR scheme amount to Rs. 80.81 Crores requires to be written off and the loss of the company is understated to that extent.*

### **In Sakthi Auto Component Limited :**

- i. *The Company does not have under its employment a qualified company secretary as required under Section 383A of The Companies Act, 1956;*



## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENT

- ii. *Interim dividend amounting to Rs.3,081.55 lakhs paid in the year ended 31.12.2008 in contravention of Section 205 of the Companies Act 1956 has not yet been recovered from the recipients.*
- iii. *In Orlandofin BV Netherlands, a wholly owned subsidiary, an Investment of Rs.29,494.02 lakhs has been made and loan of Rs.983.67 lakhs has been provided. Considering bankruptcy of some of the step down subsidiaries and erosion of net worth, in our view, there is diminution in the value of the investments, the quantum of which we are unable to determine. No provision has been made for diminution in the value of investments as per Accounting Standard 13.*

Subject to the above we are of the opinion that the consolidated financial statements give a true and fair view in conformity with accounting principles generally accepted in India:

- i) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Sakthi Sugars Limited and its subsidiaries as at 31.03.2011,
- ii) In the case of the Consolidated Profit and Loss account, the consolidated LOSS of Sakthi Sugars Limited and its subsidiaries for the period ended on that date and
- iii) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Sakthi Sugars Limited and its subsidiaries for the period ended on that date.

For P.N. RAGHAVENDRA RAO & Co.  
Chartered Accountants  
Firm Registration No. 003328S

Coimbatore  
30<sup>th</sup> May 2011

P.R.VITTEL  
Partner  
M.No.018111





## CONSOLIDATED BALANCE SHEET AS AT 31.03.2011

(Rs. in lakhs)

	Schedule No.	As at 31.03.2011	As at 31.12.2009
<b>I. SOURCES OF FUNDS</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	1	21,925.73	21,728.36
(b) Reserves and Surplus	2	72,336.98	84,779.40
		<b>94,262.71</b>	<b>106,507.76</b>
<b>(2) MINORITY INTEREST</b>		<b>373.51</b>	<b>307.93</b>
<b>(3) LOAN FUNDS</b>			
(a) Secured loans	3	161,621.83	158,037.60
(b) Unsecured loans	4	20,520.44	22,336.05
(c) Foreign Currency Convertible Bonds		13,216.40	20,819.28
		<b>195,358.67</b>	<b>201,192.93</b>
<b>(4) DEFERRED TAX LIABILITY</b> (Refer Note 'G' in Schedule 23)		<b>198.44</b>	<b>1,092.13</b>
<b>TOTAL of 1 to 4</b>		<b>290,193.33</b>	<b>309,100.75</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>(1) FIXED ASSETS</b>			
Gross Block		194,093.45	190,067.04
Less : Depreciation		22,351.57	12,517.73
		<b>171,741.88</b>	<b>177,549.31</b>
Add : Capital Work in Progress		14,746.46	12,590.06
Net Block	5	<b>186,488.34</b>	<b>190,139.37</b>
<b>INTANGIBLE ASSETS</b>	5A	<b>27,295.87</b>	<b>23,254.43</b>
<b>(2) INVESTMENTS</b>	6	<b>43,405.86</b>	<b>45,641.53</b>
<b>(3) (i) CURRENT ASSETS, LOANS AND ADVANCES</b>			
(a) Inventories	7	32,211.34	34,510.42
(b) Sundry Debtors	8	24,678.93	16,305.02
(c) Cash and Bank balances	9	5,858.81	6,108.75
(d) Other Current Assets	10	5,331.75	3,603.59
(e) Loans and Advances	11	23,726.11	31,843.84
		<b>91,806.94</b>	<b>92,371.62</b>
Less :			
<b>(ii) CURRENT LIABILITIES AND PROVISIONS</b>	12	<b>67,648.83</b>	<b>56,177.07</b>
Net Current Assets (i) - (ii)		<b>24,158.12</b>	<b>36,194.55</b>
<b>(4) MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)	13	<b>8,845.14</b>	<b>13,870.87</b>
<b>TOTAL of 1 to 4</b>		<b>290,193.33</b>	<b>309,100.75</b>

Schedules 1 to 13 and Notes in Schedule 23 form part of this Balance Sheet.

Vide our report annexed  
For P N RAGHAVENDRA RAO & Co  
Chartered Accountants  
Firm Registration No. 003328S

P R VITTEL  
Partner  
M. No. 018111

N MAHALINGAM  
Chairman

M MANICKAM  
Vice Chairman & Managing Director

Coimbatore  
30th May 2011

M BALASUBRAMANIAM  
Joint Managing Director - Finance

S BASKAR  
Senior Vice President - Finance &  
Company Secretary



## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

(Rs. in lakhs)

	Schedule No.	Year Ended 31.03.2011 (15 Months)	Year Ended 31.12.2009 (12 Months)
<b>I. INCOME</b>			
Sales	14	312,907.35	205,138.41
Less: Excise duty		7,580.07	5,356.35
		305,327.28	199,782.06
Dividend		3.46	3.31
Interest Gross (Refer Note 'L' in Schedule 23)		655.08	887.72
Other income	15	1,927.94	4,221.45
Stock adjustment	16	(1,436.81)	8,031.55
		306,476.95	212,926.09
<b>II. EXPENDITURE</b>			
<b>Cost of Goods Consumed / Sold</b>	17		
Opening stock		10,534.96	5,966.06
Add : Purchases		191,248.55	129,421.36
		201,783.51	135,387.42
Less: Closing stock		8,998.72	10,529.06
		192,784.79	124,858.36
Manufacturing expenses	18	57,216.13	38,351.45
Excise Duty on stock adjustments		78.57	(32.34)
Salaries, wages and other employee benefits	19	16,677.54	13,840.99
Interest charges	20	23,341.31	10,135.87
Selling expenses	21	7,111.52	2,727.33
Any other expenses	22	7,410.71	9,421.28
Intangible Asset Written off		5,348.09	2,606.44
Depreciation		10,811.60	
Less: Transfer to Revaluation Reserve		3,294.45	7,517.15
		317,485.81	208,816.05
<b>Net Profit/(Loss) before Foreign Exchange Fluctuation/Derivative Transactions(Net)</b>		(11,008.86)	4,110.04
Foreign Exchange Flutuation/Derivative Transactions (Net)		(694.13)	(33.72)
<b>III. NET PROFIT/(LOSS) BEFORE TAX</b>		(11,702.99)	4,076.32



## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

(Rs. in lakhs)

	Year Ended 31.03.2011 (15 Months)	Year Ended 31.12.2009 (12 Months)
<b>Less: Income tax Expenses</b>		
Current Tax	591.03	
MAT Credit Entitlement	(532.50) 58.53	21.44
Prior year Tax	--	65.16
Deferred Tax	(2,446.81)	1,292.46
<b>IV. NET PROFIT AFTER TAX before adjustment of Minority Interest</b>	<b>(9,314.71)</b>	<b>2,697.26</b>
Less: Minority Interest	65.58	46.60
<b>V. NET PROFIT AFTER TAX after adjustment of Minority Interest</b>	<b>(9,380.29)</b>	<b>2,650.66</b>
Add:		
Surplus from previous year	(9,792.74)	(7,808.90)
Excess provision withdrawn	--	12.50
Reversal of Provision for Diminution in Value of Investments	--	2.00
Transferred from General Reserve	3,769.81	--
Debenture Redemption Reserve withdrawn	494.29	--
	<b>(14,908.93)</b>	<b>(5,143.74)</b>
<b>APPROPRIATIONS</b>		
Transfer to General Reserve	--	4,000.00
Transfer to Pref.Share Redemption Reserve	19.00	19.00
Transfer to Debenture Redemption Reserve	532.43	630.00
Surplus/Deficit carried over	<b>(15,460.36)</b>	<b>(9,792.74)</b>

Schedules 14 to 22 and Notes in Schedule 23 form part of this Profit and Loss account.

Vide our report annexed  
For P N RAGHAVENDRA RAO & Co  
Chartered Accountants  
Firm Registration No. 003328S

P R VITTEL  
Partner  
M. No. 018111

N MAHALINGAM  
Chairman

M MANICKAM  
Vice Chairman & Managing Director

Coimbatore  
30th May 2011

M BALASUBRAMANIAM  
Joint Managing Director - Finance

S BASKAR  
Senior Vice President - Finance &  
Company Secretary



## CONSOLIDATED SCHEDULES

(Rs. in lakhs)

	As at 31.03.2011	As at 31.12.2009
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
5,00,00,000 Equity Shares of Rs.10 each	5,000.00	5,000.00
50,00,000 Redeemable Cumulative Preference Shares of Rs.100 each	5,000.00	5,000.00
	<b>10,000.00</b>	<b>10,000.00</b>
<b>ISSUED</b>		
3,69,24,008 Equity Shares of Rs.10 each fully paid up (Previous year 3,49,50,304 Nos)	3,692.40	3,495.03
<b>SUBSCRIBED AND PAIDUP</b>		
3,68,07,339 Equity Shares of Rs.10 each fully paid up (Previous year 3,48,33,635 Nos)	3,680.73	3,483.36
<b>Issued by Subsidiary Company</b>		
60,82,500 Series A 15% Participatory Cumulative optionally Convertible Preference Shares of Rs. 100 each	6,082.50	6,082.50
1,01,37,500 Series B 15% participatory Cumulative optionally Convertible Preference Shares of Rs. 100 each	10,137.50	10,137.50
12,15,000 Series I 15% Participatory Cumulative Convertible Preference Shares of Rs. 100 each	1,215.00	1,215.00
8,10,000 Series II 15% Participatory Cumulative Convertible Preference Shares of Rs.100 each	810.00	810.00
<b>TOTAL</b>	<b>21,925.73</b>	<b>21,728.36</b>
<b>SCHEDULE - 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
Balance as per last Balance Sheet	11,969.12	13,077.57
<b>REVALUATION RESERVE</b>		
Balance as per last Balance Sheet	58,911.28	61,790.50
Less: Depreciation on Revalued Assets (Transfer from Profit and Loss account)	3,294.45	2,641.73
Less: Withdrawn on Sale of Assets	2.43	3.75
	<b>55,614.40</b>	<b>59,145.02</b>
<b>CAPITAL REDEMPTION RESERVE</b>		
Balance as per last Balance Sheet	2,512.27	2,512.27



## CONSOLIDATED SCHEDULES

(Rs. in lakhs)

	As at 31.03.2011	As at 31.12.2009
<b>SCHEDULE - 2 (Contd.)</b>		
<b>SECURITY PREMIUM ACCOUNT</b>		
Balance as per last Balance Sheet	10,481.70	3,914.70
Add: Received during the year	3,708.07	6,567.00
	<b>14,189.77</b>	<b>10,481.70</b>
<b>SUBSIDY FROM GOVERNMENT</b>		
Balance as per last Balance Sheet	44.23	44.23
<b>DEBENTURE REDEMPTION RESERVE</b>		
Balance as per last Balance Sheet	1,046.00	416.00
Add: Transfer from Profit & Loss Account	532.43	630.00
	<b>1,578.43</b>	<b>1,046.00</b>
Less: Debenture Redemption Reserve withdrawn	494.29	--
	<b>1,084.14</b>	<b>1,046.00</b>
<b>GENERAL RESERVE</b>		
Balance as per last Balance Sheet	5,268.07	1,268.07
Add: Amount transferred from Profit & Loss Account	--	4,000.00
	<b>5,268.07</b>	<b>5,268.07</b>
Less: Transferred to Profit and Loss account	3,769.81	--
	<b>1,498.26</b>	<b>5,268.07</b>
<b>PREFERENCE SHARES REDEMPTION RESERVE</b>		
Balance as per last Balance Sheet	38.00	19.00
Add: Transfer from Profit & Loss Account	19.00	19.00
	<b>57.00</b>	<b>38.00</b>
<b>FOREIGN EXCHANGE FLUCTUATION RESERVE</b>		
On account of Investment/Advances - Orlandofin BV	828.14	2,959.28
<b>SURPLUS</b>		
Balance in Profit and Loss Account	(15,460.36)	(9,792.74)
<b>TOTAL</b>	<b>72,336.98</b>	<b>84,779.40</b>



