

2011-12

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



**SAKTHI SUGARS LIMITED**

ANNUAL REPORT 2011-12

# इश्वरवक्त्रयोगीश्वर क्रीया शक्ति

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 Limited  
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  
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 Bank)

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.119 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 50<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, 20<sup>th</sup> September 2012 at 3.15 p.m. to transact the following business:

1. To consider and adopt the audited Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2012 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 M Balasubramaniam, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in the place of Sri C Rangamani, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in the place of Sri S S Muthuvelappan, 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 subject to the approval of the Central Government and 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 Dr.M Manickam as Managing Director for a period of five years from 25.10.2011 be and is hereby approved and that Dr.M Manickam be paid remuneration as detailed below:

### I SALARY

Rs.1,50,000 per month

### II PERQUISITES

Not exceeding Rs.50,000 only per month consisting of items at the discretion of the Managing Director.

In addition to the above, Dr.M Manickam, Managing 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 the 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.



### III. COMMISSION

1% Commission on the net profits of the Company, subject to the maximum ceiling specified in Section 309(3) of the Companies Act, 1956.

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

- A. RESOLVED that the consent of the Company be and is hereby accorded to the Board of Directors under the provisions of Section 293(1)(a) of the Companies Act, 1956:
- (i) to mortgage and/or charge as security the whole of the immovable and movable properties pertaining to the Co-generation plant-I of the Company situate at Sakthinagar, Erode District, Tamilnadu, present and future, and/or for conferring power to enter upon and take possession of the aforesaid assets of the Company in certain events to or in favour of Tamilnadu Industrial Investment Corporation Limited (TIIC) upto a sum not exceeding Rs.30 crores; and
  - (ii) to authorise the Board of Directors of the Company for agreeing with TIIC the terms and conditions to reserve a right to take over the management of the whole of the above undertaking, viz. Co-generation Plant-I of the Company at Sakthinagar in certain events in terms of the agreements/letters of sanction/terms and conditions in connection with the creation of security and other incidental matters.
- B. RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to finalise with TIIC the documents for creating the aforesaid mortgage/charge and/or for conferring the aforesaid rights and to do all such acts and things as may be necessary for giving effect to the above resolution.

Coimbatore  
30<sup>th</sup> May 2012

By Order of the Board  
S.BASKAR  
Sr.Vice President - Finance &  
Company Secretary

### 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 items No.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 12.9.2012 to 20.9.2012 (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 Investor 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

The term of office of Dr. M Manickam as Managing Director of the Company expired on 24<sup>th</sup> October 2011. Dr. M Manickam is a post graduate in Science and holds Master of Business Administration degree from Michigan University, USA. Taking cognizance of the contributions made for the development of agriculture and agro-based industry, Dr. M Manickam was awarded doctorate degree by Tamil Nadu Agricultural University. He was appointed as Managing Director of the Company in 1990 and he continues to hold the office since then. During his tenure, the Company's operations were expanded manifold and in diversified lines making full use of the bye-products. His experience in sugar industry is very vast. Considering his contributions to the growth of the Company, the Board of Directors has, subject to the approval of the Central Government and Members at General Meeting, reappointed Dr. M Manickam as Managing Director for a further period of five years from 25<sup>th</sup> October 2011.

Dr. M Manickam is also the Managing Director of Sakthi Auto Component Limited, wholly owned subsidiary of the Company.

Necessary resolution is placed before the members for their approval.

Dr. M Manickam may be deemed to be concerned or interested in the resolution as it relates to his reappointment and remuneration.

Dr. N Mahalingam, Chairman, Sri M Balasubramaniam, Joint Managing Director-Finance and Sri M Srinivaasan, Joint Managing Director-Technical are deemed to be concerned/interested as his relatives.





**Item No. 7**

The Company has been sanctioned bills finance facilities aggregating to Rs. 30 crores by Tamilnadu Industrial Investment Corporation Limited (TIIC) against receivables from TNEB in respect of power supplied by the Company from its Co-generation plant-I at Sakthinagar and at Modakurichi. As per the terms of sanction, among others, the above facility has to be secured by the assets pertaining to the Co-generation Plant-I at Sakthinagar.

As per Section 293(1)(a) of the Companies Act, 1956, approval of the Members is required to the Board of Directors to mortgage or charge the aforesaid properties of the Company. Necessary resolutions are placed before the Members for approval.

Copies of letters of sanction and documents creating mortgage/charge are available for inspection of the Members at the Registered Office of the Company between 10.00 AM and 3.00 PM on all working days upto the date of the ensuing Annual General Meeting.

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

By Order of the Board

Coimbatore  
30<sup>th</sup> May 2012

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



## RE-APPOINTMENT OF DIRECTORS

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

1	Name	:	Sri M Balasubramaniam
	Date of Birth & Age	:	06.5.1958 - 54 Years
	Date of Appointment		
	As Director	:	21.8.1989
	As Joint Managing Director - Finance	:	23.1.2009
	Qualification	:	M.Com., M.B.A (USA)
	Experience	:	Rich experience in industrial and business management
	Other Directorships	:	Sakthi Finance Limited Sakthifinance Financial Services Limited Sri Sakthi Textiles Limited Sakthi Auto Component Limited Sri Chamundeswari Sugars Limited ABT Limited ABT Industries Limited ABT Foundation Limited ABT Finance Limited Sakthi Management Services (Coimbatore) Limited ABT Foods Limited Sri Alagu Tex Pvt Limited The Gounder and Company Auto Limited ABT Foods Retailing (India) Limited Sakthi Finance Commercial Vehicle & Infrastructure Limited ABT Textiles Pvt.Limited Anamallais Bus Transport Pvt Limited
	No.of Equity Shares held	:	337325 Shares
	Member of Committees	:	1. Sri Chamundeswari Sugars Limited Audit Committee Shareholders/Investors Grievance Committee  2. Sakthi Sugars Limited Audit Committee Shareholders/Investors Grievance Committee  3. Sakthi Finance Limited Shareholders/Investors Grievance Committee  4. ABT Industries Limited Audit Committee  5. Sakthi Auto Component Limited Audit Committee
	Relationship with other Directors	:	Dr.N Mahalingam - Father, Dr. M Manickam and Sri M Srinivaasan - Brothers



2	Name	: Sri C Rangamani
	Date of Birth & Age	: 1.11.1941 - 70 Years
	Date of Appointment	: 29.1.2008
	Qualification	: B.Sc., B.G.L., FIII
	Experience	: Rich experience in insurance and general management
	Other Directorships	: Pennar Industries Limited Sakthi Auto Component Limited
	No.of Equity Shares held	: 500 Shares
	Member of Committees	: 1. Pennar Industries Limited Audit Committee Shareholders/Investors Grievance Committee Remuneration Committee  2. Sakthi Sugars Limited Audit Committee Remuneration Committee
	Relationship with other Directors	: Nil
3	Name	: Sri S S