## CONSOLIDATED SCHEDULES

(Rs. in lakhs)

	As at 31.03.2011	As at 31.12.2009
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
<b>A. DEBENTURES</b>		
Secured Redeemable Non-convertible Debentures	4,116.84	4,180.32
Interest accrued and due on the above	6.41	33.93
	<b>4,123.25</b>	<b>4,214.25</b>
<b>B. LOANS AND ADVANCES</b>		
<b>FROM BANKS</b>		
a) Term Loans	129,069.39	134,628.98
Interest accrued and due on the above	3,433.73	1,455.61
b) Hypothecation Loans for working capital	7,636.07	6,049.83
Interest accrued and due on the above	25.42	52.55
c) Bills Discounted/Letter of Credit/Overdraft from Banks	5,526.99	3,538.10
Interest accrued and due on the above	12.22	4.34
	<b>145,703.82</b>	<b>145,729.41</b>
<b>FROM OTHERS</b>		
Term Loans	11,556.29	7,928.76
Interest accrued and due on the above	103.73	62.23
Hire Purchase/Mortgage Loans from Limited companies	134.58	102.89
Interest accrued and due on the above	0.16	0.06
	<b>11,794.76</b>	<b>8,093.94</b>
<b>TOTAL</b>	<b>161,621.83</b>	<b>158,037.60</b>
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
Fixed Deposits	--	264.99
Interest accrued and due on the above	--	0.12
<b>Short Term Loans and Advances</b>		
From Banks	6,126.36	9,063.21
From Others	4,262.08	5,553.13
Interest accrued and due on the above	--	11.15
<b>Other Loans and Advances</b>		
From Banks	1,512.18	1,775.47
Interest accrued and due on the above	5.04	5.13
From Body Corporate/Others	8,614.78	5,662.85
<b>TOTAL</b>	<b>20,520.44</b>	<b>22,336.05</b>

**SCHEDULE - 5**
**FIXED ASSETS**

(Rs. in lakhs)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	AS ON 01.01.2010	ADDITIONS	DELETIONS/ WRITTEN BACK	AS ON 31.03.2011	UPTO 31.12.2009	FOR THE YEAR	WTHDRAWN FOR THE YEAR	UPTO 31.03.2011	AS ON 31.12.2009 AS ON 31.03.2011
1. Goodwill	278.72	-	-	278.72	-	-	-	-	278.72
2. Land	19050.07	11.52	-	19061.59	-	-	-	-	19050.07 19061.59
3. Buildings	30661.57	556.40	-	31217.97	1008.48	1138.94	-	2147.42	29653.09 29070.55
4. Plant and Machinery	125286.29	4318.97	1406.98	128198.28	8674.79	8695.96	964.70	16406.06	116611.50 111792.22
5. Electrical Installations	10972.18	250.81	0.47	11222.52	548.55	658.03	0.03	1206.55	10423.63 10015.97
6. Office Equipments, Furniture and Fixtures	2020.92	142.24	2.16	2161.00	1226.81	189.78	0.76	1415.84	794.11 745.17
7. Development of Property- - Eco friendly trees	23.60	-	-	23.60	-	-	-	-	23.60
8. Motor Vehicles	1794.17	155.60	19.99	1929.78	1059.09	128.89	12.28	1175.70	735.08 754.08
TOTAL	190087.52	5435.54	1429.60	194093.45	12517.73	10811.60	977.77	22351.57	177569.80 171741.88
9. Work in Progress	12569.59	3530.02	1353.15	14746.46	-	-	-	-	12569.59 14746.46
TOTAL FOR THE YEAR	202657.11	8965.56	2782.75	208839.91	12517.73	10811.60	977.77	22351.57	190139.37 186488.34
TOTAL FOR THE PREVIOUS YEAR	197865.82	18237.32	13446.04	202657.11	3349.83	9189.52	21.62	12517.73	194515.99 190139.37

Note : Land, Buildings, Plant & Machinery and Electrical Installations have been revalued as on 31.12.2008. The difference between revalued figures and original cost is Rs.52,064.49 lakhs. The Net Increase on revaluation amounting to Rs.52,064.49 lakhs has been credited to Revaluation Reserve.

**SCHEDULE - 5 A**
**INTANGIBLE ASSETS**

(Rs. in lakhs)

PARTICULARS	GROSS BLOCK			AMORTISATION			NET BLOCK	
	AS ON 01.01.2010	ADDITIONS	DELETIONS	AS ON 31.03.2011	UPTO 31.12.2009	FOR THE YEAR	UPTO 31.03.2011	AS ON 31.12.2009 AS ON 31.03.2011
Goodwill	25174.44	8481.00	-	33655.44	4982.01	3994.91	8976.92	20192.43 24678.52
Product Development	6854.58	908.53	-	7763.11	3792.58	1353.18	5145.76	3062.00 2617.35
TOTAL FOR THE YEAR	32029.02	9389.53	-	41418.55	8774.59	5348.09	14122.68	23254.43 27295.87
TOTAL FOR THE PREVIOUS YEAR	29832.54	2196.48	-	32029.02	6097.64	2676.95	8774.59	23734.90 23254.43



## CONSOLIDATED SCHEDULES

(Rs. in lakhs)

	As at 31.03.2011	As at 31.12.2009
<b>SCHEDULE - 6</b>		
<b>INVESTMENTS - LONG TERM at cost</b>		
<b>1) Investment in Govt. Securities</b>	<b>1.28</b>	<b>1.28</b>
<b>2) Investment in Shares</b>		
<b>A. Quoted</b>		
In fully paid Equity Shares		
a) Sri Chamundeswari Sugars Limited 6,81,146 Shares of Rs.10 each	<b>117.88</b>	117.88
b) Sakthi Finance Limited 10,40,000 Shares of Rs.10 each	<b>282.00</b>	282.00
c) ICICI Bank Ltd 441 Shares of Rs.10 each	<b>0.24</b>	0.24
d) NIIT Ltd. 2,527 Shares of Rs. 2 each	<b>0.06</b>	0.06
e) NIIT Technologies Ltd. 759 Shares of Rs.10 each	<b>0.09</b>	0.09
f) Kovai Medical Centre and Hospital Ltd. 2,00,000 Shares of Rs.10 each	<b>20.00</b>	20.00
g) K G Denim Limited 16,129 Shares of Rs.10 each	<b>2.74</b>	2.74
h) The Industrial Finance Corpn.of India Ltd. 100 Shares of Rs.10 each	<b>0.04</b>	0.04
i) The Industrial Development Bank of India Ltd 1,360 Shares of Rs.10 each	<b>1.10</b>	1.10
j) The South Indian Bank Limited 1,65,000 Shares of Rs.1 each	<b>4.22</b>	4.22
Aggregate of Quoted Investments	<b>428.37</b>	428.37
<b>B. Unquoted</b>		
a) The ABT Co-operative Stores Ltd. 1,000 Shares of Rs.10 each	<b>0.10</b>	0.10
b) Sakthi Sugars Co-operative Stores Ltd. 760 Shares of Rs.10 each	<b>0.08</b>	0.08
c) Angul Central Co-op Bank Ltd. 100 Shares of Rs.100 each	<b>0.10</b>	0.10
d) Shamrao Vithal Co-op Bank Ltd 4,025 shares of Rs.25 each	<b>1.01</b>	1.01
e) Investment in Bonds	<b>56.92</b>	--
In Preference Shares	<b>58.21</b>	1.29
8,95,900 5% Redeemable Non-Convertible Cumulative Preference Shares in Sri Chamundeswari Sugars Ltd	<b>895.90</b>	895.90
	<b>954.11</b>	897.19
<b>TOTAL of 2</b>	<b>1,382.48</b>	1,325.56





## CONSOLIDATED SCHEDULES

(Rs. in lakhs)

	As at 31.03.2011	As at 31.12.2009
<b>SCHEDULE - 6 (Contd.)</b>		
<b>3) Investment in Subsidiaries</b>		
In fully paid Equity Shares		
Sakthi Europe Verwaltungs GmbH, Germany	19.10	20.26
Sakthi Auto Mauritius Ltd 5,000 Shares of 1 USD each	2.26	--
Total of 3	21.36	20.26
<b>4) Investment in the Capital of Partnership Firms</b>		
Sakthi Europe GmbH & Co Germany	42,000.74	44,544.43
Total Long Term Investments (1 to 4 )	43,405.86	45,891.53
Less: Provision for Diminution in value of Investments	--	250.00
<b>TOTAL</b>	<b>43,405.86</b>	<b>45,641.53</b>

Note: 1) Market Value of quoted Investments as on 31<sup>st</sup> March 2011 is Rs. 559.90 lakhs (Rs. 459.14 lakhs)

2) Government securities of the total face value of Rs. 0.22 lakh are deposited with Panchayat and Public Works Department as road contract work deposits and of the value of Rs. 1.06 lakhs are deposited with State Commercial Tax Department.

<b>SCHEDULE - 7</b>		
<b>INVENTORIES</b>		
Stores and spares	4,282.50	3,270.44
Standing crop	4.16	7.91
<b>STOCK-IN-TRADE</b>		
<b>i) Finished goods</b>		
Sugar	4,137.47	5,009.48
Molasses - Sugar Unit	425.91	1,291.95
Industrial Alcohol	1,216.52	1,300.42
Ethanol	0.64	0.64
Soya Products	486.34	734.85
Bio Earth	1.93	1.69
Fusel Oil	1.48	2.03
Iron Castings	9,658.14	8,505.85
Industrial Valves	20.24	23.31
	<b>15,948.67</b>	<b>16,870.22</b>



## CONSOLIDATED SCHEDULES

(Rs. in lakhs)

	As at 31.03.2011	As at 31.12.2009
<b>SCHEDULE - 7 (Contd.)</b>		
<b>ii) Raw Materials</b>		
Molasses - Distillery Unit	490.88	492.59
Raw Sugar	--	3,306.54
Soyabeans	3,107.69	2,158.05
Steel Scrap, Pig Iron and Others	4,822.91	4,334.15
Soya Flour	139.64	61.73
	<b>8,561.12</b>	<b>10,353.06</b>
<b>iii) Other Stocks</b>		
News Print Paper	0.44	1.65
Chemicals, Fertilisers & Others	151.07	174.34
Bagasse	4.49	0.07
	<b>156.00</b>	<b>176.06</b>
<b>iv) Stock-in-Process</b>		
Sugar	620.42	1,583.53
Molasses	106.28	147.21
Iron Castings in Process	2,485.63	2,066.54
Industrial Valve in Process	46.56	35.45
	<b>3,258.89</b>	<b>3,832.73</b>
<b>TOTAL</b>	<b>32,211.34</b>	<b>34,510.42</b>
<b>SCHEDULE - 8</b>		
<b>SUNDRY DEBTORS</b>		
<b>Unsecured - considered good:</b>		
i) Debts outstanding for a period exceeding six months	364.43	445.89
ii) Other debts	24,314.50	15,859.13
<b>TOTAL</b>	<b>24,678.93</b>	<b>16,305.02</b>
<b>SCHEDULE - 9</b>		
<b>CASH AND BANK BALANCES</b>		
i) Cash on hand	71.62	68.49
ii) Bank Balances:		
<b>Scheduled Banks</b>		
Current Accounts	2,025.42	2,442.57
Deposit Accounts	1,901.36	1,533.47
	<b>3,926.78</b>	<b>3,976.04</b>
<b>Non Scheduled Banks</b> (Refer Note 'J' in Schedule 23)		
Current Accounts	9.53	1.50
	<b>3,936.31</b>	<b>3,977.54</b>
iii) Deposit with Government Bodies/Others	1,850.88	2,062.72
<b>TOTAL</b>	<b>5,858.81</b>	<b>6,108.75</b>



## CONSOLIDATED SCHEDULES

(Rs. in lakhs)

	As at 31.03.2011	As at 31.12.2009
<b>SCHEDULE - 10</b>		
<b>OTHER CURRENT ASSETS</b>		
Outstanding Income/Claim and interest receivable	3,988.00	2,214.01
MAT Credit Entitlement	1,343.75	1,389.58
<b>TOTAL</b>	<b>5,331.75</b>	<b>3,603.59</b>
<b>SCHEDULE - 11</b>		
<b>LOANS AND ADVANCES</b>		
Unsecured: (Considered Good)		
Advance for Purchases & Others	11,609.79	21,387.41
Advance for Capital Expenditure	3,606.99	1,620.17
Income-tax payments	2,069.10	1,894.58
Prepaid Expenses	774.05	1,335.10
Deposit with Central Excise, Electricity Department, etc.	5,666.18	5,606.58
<b>TOTAL</b>	<b>23,726.11</b>	<b>31,843.84</b>
<b>SCHEDULE - 12</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. Current Liabilities</b>		
<b>Sundry Creditors and others</b>		
Liabilities for purchases, Expenses & Others	57,996.83	39,934.42
Liabilities for Capital Expenditure	5,223.03	11,240.39
Share Application Money	1,566.00	1,566.00
<b>Investor Education and Protection Fund shall be credited by the following and not due</b>		
Unclaimed dividends	34.69	34.90
Unclaimed matured Deposits	10.45	18.20
Unclaimed matured Debentures	219.73	127.06
Interest accrued and due on the above	12.65	13.76
<b>Interest accrued but not due</b>	<b>376.11</b>	<b>202.97</b>
	<b>65,439.49</b>	<b>53,137.70</b>
<b>B. Provisions</b>		
Provision for Taxation	499.40	1,404.38
Provision of Fringe Benefit Tax	13.00	13.00
Provision for Provident Fund	41.32	29.27
Provision for Employee Benefits	1,655.62	1,592.72
<b>TOTAL</b>	<b>67,648.83</b>	<b>56,177.07</b>



## CONSOLIDATED SCHEDULES

(Rs. in lakhs)

	As at 31.03.2011	As at 31.12.2009
<b>SCHEDULE - 13</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or not adjusted)		
Deferred Revenue Expenditure	764.28	1,088.52
Pre-operative expenses	--	337.66
Funded Interest	8,080.86	12,444.69
<b>TOTAL</b>	<b>8,845.14</b>	<b>13,870.87</b>

	Current Year 31.03.2011 (15 Months)	Previous Year 31.12.2009 (12 Months)
<b>SCHEDULE 14</b>		
<b>SALES *</b>		
Sugar	165,072.97	103,663.27
Industrial Alcohol	19,900.39	13,932.52
Power	18,344.12	13,590.30
Soya products	11,260.33	7,812.36
Molasses	31.59	105.38
Iron Castings	96,502.97	64,504.93
Pattern sales	205.47	150.65
Industrial valve	353.38	192.71
Fertilisers & Chemicals	848.79	437.49
Soyabean Seeds	25.50	17.67
Bio Earth	133.37	171.99
Magazines	14.84	13.09
Raw Sugar	180.30	522.60
Others	33.33	23.45
<b>TOTAL</b>	<b>312,907.35</b>	<b>205,138.41</b>

\* Inclusive of Excise duty

<b>SCHEDULE - 15</b>		
<b>OTHER INCOME</b>		
Rent Receipts	97.50	72.42
Man Power Services	39.65	--
Profit on sale of fixed assets	0.26	2.21
Profit on sale of used materials	311.30	377.88
Interest Reversed as per CDR Scheme/Captialised	--	1,913.01
Income from Services rendered - European Subsidiaries	542.77	502.23
Income from Job Process	5.51	2.27
Extra Ordinary Income/Gains - European Subsidiaries	229.02	281.58
Miscellaneous income	565.86	226.09
Sundry balances written off/Excess provision written back	136.07	843.76
<b>TOTAL</b>	<b>1,927.94</b>	<b>4,221.45</b>



## CONSOLIDATED SCHEDULES

(Rs. in lakhs)

	Current Year 31.03.2011 (15 Months)	Previous Year 31.12.2009 (12 Months)
<b>SCHEDULE - 16</b>		
<b>STOCK ADJUSTMENT</b>		
<b>(A) OPENING STOCK</b>		
Sugar	5,009.48	59.80
Molasses	1,291.95	83.64
Industrial Alcohol	1,300.42	183.67
Ethanol	0.64	0.64
Soya products	734.85	310.53
Bagasse	0.07	--
Bio Earth	1.69	1.68
Fusel Oil	2.03	1.34
Iron Castings	8,001.27	9,798.87
Stock-in-process	3,726.32	2,361.10
	<b>20,068.72</b>	<b>12,801.27</b>
<b>(B) CLOSING STOCK</b>		
Sugar	4,137.46	5,009.48
Molasses	425.91	1,291.95
Industrial Alcohol	1,216.52	1,300.42
Ethanol	0.64	0.64
Soya products	486.34	734.85
Bagasse	4.49	0.07
Bio Earth	1.93	1.69
Fusel Oil	1.48	2.03
Iron Castings	9,098.22	8,658.95
Stock-in-process	3,258.92	3,832.74
	<b>18,631.91</b>	<b>20,832.82</b>
<b>TOTAL (B)-(A)</b>	<b>(1,436.81)</b>	<b>8,031.55</b>
<b>SCHEDULE - 17</b>		
<b>COST OF GOODS CONSUMED/SOLD</b>		
<b>(A) OPENING STOCK</b>		
Molasses	492.59	58.51
Raw Sugar	3,306.54	--
Fertilisers & Chemicals	174.34	117.51
Newsprint Paper	1.65	0.45
Soyabean Seeds	2,158.05	1,221.05
Soya Flour	61.73	15.74
Steel Scrap, Pig Iron & Others	4,340.06	4,552.80
	<b>10,534.96</b>	<b>5,966.06</b>
<b>(B) ADD: PURCHASES</b>		
Sugarcane	47,110.82	35,580.63
Molasses	3,035.19	1,299.49
Raw Sugar	97,681.50	64,075.95
Fertilisers & Chemicals	794.89	470.74
Newsprint Paper	24.71	20.85
Soyabean Seeds	9,445.85	7,274.21
Steel Scrap, Pig Iron & Others	33,117.79	20,657.06
Soya Flour	37.80	42.43
	<b>191,248.55</b>	<b>129,421.36</b>



## CONSOLIDATED SCHEDULES

(Rs. in lakhs)

	Current Year 31.03.2011 (15 Months)	Previous Year 31.12.2009 (12 Months)
<b>SCHEDULE - 17 (Contd.)</b>		
<b>(C) LESS: CLOSING STOCK</b>		
Molasses	490.88	492.59
Raw Sugar	--	3,306.54
Fertilisers & Chemicals	151.06	174.34
Newsprint paper	0.44	1.65
Soyabean Seeds	3,107.69	2,158.05
Steel scrap, Pig Iron & Others	5,109.01	4,334.16
Soya Flour	139.64	61.73
	<b>8,998.72</b>	<b>10,529.06</b>
<b>(D) CONSUMPTION (A+B-C)</b>	<b>192,784.79</b>	<b>124,858.36</b>
<b>SCHEDULE - 18</b>		
<b>MANUFACTURING EXPENSES</b>		
Consumption of Stores & Spares and Packing materials	19,166.67	13,209.72
Power and fuel	25,599.06	15,185.91
Water charges	124.07	88.98
Printing and publication charges	32.07	24.17
Fettling charges	2,861.36	1,396.68
Rent	319.77	387.19
Lease rentals	165.29	68.50
Rates and taxes	489.24	453.91
Insurance	411.12	371.85
Repairs and Maintenance:		
Building	815.42	239.70
Machinery & Electrical	5,200.15	3,438.14
Vehicles	271.63	184.38
Others	229.78	135.22
Effluent disposal expenses	478.14	275.31
Royalty	34.80	12.59
State administrative service fees	245.39	189.79
Subsidy and crop development expenses	772.17	615.37
Other Operating Expenses - European Subsidiaries	--	2,073.77
Tools and implements written off	--	0.27
<b>TOTAL</b>	<b>57,216.13</b>	<b>38,351.45</b>
<b>SCHEDULE - 19</b>		
<b>SALARIES, WAGES AND OTHER EMPLOYEE BENEFITS</b>		
Salaries and wages, bonus, etc.,	13,174.01	10,572.20
Contribution to P.F. and other funds	1,999.26	1,809.41
Workmen and staff welfare expenses	1,504.27	1,459.38
<b>TOTAL</b>	<b>16,677.54</b>	<b>13,840.99</b>



## CONSOLIDATED SCHEDULES

(Rs. in lakhs)

	Current Year 31.03.2011 (15 Months)	Previous Year 31.12.2009 (12 Months)
<b>SCHEDULE - 20</b>		
<b>INTEREST CHARGES</b>		
Term Loans	16,810.64	3,837.71
Debentures	765.46	547.58
Working capital loans	2,446.13	2,596.39
Payment to Cane Growers/Banks	22.41	457.19
Finance Charges/Others	3,296.67	2,697.00
<b>TOTAL</b>	<b>23,341.31</b>	<b>10,135.87</b>
<b>SCHEDULE - 21</b>		
<b>SELLING EXPENSES</b>		
Selling and distribution expenses	3,570.29	943.42
Packing materials	1,499.51	790.63
Transport on castings	1,979.09	934.76
Commission and brokerage:		
On sale of magazines	1.66	2.27
Others	60.97	56.25
<b>TOTAL</b>	<b>7,111.52</b>	<b>2,727.33</b>
<b>SCHEDULE - 22</b>		
<b>ANY OTHER EXPENSES</b>		
Travelling expenses	653.84	745.26
Freight and transport	1,673.22	1,374.82
Administrative and other expenses	685.28	479.38
Bank charges	450.12	323.05
Printing, postage, telephone & telex	364.24	190.37
Donations	102.02	33.72
Effluent on soil/crop - R & D expenses	22.72	13.96
Data processing charges	36.58	30.01
Legal and professional charges	1,033.94	509.97
Technical Consultancy Charges	30.29	--
Compensation on Non-Lifting of Raw Sugar	1,010.40	--
Managerial remuneration	151.13	123.33
Directors' sitting fees	7.60	4.35
Auditors remuneration	58.07	35.76
Loss on sale of fixed assets	7.18	2.00
Loss on sale of used materials	0.44	0.33
Investment written off	500.00	
Less: Already Provided	250.00	
	<b>250.00</b>	<b>--</b>
Deferred revenue expenditure written off	389.39	354.88
Soyabean development expenses	--	4.56
Irrecoverable advances written off	90.97	339.38
Provisions for Bad Debts/Obsolete stock written off	--	564.06
Investment Written off - Sweden Subsidiary	--	3,433.24
Extra-ordinary Cost/Expenses - European Subsidiaries	393.28	858.85
<b>TOTAL</b>	<b>7,410.71</b>	<b>9,421.28</b>



## SIGNIFICANT ACCOUNTING POLICIES (Consolidated)

1. **Basis of Preparation:**  
The accompanying Financial Statements have been prepared on a going concern basis under the historical cost convention on the accrual basis of accounting in conformity with Generally Accepted Accounting Principles.
2. **Valuation of Inventories:**
  - I) **Parent company:**  
Inventories of raw materials, work-in-progress, stores, finished products and stock-in-trade are valued at the lower of cost and net realizable value. Cost is ascertained on seasonal weighted average for sugar and yearly average for stores and soya products. Soya Bean, Stock-in-trade of fertilizer and newsprint cost ascertained on FIFO basis. By-products are valued at Net realizable value. Standing crops are valued at net realizable value.
  - II) **Subsidiary Companies in India:**  
Inventories are valued at cost or the net realizable value whichever is lower increased by excise duty thereon wherever applicable. The cost is computed on weighted average basis. The Cost for the finished goods and process stock is inclusive of cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition.
  - III) **Subsidiary Company in Portugal:**  
Stocks are valued at the lowest of cost or net realisable values as follows:  
  
Raw and subsidiary materials - at Cost of latest purchase price including all expenses incurred until arrival at the warehouse.  
  
Finished and semi-finished goods - At production cost, which includes raw materials, direct labour and factory overheads.  
  
Work in progress - At production cost, which includes raw materials, direct labour and factory overheads, adjusted as per completion phase of production.
3. **Fixed Assets:**
  - a) Fixed Assets are shown at cost/re-valued figures, less accumulated depreciation. Fixed assets added during the year are valued at cost net of duty taken on credit but includes all direct expenses like freight, erection charges, pre operative expenses and borrowing costs.
  - b) Expenditure including borrowing cost incurred on projects under implementation is shown under "Work-in-Progress" pending allocation to the assets.
4. **Intangible Assets:**
  - I) **Parent company:**  
The payment made towards goodwill to cane ryots and to employees as per wage board settlement during year 2004-05 is amortized over a period of 10 years in accordance with AS-26.
  - II) **Subsidiary Companies in India:**  
Product Development expenses being intangible assets is amortized over a period of 10 years in accordance with AS-26.
  - III) **Subsidiary Company in Portugal:**  
Incorporation expenses incurred with the Company's incorporation and studies and projects, research development expenses of new projects are recorded at acquisition cost less accumulated depreciation thereon. Depreciation is calculated on a straight line method duodecimal basis over estimated useful life in accordance with the depreciation rates accepted by the tax authorities as per "Decreto Regulamentar" 2/90 of 12th January.
5. **Borrowing Costs:**  
**Parent Company and Indian Subsidiaries:**  
Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets.





6. Depreciation:
- I) Parent Company and Indian Subsidiaries:  
Depreciation is provided under Straight Line Method at the rates/notes prescribed in Schedule XIV to the Companies Act, 1956, on revalued/original cost of assets as the case may be. The additional depreciation relating to increased value of revalued assets is adjusted against Revaluation Reserve.
  - II) Subsidiary Company in Portugal:  
Depreciation is calculated on a straight line method duodecimal basis over estimated useful life in accordance with the depreciation rates accepted by the tax authorities as per "Decreto Regulamentar" 2/90 of 12th January.
7. Investments:  
Long term Investments are accounted at Cost. The diminution, if any, in value of long term investments is provided if such decline is other than temporary.
8. Miscellaneous Expenditure:  
Parent Company and Indian Subsidiaries:  
Research & Development expenses, Technical know-how, Crop development Expenses, soya product launching expenses are written off over a period of ten years. Voluntary Retirement Scheme payments upto 31.03.2009 are written off over a period of five years. Loan processing fee, syndication fee and ancillary cost incurred upto 31<sup>st</sup> March 2011 are written off over the repayment period of respective loans.
9. a) Revenue Recognition:  
Parent Company and Indian Subsidiaries:  
Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer and is stated net of trade discounts, excise duty, sales return.
- i) Gross turnover includes excise duty but exclude sales tax.
  - ii) Dividend income is accounted for in the year it is received.
  - iii) All other incomes are accounted for on accrual basis.
  - iv) The Excise duty on sale of finished goods is deducted from the turnover to arrive at the net sales as shown in the Profit and loss account.
  - v) Inter segmental transfer price is not recognised.
- b) Expenditure Recognition:  
Parent Company:  
i. The Cane price is written off on the basis of determination of statutory price and agreed price over and above statutory price.  
ii. The Excise duty appearing in the Profit and loss account under Expenditure represents excise duty provision for difference between opening and closing stock of finished goods.
10. Foreign currency transactions:  
Foreign currency transactions are accounted at the exchange rate ruling on the date of transactions.
- Foreign currency monetary items as at the Balance Sheet date are related using the closing exchange rates or at the rate that is likely to be realised from/required to disburse.
- Exchange difference arising on the actual payments/realisations and year end restatements are dealt with in the Profit and Loss account.
11. Retirement Benefits:  
Parent Company and Indian Subsidiaries:  
Contribution payable by the Company under defined contribution schemes towards Provident fund, Gratuity, Employees State Insurance and Superannuation fund for the year are charged to profit and loss account.



The Company has opted for Life Insurance Corporation of India Group Gratuity Scheme. The gratuity liability, ascertained by LIC has been taken into account except Sakthi Auto Ancillary Pvt. Ltd (SAAPL). SAAPL., accounts its Gratuity Liability for future gratuity benefits based on the actuarial valuation as at the balance sheet date using the "Projected Unit Credit method". The actuarial gains or losses are recognized immediately in the Profit and loss account.

Provision for liability in respect of Leave encashment benefits are made based on actuarial valuation made by an independent actuary as at 31.03.2011 except SAAPL, wherein the leave encashment is paid on yearly basis to eligible employees.

12. **Segment Reporting:**  
The segment reporting is inline with the accounting policies of the company. Inter segment transactions have been accounted for based on the price which has been arrived at considering cost for utilities and net realizable value for by-products. Revenue and expenses that are directly identifiable with or allocable to segments are considered for determining the segment results. Segment assets and liabilities include those directly identifiable with the respective segments. Business segments are identified on the basis of the nature of products, the risk/return profile of the individual business, the organizational structure and the internal reporting system of the company.
13. **Deferred tax:**  
Deferred tax is recognized on timing difference between accounting income and the taxable income for the period and reversal of timing differences of earlier periods and quantified using the tax rates and laws that have been enacted / substantively enacted as at the balance sheet date. The deferred tax assets are recognized and carried forward to the extent that there is reasonable certainty that these would be realized in future.
14. **Earning per share:**  
Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.  
  
For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.
15. **Impairment of Assets:**  
Impairment, if any, is recognized in accordance with the applicable Accounting Standard.
16. **Provisions, Contingent Liabilities and Contingent Assets:**  
Provision is recognized only when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.
17. **Leases:**  
The Company's significant leasing arrangements are operating leases and are cancelable in nature. The lease rentals paid or received under such arrangements are accounted in the profit and loss account.
18. **Basis of Consolidation:**  
The Consolidated Financial Statements include the Financial Statements of Sakthi Sugars Limited, its Subsidiaries, namely, Sakthi Auto Component Limited, Sakthi Auto Ancillary P Ltd, Orlandofin B.V., Sakthi Netherlands B.V., Sakthi Foreign Sales Corporation B.V., Sakthi Holdings B.V., Sakthi Service GmbH and Sakthi Portugal SA.



## SIGNIFICANT ACCOUNTING POLICIES (Consolidated)

Name of the Subsidiary	Country of Incorporation	Proportion of ownership Interest (%)
Sakthi Auto Component Limited	India	100.00
Sakthi Auto Ancillary P Ltd	India	51.83
Orlandofin BV	Netherlands	100.00
Sakthi Netherlands BV	Netherlands	100.00
Sakthi Service GmbH	Germany	100.00
Sakthi Portugal SA	Portugal	100.00
Sakthi Foreign Sales Corporation BV	Netherlands	100.00
Sakthi Holdings BV	Netherlands	100.00

The following step down subsidiaries viz. Sakthi Europe Verwaltungs-GmbH and the Sweden subsidiaries have been declared bankrupt by the Court in the respective countries; hence accounts of these subsidiaries are not consolidated.

The Consolidated Financial Statements have been prepared on the following basis.

- I. The Financial Statements of the parent company and its Subsidiary Company have been consolidated on a line-by-line basis, by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balance and intra-group transactions resulting in unrealised profit or losses. Financials of foreign subsidiaries represented in foreign currencies have been translated using rupee conversion rate on the Balance Sheet date of the parent company.
- II. The Consolidated Financial Statements are prepared by adopting Uniform Accounting Policies. The financial statements of subsidiaries whose reporting currency are other than INR are converted into Indian Rupees on the basis of appropriate exchange rates.
- III. The excess/lower of cost of the Parent Company of its investment in the Subsidiaries over the Parent's portion of equity of the Subsidiaries at the date on which investment in the Subsidiaries are made is described in the financial statements as Goodwill/Capital Reserves.
- IV. Consolidation of financials of foreign subsidiaries has been done to the extent of information being available and the reporting period/s adopted in the respective subsidiaries.

For the year 2010-11, the parent Company's accounting period comprises of 15 months whereas its three foreign subsidiaries' accounting period comprise of 12 months. The accounting period end date of the Indian subsidiaries matches with that of parent Company and the accounting period end date of the foreign subsidiaries is 31<sup>st</sup> December 2010.



## SCHEDULE - 23

### NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2011

#### A. PREFERENCE SHARE CAPITAL

- 60,82,500 (Series A) and 1,01,37,500 (Series B) 15% Participatory Cumulative Optionally Convertible Preference Shares of Rs.100 each allotted on 26.04.2007 are convertible at the option of the share holders on such terms as may be mutually agreed between the shareholders and the Company. In case of non-conversion, they are redeemable at the end of 5 years from the date of allotment. In the event of declaration of Equity Dividend beyond 15%, Series B Preference shares are entitled for such higher rate of dividend.
- 12,15,000 (Series I), 8,10,000 (Series II) 15% Participatory Cumulative Convertible Preference Shares of Rs.100 each allotted on 18.03.2008 are convertible at the option of the share holders on such terms as may be mutually agreed between the shareholders and the Company.

#### B. DEBENTURES

##### SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF RS.100 EACH

##### SAKTHI SUGARS LIMITED (HOLDING COMPANY)

Sl. No.	Series	Particulars	No. of Debentures Outstanding	Amount Outstanding (including Interest) (Rs.in lakhs)	Series Maturity Date	Security
1	XXI	12% -Cumulative Debentures	1,08,420	108.42	20.04.2011	Paripassu first mortgage/ charge on the Company's immovable property situated at 137 St.Mary's Road, Chennai-18
2	XXII	12% -Non- Cumulative Debentures	3,14,000	316.83	07.05.2011	
3	XXIII	12% - Cumulative Debentures	5,90,430	590.43	18.06.2011	
4	XXIV	12%-Non-Cumulative Debentures	4,87,080	490.66	07.07.2011	Paripassu first mortgage/ charge on the Company's immovable assets relating to the Company's Beverage Division in the Sugar Mill premises at Sivaganga.
5	XXV	12% - Cumulative Debentures	4,87,200	487.20	22.07.2011	



**SAKTHI AUTO COMPONENT LIMITED (SACL)**

Sl. No.	Series	Particulars	No. of Debentures Outstanding	Amount Outstanding (including Interest) (Rs.in lakhs)	Series Maturity Date	Security
1	I	12% -Cumulative Debentures	1,00,000	100.00	15.11.2011	Residual charges on the immovable properties of the Company situated at Koonampatti village, Tirupur Dist.
2	II	12% -Cumulative Debentures	50,000	50.00	17.11.2011	
3	III	12% -Cumulative Debentures	49,820	49.88	19.11.2011	
4	IV	12% -Cumulative Debentures	70,960	70.96	01.12.2011	
5	V	12% -Cumulative Debentures	59,990	59.99	02.12.2011	
6	VI	12% -Cumulative Debentures	64,730	64.73	05.12.2011	
7	VII	12% -Cumulative Debentures	56,940	56.94	13.12.2011	
8	VIII	12% -Cumulative Debentures	75,900	75.90	15.12.2011	
9	IX	12% -Cumulative Debentures	1,31,640	131.64	19.12.2011	
10	X	12% -Cumulative Debentures	51,520	51.52	22.12.2011	
11	XI	12% -Cumulative Debentures	38,990	38.99	24.12.2011	
12	XII	12% -Cumulative Debentures	53,910	53.91	04.01.2012	
13	XIII	12% -Cumulative Debentures	69,540	69.54	07.01.2012	
14	XIV	12% -Cumulative Debentures	59,510	59.51	13.01.2012	
15	XV	12% -Cumulative Debentures	84,640	84.64	18.01.2012	
16	XVI	12% -Cumulative Debentures	1,20,000	120.00	24.01.2012	
17	XVII	12% -Cumulative Debentures	57,770	57.77	28.01.2012	
18	XVIII	12% -Cumulative Debentures	42,830	42.83	10.02.2012	
19	XIX	12% -Cumulative Debentures	49,500	49.50	17.02.2012	
20	XX	12% -Cumulative Debentures	70,090	70.09	18.02.2012	
21	XXI	12% -Cumulative Debentures	61,700	61.70	22.02.2012	
22	XXII	12% -Cumulative Debentures	81,400	81.40	01.03.2012	
23	XXIII	12% -Cumulative Debentures	1,38,390	138.39	02.03.2012	
24	XXIV	12% -Cumulative Debentures	57,010	57.01	07.03.2012	
25	XXV	12% -Cumulative Debentures	52,250	52.25	10.03.2012	
26	XXVI	12% -Cumulative Debentures	95,100	95.10	31.05.2012	
27	XXVII	12% -Cumulative Debentures	81,200	81.20	14.06.2012	
28	XXVIII	12% -Cumulative Debentures	99,680	99.68	24.06.2012	
29	XXIX	12% -Cumulative Debentures	1,04,700	104.70	29.06.2012	

**C. SECURED LOANS**

**1) LOANS UNDER CDR**

**I. FROM BANKS**

- a) The amount outstanding under Secured Loans from Banks includes Term Loans, Working Capital Term Loans and Funded Interest Term Loans aggregating to Rs.83,155.19 lakhs (including interest) from Axis Bank Ltd, Allahabad Bank, Bank of India, Canara Bank, HDFC Bank Limited, IDBI Bank, Indian Overseas Bank, Oriental Bank of Commerce, Punjab National Bank and State Bank of India. These Loans are secured by:
  - i) Pari passu first charge on the entire movable and immovable properties of the Company except the assets charged on exclusive basis;
  - ii) Pari passu second charge on the current assets of the Company;
  - iii) Pledge of shareholdings of the promoters in the Company;



- iv) Personal Guarantees of Chairman, Vice Chairman & Managing Director, Joint Managing Director (Finance) and Joint Managing Director (Technical); and
  - v) Collateral security and Corporate Guarantee provided by a promoter company.
- b) The amount outstanding under Secured Loans from Banks includes Term Loans and Funded Interest Term Loans aggregating to Rs.3,875.94 lakhs (including interest) from Allahabad Bank. These Loans are secured by:
- i) Pari passu First charge on the entire movable and immovable properties of the Company except the assets charged on exclusive basis;
  - ii) First charge on the assets pertaining to Co-generation Plant I at Sakthi Nagar ranking pari passu with TIIC;
  - iii) Pari passu second charge on the current assets of the Company;
  - iv) Pledge of shareholdings of the promoters in the Company;
  - v) Personal Guarantees of Chairman, Vice Chairman & Managing Director, Joint Managing Director (Finance) and Joint Managing Director (Technical); and
  - vi) Collateral security and Corporate Guarantee provided by a promoter company.
- c) The amount outstanding under Secured Loans from Banks includes Term Loan of Rs.2,841.12 lakhs (including interest) from State Bank of India. This loan is secured by:
- i) Residual charge on the entire fixed assets of the Company. The charge on the assets of sugar division ranks pari passu with Bank of India, Canara Bank, HDFC Bank and Indian Overseas Bank;
  - ii) Residual charge on the current assets of the Company;
  - iii) Pledge of shareholdings of the promoters in the Company;
  - iv) Personal Guarantees of Chairman, Vice Chairman & Managing Director, Joint Managing Director (Finance) and Joint Managing Director (Technical); and
  - v) Collateral security and Corporate Guarantee provided by a promoter company.
- d) The amount outstanding under Hypothecation loans from Banks includes Working Capital facilities of Rs.1,439.69 lakhs from Bank of India, HDFC Bank and Indian Overseas Bank which are secured by:
- i) First charge by way of hypothecation of the current assets of the Company ranking pari passu with Citibank;
  - ii) Pari passu second charge on the entire movable and immovable properties of the Company except Sugar and Co-generation Units in Sivaganga and Modakuruchi;
  - iii) Pledge of shareholdings of the promoters in the Company;
  - iv) Personal Guarantees of Chairman, Vice Chairman & Managing Director, Joint Managing Director (Finance) and Joint Managing Director (Technical); and
  - v) Collateral security and Corporate Guarantee provided by a promoter company.



- e) The amount outstanding under Secured Loans includes Bill Discounting limit of Rs.1,200.04 lakhs (including interest) from Bank of India. The loan is secured by :
- i) First charge by way of hypothecation of the current assets of the Company ranking pari passu with HDFC Bank, Indian Overseas Bank and Citibank N.A;
  - ii) First charge on the TNEB receivables;
  - iii) Pari passu second charge on the entire movable and immovable properties of the Company except Sugar and Co-generation Units in Sivaganga and Modakuruchi;
  - iv) Pledge of shareholdings of the promoters in the Company;
  - v) Personal Guarantees of Chairman, Vice Chairman & Managing Director, Joint Managing Director (Finance) and Joint Managing Director (Technical); and
  - vi) Collateral security and Corporate Guarantee provided by a promoter company.

**II. FROM OTHERS**

The amount outstanding under Secured Loans from Others includes Term Loan and Funded Interest Term Loan aggregating to Rs.4,702.16 lakhs (including interest) from Infrastructure Development Finance Company (IDFC) Limited. This loan is secured by:

- i) Pari passu first charge on the entire movable and immovable properties of the Company except the assets charged on exclusive basis;
- ii) Pari passu second charge on the current assets of the Company;
- iii) Pledge of shareholdings of the promoters in the Company;
- iv) Personal Guarantees of Chairman, Vice Chairman & Managing Director, Joint Managing Director (Finance) and Joint Managing Director (Technical); and
- v) Collateral security and Corporate Guarantee provided by a promoter company.

The Collateral security and the Corporate Guarantee provided by a promoter company for the loans under serial Nos.I (a)(c)(d)(e) and II above are subject to an overall limit of Rs.180 crores and is subservient to the loans from Allahabad Bank under serial No.1(b) above and the loan from TIIC.

**2) LOANS OUTSIDE CDR****I. FROM BANKS**

- a) The amount outstanding under Secured Loans from Banks includes Interest Free Excise Duty Term Loans aggregating to Rs.3,013.54 lakhs from Bank of India, Canara Bank, HDFC Bank and Indian Overseas Bank. These Loans are secured by:
- i) Residual charge on the Fixed Assets of the Sugar Units of the Company ranking pari passu with State Bank of India; and
  - ii) Personal Guarantees of Chairman and Vice Chairman & Managing Director.





- b) The amount outstanding under Secured Loans from Banks includes Term Loan and Funded Term Loan of Rs.1,598.60 lakhs and Rs.98.46 lakhs (including interest) respectively availed by Sakthi Auto Component Limited (SACL) from Indian Overseas Bank. These loans are secured/to be secured by :
- i) Equitable mortgage of the Company's immovable properties and hypothecation of the Company's movable properties including movable machinery, machinery spares, tools and accessories, both present and future, (except current assets and assets charged on exclusive basis) ranking pari passu with Axis Bank Ltd and Bank of India;
  - ii) Charge on Escrow of receivables from Maruti Suzuki India Ltd on pari passu basis with Axis Bank Ltd., for their Term loan;
  - iii) Second charge on the current assets viz., Stock including raw material, Stock in Process and other current assets, both present and future, (except assets charged on exclusive basis) ranking pari passu with Bank of India; and
  - iv) Personal guarantee by the Chairman & Managing Director of SACL.
- c) The amount outstanding under Secured Loans from Banks includes Term Loan of Rs.4,985.88 lakhs (including interest) availed by SACL from Indian Overseas Bank. This loan is secured by:
- i) Equitable mortgage of the Company's immovable properties and hypothecation of the Company's movable properties including movable machinery, machinery spares, tools and accessories, both present and future, (except assets charged on exclusive basis) ranking pari passu with Bank of India and Axis Bank Limited;
  - ii) Charge on Escrow of receivables from Maruti Suzuki India Ltd on pari passu basis with Axis Bank Ltd., for their Term loan;
  - iii) Second charge on the current assets viz., Stock including raw material, Stock in Process and other current assets, both present and future, (except assets charged on exclusive basis) ranking pari passu with Bank of India; and
  - iv) Personal guarantee by the Chairman & Managing Director of SACL.
- d) The amount outstanding under Secured Loans from Banks includes Term Loan of Rs.2,302.26 lakhs (including interest) availed by SACL from Bank of India, New York. This loan is secured by:
- i) Equitable mortgage of the Company's immovable properties and hypothecation of the Company's movable properties including movable machinery, machinery spares, tools and accessories, both present and future, (except assets exclusively charged to Banks for their outstanding assistance) ranking pari passu with Axis Bank Ltd and Indian Overseas Bank;
  - ii) Second charge on the current assets ranking pari passu with Indian Overseas Bank (except assets charged on exclusive basis); and
  - iii) Personal guarantee by the Chairman & Managing Director of SACL.
- e) The amount outstanding under Secured Loans from Banks includes Term Loans of Rs.92.45 lakhs (including interest) availed by SACL from The Shamrao Vithal Co-operative Bank Ltd. These loans are secured by:
- i) Exclusive charge on the respective Machining Lines / equipments procured out of the Term loan;





- ii) Personal guarantee of Dr N. Mahalingam, Chairman of the Holding Company (Sakthi Sugars Ltd); and
- iii) Personal guarantee by the Chairman & Managing Director of SACL.
- f) The amount outstanding under Secured Loans from Banks includes Term Loan of Rs.410.31 lakhs (including interest) availed by SACL from Axis Bank Ltd. This loan is secured by the assets of the holding Company and Personal guarantee by the Chairman & Managing Director of SACL.
- g) The amount outstanding under Secured Loans from Banks includes Term Loan of Rs.281.55 lakhs (including interest) availed by SACL from Axis Bank Limited. This loan is secured/to be secured by:
  - i) Equitable mortgage of the Company's immovable properties and hypothecation of the Company's movable properties including movable machinery, machinery spares, tools and accessories, both present and future, (save and except current assets and assets exclusively charged to Banks for their outstanding assistance) ranking pari passu with Indian Overseas Bank and Bank of India;
  - ii) Escrowing of receivables from Maruti Suzuki India Ltd and Honda Sael Cars ranking pari passu with Indian Overseas Bank and receivables from Metaldyne & TAFE; and
  - iii) Personal guarantee by the Chairman & Managing Director of SACL.
- h) The amount outstanding under Secured Loans from Banks includes Term Loan of Rs.2,625.21 lakhs (including interest) availed by SACL from Central Bank of India. This loan is secured/to be secured by:
  - i) Exclusive charge on the Machineries purchased out of the term loan;
  - ii) Escrowing of receivables from Iljin Automotive P Ltd, General Motors India Ltd, Mahindra Renault P Ltd, Mahindra and Mahindra, Haldex India Ltd.
  - iii) Personal guarantee by the Chairman & Managing Director of SACL.
- i) The amount outstanding under Secured Loans from Banks includes Term Loan of Rs.332.29 lakhs (including interest) availed by Sakthi Auto Ancillary Private Limited (SAAPL) from Indian Overseas Bank. This loan is secured by way of :
  - i) Equitable mortgage of the Company's immovable properties and are primarily secured by exclusive charge on the plant & machinery, equipments and other fixed assets.
  - ii) Personal guarantee by the Managing Director and Joint Managing Director of SAAPL and corporate guarantee by the Holding Company.
- j) The amount outstanding under secured loans from Banks includes Term Loans aggregating to Rs.25,537.39 Lakhs (including interest) availed by Orlandofin BV from the overseas Branches of Barclays Bank Plc., Bank of India, Canara Bank, Indian Overseas Bank and State Bank of India. These loans are secured/to be secured by:
  - i) Pledge/promissory pledge of shares and assets of European subsidiaries
  - ii) Corporate Guarantees of Indian Holding companies and Personal Guarantee of Dr M Manickam.
- k) The amount outstanding under secured loans from Banks includes Term Loan of Rs.1,106.70 Lakhs availed by Sakthi Portugal SA from Caixa Geral de Depositos which is secured by the Pledge over land and buildings of the unit.



- I) Hypothecation loans for working capital includes:
- 1) The amount outstanding under Hypothecation Loans from Banks includes Working Capital facility of Rs.706.96 lakhs (including interest) from Citibank which is secured by:
    - i) First charge by way of hypothecation of finished goods, raw materials, stock in process, stores and spares, book debts of the Company's sugar (except Modakurichi), distillery & soya units ranking pari passu with Bank of India, HDFC Bank and Indian Overseas Bank;
    - ii) Second charge on the immovable & movable assets of the Company's sugar (except Sivaganga & Modakurichi), distillery & soya units; and
    - iii) Personal guarantees of Chairman and Vice Chairman & Managing Director.
  - 2) The amount outstanding under Hypothecation Loans from Banks includes Working Capital (Packing Credit) facility of Rs.578.92 lakhs (including interest) from Central Bank of India which is secured by:
    - i) Exclusive charge by way of hypothecation of raw sugar in transit from the bonded warehouse from ports, raw and processed sugar at the sugar factories of the company, white sugar in transit for export and documents of title to goods covered under LC/EBN, Packing materials etc.;
    - ii) Second Charge on the immoveable assets of the company except assets exclusively charged ranking pari passu with the existing member banks of consortium for working capital facility;
    - iii) Personal Guarantee of Vice Chairman & Managing Director.
  - 3) The amount outstanding under Hypothecation Loans from Banks includes Working Capital (Adhoc Cash Credit Limit) facility of Rs.600 lakhs from Bank of India which is secured by:
    - i) First pari passu charge on stocks and receivables;
    - ii) Second pari passu charge on Block assets to cover Working Capital Fund Based /Non Fund Based Limits (except assets exclusively charged); and
    - iii) Personal Guarantee of Vice Chairman & Managing Director.
  - 4) The amount outstanding under Hypothecation Loans from Banks includes Working Capital Facility of Rs.1,498.05 lakhs (including interest) availed by SACL from Indian Overseas Bank which is secured by:
    - i) First charge by way of hypothecation of Finished Goods, Raw Materials, Stock in process and Stores and spares of the Company and exclusive charge on the export receivables of Thyssen krupp Automotive Systems, Mexico, Haldex Brake Products, Sweden, Gabriel De Columbia and Omnibus B.B transporters, Ecuador;
    - ii) Second charge on the fixed assets of the Company on Pari passu basis with Bank of India (except assets charged on exclusive basis);
    - iii) Second charge on the receivables of the Company on Pari passu basis with Bank of India except receivables exclusively charged to Central Bank of India and Indian Overseas Bank; and
    - iv) Personal guarantee by the Chairman & Managing Director of SACL.



- 5) The amount outstanding under Hypothecation Loans from Banks includes Working Capital Facility of Rs.839.23 lakhs (including interest) availed by SAAPL from Indian Overseas Bank which is secured by :
- i) Exclusive charge on the entire current assets of the company.
  - ii) Personal guarantee by the Managing Director and Joint Managing Director of SAAPL and corporate guarantee by the Holding Company.
- m) The amount outstanding under Secured Loans from Banks includes Bill Discounting Limit of Rs.2,525.64 lakhs availed by SACL from Indian Overseas Bank which is secured by:
- i) Escrow of receivables from Maruti Suzuki India Ltd and Honda Sael Cars ranking Pari passu with Axis Bank Limited and Bosch Chassis.
  - ii) Personal guarantee by the Chairman & Managing Director of SACL.
- n) The amount outstanding under Secured Loans from Banks includes Bill Discounting Limit of Rs.310.40 lakhs availed by SACL from Bank of India which is secured by:
- i) Exclusive charge by way of first security interest on Bills drawn on General Motors, Korea; and
  - ii) Second charge on inventory, other receivables and fixed assets of the Company ranking pari passu with Indian Overseas Bank.
- o) The amount outstanding under Letter of Credit Facility opened by Indian Overseas Bank., of Rs.97.71 lakhs availed by SACL which is secured by:
- i) Documents of title to goods/accepted hundies; and
  - ii) Personal Guarantee by the Chairman & Managing Director of SACL.
- p) The amount outstanding under Secured Loans from Banks includes Overdraft against receipted challans / invoices of Rs.1,202.89 lakhs (including interest) availed by SACL from Central bank of India. The loan is secured by:
- i) Exclusive first charge on the entire receivables from Iljin Automotive P Ltd, General Motors India Ltd, Mahindra Renault P Ltd, Haldex India Ltd, Ford India Ltd, Toyota Kirloskar, and Mahindra and Mahindra.
  - ii) Exclusive charge on the specified plant & Machinery
  - iii) Personal Guarantee by Chairman & Managing Director of SACL.
- q) The amount outstanding under Secured Loans from Banks includes Overdraft Facility of Rs.202.52 lakhs (including interest) availed by SACL from Axis Bank Ltd. This loan is secured by the assets of the holding Company and Personal guarantee of the Chairman & Managing Director of SACL.
- r) The amount outstanding under Secured Loans from Banks includes Term Loan and Over draft facility of Rs.246.20 lakhs and Rs.202.51 Lakhs respectively availed by SAAPL from Axis Bank Limited. These loans are secured by assets of the holding company.



- s) The amount outstanding under secured loans from Banks includes Overdraft facility of Rs.1,796.13 Lakhs availed by Sakthi Portugal SA from Caixa Geral de Depositos which is secured by the Pledge over land and buildings of the unit.

**II. FROM OTHERS**

- 1) The amount outstanding under Secured Loans from Others includes Term Loan of Rs.2,531.70 lakhs from Tamilnadu Industrial Investment Corporation Limited (TIIC). This loan is secured by:
  - i) First Charge on the movable and immovable assets of the Company's Cogen Plant-I at Sakthinagar Sugar Unit on pari passu basis with Allahabad Bank;
  - ii) Escrow of the receivable on evacuation of power to Tamil Nadu Electricity Board (TNEB) from the Co-gen plant-I at Sakthinagar;
  - iii) Escrow of receivable on sale of ethanol from the Company's distillery unit at Sakthinagar ;
  - iv) Personal Guarantees of Chairman and Vice-Chairman & Managing Director; and
  - v) Collateral security provided by a promoter company.
- 2) The amount outstanding under Secured Loans from Others includes Corporate Loan of Rs.9.76 lakhs availed by the Company from Housing Development Finance Corporation Ltd (HDFC). This loan is secured by a mortgage of Company's property at New Delhi.
- 3) The amount outstanding under Secured Loans from Others includes Term Loan of Rs.3,614.56 lakhs availed by the Company from Sugar Development Fund (SDF) of Government of India. This loan is secured by exclusive second charge on the assets of sugar and Cogen Units at Sivaganga Unit of the company.
- 4) The amount outstanding under Secured Loans from Others includes Term Loan of Rs.801.86 lakhs availed by the Company from Sugar Development Fund (SDF) of Government of India. This loan is secured by exclusive second charge on the assets of sugar and Cogen Units at Modakuruchi Unit of the company.
- 5) The amount outstanding under Hire Purchase Loans aggregating to Rs.134.74 lakhs represents the amount availed by the Company from public limited companies and is secured by hypothecation of the vehicles so financed. Out of the above, the amount of Rs.42.16 lakhs and Rs.15.83 lakhs represents the hire purchase loans availed by SACL and SAAPL respectively.



#### D. FOREIGN CURRENCY CONVERTIBLE BONDS

The Company had issued during May 2006, Zero coupon - Foreign Currency Convertible Bonds in two series aggregating to US\$ 60 Million (Series A - US\$ 20 million and Series B - US\$ 40 million). These Bonds are convertible at the option of the holders into fully paid Equity shares at such conversion price as determined in accordance with the Offer Letter, but not less than Rs.177.39 per share. Bonds of value aggregating to US\$24.10 Million have been converted into 54,34,273 fully paid Equity shares at the conversion price of Rs.208 and Rs.190 per share for Series A and Series B respectively. Bonds for value aggregating to US\$ 6.30 Million have been redeemed @40%. As on 31.3.2011, balance outstanding is US\$ 1.0 Million of Series A Bonds and US\$ 28.6 Million of Series B Bonds.

#### E. FOREIGN CURRENCY EXPOSURE

SACL's Foreign currency exposures not covered by derivative instruments or otherwise as at 31.03.2011 amount to Rs.4,028.59 lakhs (31.12.2009 Rs.5,149.31 lakhs)

Particulars	31.03.2011		31.12.2009	
	Currency	Rs. in lakhs	Currency	Rs. in lakhs
United States Dollars	8619335	3848.53	10393325	4851.60
EURO	284715	180.06	443873	297.71
<b>TOTAL</b>		<b>4028.59</b>		<b>5149.31</b>

#### F. SEGMENT INFORMATION FOR THE YEAR ENDED 31.03.2011

(Rs. in lakhs)

REVENUE	SUGAR		INDUSTRIAL ALCOHOL		SOYA PRODUCTS		POWER		IRON CASTINGS		TOTAL	
	31.03.11	31.12.09	31.03.11	31.12.09	31.03.11	31.12.09	31.03.11	31.12.09	31.03.11	31.12.09	31.03.11	31.12.09
<b>PRIMARY</b>												
External Sales	163591.84	101800.32	20015.31	14106.54	11284.10	7829.11	18344.11	13590.30	92091.92	62455.79	305327.28	199782.06
Inter Segment Sales	10670.20	9581.47	2.01	1.10	--	--	9277.10	6355.64	--	--	19949.31	15938.21
Operating Income	327.92	1719.36	27.74	19.12	34.84	42.75	0.11	470.38	1537.33	1969.84	1927.94	4221.45
	174589.96	113101.15	20045.06	14126.76	11318.94	7871.86	27621.32	20416.32	93629.25	64425.63	327204.53	219941.72
Segment Result	-9988.73	2778.47	5000.31	4554.04	375.65	249.19	10504.23	9677.86	5947.39	-3582.63	11838.85	13676.93
Unallocated Corporate Expenses/ Income (Net)											161.48	318.74
Operating Profit											11677.37	13358.19
Interest Expenses											23341.31	10135.87
Interest Income											655.08	887.72
Profit from Ordinary activities											-11008.86	4110.04
Foreign Exchange Fluctuation/ Derivative Transactions (Net)											-694.13	-33.72
Net Profit/Loss before Tax											-11702.99	4076.32
Less: Income-tax expenses											58.53	86.60
Current/Prior Year Tax											-2446.81	1292.46
Deferred Tax											65.58	46.60
Minority Interest											-9380.29	2650.66
Net Profit/Loss after Tax												
<b>OTHER INFORMATION</b>												
Segment Assets	104756.50	135339.67	13983.81	14782.78	8623.46	8627.81	39027.21	36534.36	51561.85	84435.31	217952.83	279719.93
Unallocated Corporate Assets											46642.36	19663.06
Total Assets											264595.19	299382.99
Segment Liabilities											191771.96	195023.92
Deferred Tax Liability											198.44	1092.13
Total Liabilities											191970.40	196116.05
Capital Expenditure	1527.28	1809.16	37.48	69.38	100.89	48.69	1867.82	811.71	4078.93	2122.30	7612.40	4861.23
Depreciation	1980.02	1504.43	325.94	259.47	149.13	116.84	1423.39	1144.97	3638.67	3880.96	7517.15	6906.67
<b>SECONDARY</b>												
Revenue by Geographical Market India	116451.01	111139.64	20045.06	14126.76	8982.40	6168.04	27621.52	20561.27	44282.25	26217.35	217382.04	178213.06
Outside India	58138.95	1961.51	--	--	2336.54	1703.82	--	--	49347.00	39473.65	109822.49	43138.98

Inter segment revenues are recognised at less than prevailing market price as on the date of transaction.



**G. DEFERRED TAX**

(Rs. in lakhs)

Particulars	31.03.2011	31.12.2009
<b>A. For Indian Companies:</b>		
i) Deferred Tax Liability:		
Arising out of depreciation of Fixed Assets( Net)	11977.52	11785.93
Difference in treatment of expenses/income (Net)	8367.07	6242.20
<b>Total</b>	<b>20344.59</b>	<b>18028.13</b>
ii) Deferred Tax Asset:		
Carried forward losses/Unabsorbed depreciation	20473.50	15595.49
<b>Net Deferred Tax Liability (+)/Asset (-)</b>	<b>-128.91</b>	<b>2432.64</b>
<b>B. For Foreign Companies:</b>		
i) Deferred Tax Liability:		
Revaluation of tangible Fixed Assets	1246.79	--
Non reimbursable investment subsidies	67.21	--
<b>Total</b>	<b>1314.00</b>	<b>--</b>
ii) Deferred Tax Assets:		
Provisions not tax deductible	42.38	10.73
Corporate income tax credit	259.17	274.99
Tax losses	685.10	1054.79
<b>Total</b>	<b>986.65</b>	<b>1340.51</b>
<b>Net Deferred Tax Liability (+)/Asset (-)</b>	<b>327.35</b>	<b>-1340.51</b>
<b>Deferred Tax Liability (+)/Asset (-) (A+B)</b>	<b>198.44</b>	<b>1092.13</b>

**H.** Borrowing Cost capitalized during the year is Rs.1,142.10 lakhs (Previous year - Rs.630.92 lakhs).

**I.** The Company has pledged 4,38,59,394 equity shares holding in SACL, the wholly owned subsidiary, to secure the loan and obligation in relation to SACL.

**J.** Bank balance with Non Scheduled Banks aggregating to Rs.9.53 lakhs (Previous year Rs.1.50 lakhs)

The closing balance with Non Scheduled Bank as detailed below:

(Rs. in lakhs)

Name of the Bank	Balance as on 31.03.2011	Maximum Balance during the year 2010-11	Balance as on 31.12.2009	Maximum Balance during the year 2009
Cuttack Gramya Bank, Sajuanpur	0.03	0.03	0.04	0.04
Cuttack Gramya Bank, Dihasahi	2.60	5.58	0.08	0.08
Dhenkanal Gramya Bank, Dhenkanal	0.45	4.21	0.96	0.96
Dhenkanal Gramya Bank, Kabera	1.22	1.67	0.05	0.13
Dhenkanal Gramya Bank, Pingua	0.47	0.82	0.02	0.02
Puri Gramya Bank, Chari Chhak	0.15	1.60	0.10	0.12
Kalinga Gramya Bank, Sundaragram	4.61	4.63	0.25	0.52
<b>Total</b>	<b>9.53</b>		<b>1.50</b>	

31.03.2011

31.12.2009

Rs. in lakhs

**K.** Advance due from Officers (Senior Executives) of the Company

75.77

74.38

Maximum amount due from officers (Senior Executives)  
of the Company during the year

82.12

80.98

**L. TAX DEDUCTED AT SOURCE**

(Rs. in lakhs)

Particulars	31.03.2011 (15 Months)	31.12.2009 (12 Months)
On Interest Receipts	27.60	35.11
On Other Income	12.17	12.50
Total	39.77	47.61

**M. RELATED PARTIES DISCLOSURE****I. RELATED PARTIES****A. HOLDING COMPANY**

Sakthi Sugars Limited

**B. SUBSIDIARY COMPANIES**

Sakthi Auto Component Limited

Sakthi Auto Ancillary Private Limited

Tilan Sugar Limited (since dissolved)

Orlandofin B.V.

Sakthi Auto Mauritius Limited

**C. KEY MANAGERIAL PERSONNEL**

Dr N Mahalingam, Chairman

Dr M Manickam, Vice Chairman and Managing Director

Sri M Balasubramaniam, Joint Managing Director (Finance)

Sri M Srinivaasan, Joint Managing Director (Technical)

Sri V K Swaminathan, Executive Director

Sri S Jeevanantham, Managing Director of SAAPL

Sri S Mohanraj, Joint Managing Director of SAAPL

Sri Jorge Filipe Vilar de Almeida Fesch, Managing Director of Sakthi Portugal, S.A.

**D. RELATIVES OF KEY MANAGERIAL PERSONNEL**

There have been no transactions with relatives of key managerial personnel

**E. ENTERPRISES WHERE CONTROL EXIST**

ABT Limited

ABT Industries Limited

ABT Info Systems Pvt. Ltd

Anamallais Bus Transport Pvt. Ltd

Sakthi Finance Limited

Sakthi Logistic Services Ltd

Sri Chamundeswari Sugars Limited

Nachimuthu Industrial Association

J S Auto Cast Foundry India Pvt. Ltd

**F. ENTERPRISES IN WHICH KEY MANAGERIAL PERSONNEL/RELATIVES OF KEY MANAGERIAL PERSONNEL HAVE SIGNIFICANT INFLUENCE**

ARC Petroleum Services

N.Mahalingam &amp; Company

Sakthi Automobiles

Sakthi Coffee Estates (P) Ltd.





II. RELATED PARTY TRANSACTIONS

(Rs. in lakhs)

Particulars	Key Managerial personnel	Enterprises	Total for the Year 2010-11	Previous Year 2009
Managerial Remuneration	151.13		151.13	123.81
Sitting Fees	1.20		1.20	0.70
Raw Sugar Sales		117.36	117.36	533.05
Rent Receipts		16.57	16.57	12.60
Other Receipts		8.47	8.47	3.05
Transport Charges		500.58	500.58	258.01
Vehicle Purchase/Maintenance		84.50	84.50	23.77
Purchase of Milk		4.66	4.66	2.96
Management Fee		--	--	237.13
Electricity charges/Wind mill power		177.48	177.48	149.60
Purchase of Computer consumables		22.31	22.31	19.08
Courier charges		--	--	0.07
Rent Payments		19.44	19.44	15.60
Fettling charges/others		29.25	29.25	28.82
Interest charges		10.48	10.48	--
Water charges receipts		14.93	14.93	10.75
Technical charges receipts		1.80	1.80	1.44
Purchase of fuel		55.06	55.06	40.43
Advertisement Receipts		5.65	5.65	3.86
Lease rent		3.00	3.00	--
Printing charges		34.74	34.74	21.63
Promoters Contribution		1400.00	1400.00	400.00
Purchase of goods		5.73	5.73	26.70
Sale of goods/Services rendered		15.87	15.87	7.81
			Outstanding Amount 31.03.2011	Outstanding Amount 31.12.2009
Dues from Enterprises			196.59	365.96
Dues to Enterprises			6946.38	6062.21
Dues to Key Managerial Personnel			91.53	112.52

N. LEASE PAYMENTS

The Lease payments recognized in the Profit and Loss Account of SACL and SAAPL are Rs.3.63 lakhs and Rs.60.55 lakhs respectively (Previous year - SACL - Rs.2.26 lakhs and SAAPL - Rs.59.20 lakhs).

31.03.2011 31.12.2009

(Rs. in lakhs)

- O. Estimated amount of contracts remaining to be executed  
On capital account and not provided for:

5727.68 2759.31

P. EMPLOYEE BENEFITS

Gratuity and Provident Fund

Gratuity, Provident Fund and Employees State Insurance are defined Contribution Plans. The expenses recognised in the Profit and Loss Account:

(Rs. in lakhs)

Particulars	31.03.2011 (15 Months)	31.12.2009 (12 Months)
Gratuity	326.04	127.39
Provident Fund	517.23	346.54
Employees State Insurance	40.43	21.60





**SAKTHI SUGARS LIMITED (HOLDING COMPANY)**

**Disclosure report under Accounting Standard-15 (Revised) - Leave Salary**

Type of Plan: Long Term Compensated Absence as per Actuarial valuation

(Rs. in lakhs)

Particulars	31.03.2011	31.12.2009
<b>I. PRINCIPAL ACTUARIAL ASSUMPTIONS</b> (Expressed as weighted average)		
Discount rate	7.50%	7.50%
Salary escalation rate	6.50%	6.50%
Attrition rate	5.00%	5.00%
Expected rate of return on Plan Assets	--	--
<b>II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO)-</b> <b>RECONCILIATION OF OPENING AND CLOSING BALANCES</b>		
PVO as at the beginning of the period	458.42	439.80
Interest Cost	34.98	30.47
Current Service Cost	46.11	22.92
Past Service cost-(non vested benefits)	--	--
Past service cost-(vested benefits)	--	--
Benefits paid	(42.32)	(66.99)
Actuarial loss/(gain) on obligation (balancing figure)	(10.86)	32.22
PVO as at the end of the period	486.33	458.42
<b>III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS -</b> <b>RECONCILIATION OF OPENING AND CLOSING BALANCES</b>		
Fair value of plan assets as at the beginning of the period	--	--
Expected return on plan assets	--	--
Contributions	42.32	66.99
Benefits paid	(42.32)	(66.99)
Actuarial gain/(loss) on obligation (balancing figure)	--	--
Fair value on plan assets as at the end of the period	--	--
<b>IV. ACTUAL RETURN ON PLAN ASSETS</b>		
Expected return on plan assets	--	--
Actuarial gain/(loss) on plan assets	--	--
Actual return on plan assets	--	--
<b>V. ACTUAL GAIN/ LOSS RECOGNIZED</b>		
Actuarial gain/(loss) for the period-Obligation	10.86	(32.22)
Actuarial gain/(loss) for the period-Plan Assets	--	--
Total (gain)/loss for the period	(10.86)	32.22
Actuarial (gain)/loss recognized in the period	(10.86)	32.22
Unrecognized actuarial (gain)/ loss at the end of the year	--	--
<b>VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET</b> <b>AND RELATED ANALYSES</b>		
Present value of the obligation	486.33	458.42
Fair value of plan assets	--	--
Difference	486.33	458.42
Unrecognised transitional liability	--	--
Unrecognised past service cost-non vested benefits	--	--
Liability recognized in the balance sheet	486.33	458.42



## CONSOLIDATED SCHEDULES

(Rs. in lakhs)

Particulars	31.03.2011	31.12.2009
<b>VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS</b>		
Current service cost	46.11	22.92
Interest Cost	34.98	30.47
Expected return on plan assets	--	--
Net actuarial (gain)/loss recognised in the year	(10.86)	32.22
Transitional Liability recognised in the year	--	--
Past service cost-non-vested benefits	--	--
Past service cost-vested benefits	--	--
Expenses recognized in the statement of profit and loss	70.23	85.61
<b>VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET</b>		
Opening net liability	458.42	439.80
Expenses as above	70.23	85.61
Contribution paid	(42.32)	(66.99)
Closing net liability	486.33	458.42
<b>IX. AMOUNT FOR THE CURRENT PERIOD</b>		
Present value of obligation	486.33	458.42
Plan Assets	--	--
Surplus/(Deficit)	(486.33)	(458.42)
<b>X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)</b>	<b>Nil</b>	<b>Nil</b>

### SAKTHI AUTO COMPONENT LIMITED (SACL)

(Rs. in lakhs)

Particulars	31.03.2011	31.12.2009
<b>I. PRINCIPAL ACTUARIAL ASSUMPTIONS</b>		
Discount Rate	8.00%	7.50%
Salary escalation rate	6.50%	5.00%
Attrition rate	5.00%	5.00%
Expected rate of return on Plan Assets	--	--
<b>II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO)- RECONCILIATION OF OPENING AND CLOSING BALANCES:</b>		
PVO as at the beginning of the period	34.97	28.59
Interest Cost	2.68	1.69
Current service cost	5.73	5.25
Past service cost - (non vested benefits)	--	--
Past service cost - (vested benefits)	--	--
Benefits paid	(3.07)	(12.08)
Actuarial loss/(gain) on obligation (balancing figure)	6.03	11.52
PVO as at the end of the period	46.34	34.97
<b>III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:</b>		
Fair value of plan assets as at the beginning of the period	--	--
Expected return on plan assets	--	--
Contributions	3.07	12.08
Benefits paid	(3.07)	(12.08)
Actuarial gain/(loss) on plan assets (balancing figure)	--	--
Fair value of plan assets as at the end of the period	--	--



## CONSOLIDATED SCHEDULES

(Rs. in lakhs)

Particulars	31.03.2011	31.12.2009
<b>IV. ACTUARIAL GAIN / LOSS RECOGNIZED</b>		
Actuarial gain/(loss) for the period - Obligation	<b>6.03</b>	11.52
Actuarial gain/(loss) for the period- Plan Assets	--	--
Total (gain)/loss for the period	<b>6.03</b>	11.52
Actuarial (gain)/loss recognized in the period	<b>6.03</b>	11.52
Unrecognized actuarial (gain)/loss at the end of the year	--	--
<b>V. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES</b>		
Present value of the obligation	<b>46.34</b>	34.97
Fair value of plan assets	--	--
Difference	<b>46.34</b>	34.97
Unrecognised transitional liability	--	--
Unrecognised past service cost - non vested benefits	--	--
Liability recognized in the balance sheet	<b>46.34</b>	34.97
<b>VI. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS</b>		
Current service cost	<b>5.73</b>	5.25
Interest Cost	<b>2.68</b>	1.69
Expected return on plan assets	--	--
Net actuarial (gain)/loss recognised in the year	<b>6.03</b>	11.52
Transitional Liability recognised in the year	--	--
Past service cost - non-vested benefits	--	--
Past service cost - vested benefits	--	--
Expenses recognized in the statement of profit and loss	<b>14.44</b>	18.46
<b>VII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET</b>		
Opening net liability	<b>34.97</b>	28.59
Expense as above	<b>14.44</b>	18.46
Contribution paid	<b>(3.07)</b>	(12.08)
Closing net liability	<b>46.34</b>	34.97
<b>VIII. AMOUNT FOR THE CURRENT PERIOD</b>		
Present Value of obligation	<b>46.34</b>	34.97
Plan Assets	--	--
Surplus/(Deficit)	<b>(46.34)</b>	(34.97)

### SAKTHI AUTO ANCILLARY PVT LTD (SAAPL)

(Rs. in lakhs)

Particulars	31.03.2011	31.12.2009
<b>I. PRINCIPAL ACTUARIAL ASSUMPTIONS</b> [Expressed as weighted averages]		
Discount Rate	<b>8.40%</b>	7.90%
Salary escalation rate	<b>6.50%</b>	6.50%
Attrition rate	<b>2.83%</b>	3.00%
Expected rate of return on Plan Assets	<b>9.00%</b>	9.00%
<b>II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO)- RECONCILIATION OF OPENING AND CLOSING BALANCES:</b>		
PVO as at the beginning of the period	<b>23.14</b>	39.96
Interest Cost	<b>2.21</b>	2.39
Current service cost	<b>4.72</b>	7.68
Past service cost - (non vested benefits)	--	--
Past service cost - (vested benefits)	<b>2.87</b>	--
Benefits paid	<b>(1.51)</b>	(0.26)
Actuarial loss/(gain) on obligation (balancing figure)	<b>2.21</b>	(26.62)
PVO as at the end of the period	<b>33.65</b>	23.14



## CONSOLIDATED SCHEDULES

(Rs. in lakhs)

Particulars	31.03.2011	31.12.2009
<b>III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES</b>		
Fair value of plan assets as at the beginning of the period	14.34	10.01
Expected return on plan assets	1.53	1.05
Contributions	--	3.45
Benefits paid	(1.51)	(0.26)
Actuarial gain/(loss) on plan assets (balancing figure)	0.69	0.08
Fair value of plan assets as at the end of the period	15.04	14.34
<b>IV. ACTUAL RETURN ON PLAN ASSETS</b>		
Expected return on plan assets	1.53	1.05
Actuarial gain (loss) on plan assets	0.69	0.08
Actual return on plan assets	2.21	1.13
<b>V. ACTUARIAL GAIN / LOSS RECOGNIZED</b>		
Actuarial gain/(loss) for the period - Obligation	(2.21)	26.63
Actuarial gain/(loss) for the period- Plan Assets	0.69	0.08
Total (gain)/loss for the period	1.52	(26.71)
Actuarial (gain)/loss recognized in the period	1.52	(26.71)
Unrecognized actuarial (gain)/loss at the end of the year	--	--
<b>VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES</b>		
Present value of the obligation	33.65	23.14
Fair value of plan assets	15.04	14.34
Difference	18.61	8.80
Unrecognised transitional liability	--	--
Unrecognised past service cost - non vested benefits	--	--
Liability recognized in the balance sheet	18.61	8.80
<b>VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS</b>		
Current service cost	4.72	7.68
Interest Cost	2.21	2.39
Expected return on plan assets	(1.53)	(1.05)
Net actuarial (gain)/loss recognised in the year	1.52	(26.71)
Transitional Liability recognised in the year	--	--
Past service cost - non-vested benefits	--	--
Past service cost - vested benefits	2.87	--
Expenses recognized in the statement of profit and loss	9.80	(17.69)

### Q. EARNINGS PER SHARE

Particulars	2010-2011 (15 Months)	2009 (12 Months)
a. Profit After Tax (Rs. in Lakhs)	(9314.71)	2697.26
b. Less: Preference Dividend (Rs. in Lakhs)	--	--
c. Total (Rs. in Lakhs)	(9314.71)	2697.26
d. The weighted average no of Equity Shares	36712863	31727168
e. The nominal value per Equity Share (Rs.)	10	10
f. Earnings per Share - Basic (Rs.)	(25.37)	8.50
<b>Diluted Earning per Share</b>		
a. Profit After Tax (Rs. in Lakhs)	(9314.71)	2697.26
b. The weighted average no of Equity Shares	39819389	34111730
c. Earnings per Share - Diluted (Rs.)	(23.39)	7.91

**R. Disclosure pursuant to AS-28 on 'Impairment of Assets':**

During the year, review has been done for carrying value of the assets for finding out the impairment, if any. The review has not revealed any impairment of assets in terms of AS-28.

- S.** Interim dividend of Rs.3,081.55 lakhs declared by SACL during the year 2007-08 has become recoverable from the share holders as there was no distributable profit on account of economic meltdown faced by the Auto Industry. The management has taken up with the concerned share holders for recovery. The modus operandi of recovery is under active discussion.

**T. CONTINGENT LIABILITIES IN RESPECT OF**

(Rs. in lakhs)

Particulars	31.03.2011	31.12.2009
Income tax matters	427.31	1199.27
Purchase tax/sales tax matters	2776.92	2290.57
Excise/service tax matters	3537.24	3758.83
Water tax	822.40	662.34
Electricity tax	55.69	26.73
Claims against the company not acknowledged as debts	827.81	1208.70
Note: Above Matters are subject to legal proceedings in the ordinary course of business. The legal proceedings when ultimately concluded will not, in the opinion of the management, have a material effect on the results of the operations or financial position of the company.		
Guarantees issued by bankers	2205.33	2425.27
Corporate guarantee given for loans to subsidiaries		
a. Guarantee amount	44940.88	55407.30
b. Outstanding amount	38878.99	45405.33
Export obligation:		
Sugar:		
Obligation for export of sugar (in lakh Mts)	--	1.67
Duty component to be paid in case of non fulfillment of obligation	--	15524.92
Iron Castings:		
Duty component to be paid in case of non fulfillment of obligation	341.00	1393.00

- U.** Wherever necessary, figures for previous year have been regrouped or reclassified to conform to this year's grouping or classification.
- V.** Previous year's figures are not comparable with the current year figures as the current year is for a period of 15 months in the case of parent and Indian subsidiaries and 12 months in the case of foreign subsidiaries, whereas previous year's figures were for a period of 12 months.



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011

(Rs. in lakhs)

	2010-11		2009	
<b>A. Cash Flow from Operating Activities</b>				
Profit before tax		(11,008.86)		4,110.04
Depreciation	7,517.15		6,906.67	
Interest	23,341.31		10,135.87	
Miscellaneous Expenses & Other exp.written off	389.39		359.44	
Intangible Asset Written off	5,348.09		2,606.44	
Loss on Sale of Assets	7.18		2.00	
Loss on Sale of Investment / Written off	250.00		3,433.24	
<b>Investment Income</b>				
Dividend	(3.46)		(3.31)	
Interest	(655.08)		(887.72)	
Profit on Sale of Assets	(0.26)		(2.21)	
		<b>36,194.32</b>		<b>22,550.42</b>
<b>Operating Profit Before Working Capital changes</b>		<b>25,185.46</b>		<b>26,660.46</b>
Adjustment for				
Inventories	2,299.08		(12,655.08)	
Debtors	(8,373.91)		(4,432.14)	
Other Current Assets	79.57		(1,030.01)	
Loans and Advances	8,292.25		12,882.48	
Liabilities	5,923.04		(5,245.12)	
Expenses relating to Prior Years	-		12.50	
Intangible Assets	(9,389.53)		(2,131.81)	
Misc Expenditure Paid	272.51		(27.94)	
		<b>(897.00)</b>		<b>(12,627.11)</b>
Net cash from Operating Activities after extraordinary items		<b>24,288.46</b>		<b>14,033.35</b>
Foreign Exchange Fluctuation (net)		<b>12.87</b>		<b>718.45</b>
Income Tax Paid		<b>(187.22)</b>		<b>(1,207.88)</b>
Net Cash From Operating Activities		<b>24,114.11</b>		<b>13,543.92</b>
<b>B. Cash Flow From Investing Activities</b>				
Purchases of Fixed Assets	(7,612.41)		(5,063.20)	
Sale of Fixed Assets	1,429.60		52.31	
Investment Income	658.54		891.03	
Sale / Purchase of Investment	(287.05)		5.00	
Net Cash used in Investment activities		<b>(5,811.32)</b>		<b>(4,114.86)</b>
<b>C. Cash Flow from Financing Activities</b>				
Interest Paid	(15,712.85)		(10,838.37)	
Derivative Transactions (Net)	(1,519.47)		(1,509.28)	
Redemption of FCCB	(1,127.45)		-	
Receipts from Long Term/Short Term Borrowings	(192.96)		3000.70	
Net Cash used in Finance activities		<b>(18,552.73)</b>		<b>(9,346.95)</b>
Net increase in Cash & Cash Equivalents		<b>(249.94)</b>		<b>82.11</b>
Cash & Cash Equivalents at the beginning of the period		<b>6,108.75</b>		<b>6,026.64</b>
Cash & Cash Equivalents at the end of the period		<b>5,858.81</b>		<b>6,108.75</b>

Vide our report annexed  
For P N RAGHAVENDRA RAO & Co  
Chartered Accountants  
Firm Registration No. 003328S

P R VITTEL  
Partner  
M. No. 018111

N MAHALINGAM  
Chairman

M MANICKAM  
Vice Chairman & Managing Director

Coimbatore  
30th May 2011

M BALASUBRAMANIAM  
Joint Managing Director - Finance

S BASKAR  
Senior Vice President - Finance &  
Company Secretary

### **E-MAIL ADDRESS REGISTRATION FORM**

(In terms of Circular Nos. 17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011  
respectively issued by Ministry of Corporate Affairs, Government of India)

(For shares held in physical form)

**Link Intime India Pvt. Limited**

**Unit: Sakthi Sugars Limited**

"Surya" 35, May Flower Avenue

Behind Senthil Nagar

Sowripalayam Road,

Coimbatore - 641 028

I/We, Member(s) of Sakthi Sugars Limited, hereby give my/our consent to receive electronically Annual Report(s), Notice(s) of General Meeting(s) and other document(s) that the Ministry of Corporate Affairs may allow to be sent in electronic mode.

I/We request you to note my/our e-mail address as mentioned below. If there is any change in the e-mail address, I/We will promptly communicate the same to you.

Folio No.	
Name of the first/sole Member	
e-mail address (to be registered)	

Place :

Date :

\_\_\_\_\_  
(Signature of first/sole Member)







# SAKTHI SUGARS LIMITED

REGD. OFFICE :  
SAKTHINAGAR - 638 315, BHAVANI TALUK, ERODE DISTRICT

## PROXY FORM

I / We.....  
of.....being a Member / Members of Sakthi Sugars Limited  
hereby appoint .....of .....  
or failing him .....of .....  
or failing him .....of .....  
as my / our proxy to attend and vote for me / us on my / our behalf at the 49<sup>th</sup> Annual General Meeting of the Company to be held on 25<sup>th</sup> August, 2011 and of any adjournment thereof.

Signed this ..... day of ..... 2011.

Folio No. :

\* Client ID No. :

\* DP ID No. :

Affix  
Revenue  
Stamp

Note : The Proxy form must be deposited at the Registered Office of the Company at Sakthinagar, Bahavani Taluk, Erode District or at the Corporate Office at 180, Race Course Road, Coimbatore - 641 018 not less than forty eight hours before the time for holding the aforesaid meeting.

\* Applicable only in case of investors holding shares in demat form.



# SAKTHI SUGARS LIMITED

REGD. OFFICE :  
SAKTHINAGAR - 638 315, BHAVANI TALUK, ERODE DISTRICT

## ATTENDANCE SLIP

Reg. Folio :

\* Client ID No. :

\* DP ID No. :

Name & Address of member :

I hereby record my presence at the 49<sup>th</sup> Annual General Meeting held on 25<sup>th</sup> August, 2011 at Sakthinagar, Bhavani Taluk, Erode District, Tamilnadu.

.....  
\*\* Member's / Proxy's Signature

Note : Shareholder / Proxyholder must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.

\* Applicable only in case of investors holding shares in demat form.

\*\* Please indicate whether Member or Proxy







**SAKTHI SUGARS LIMITED**

CORPORATE OFFICE  
180 RACE COURSE ROAD, COIMBATORE - 641 018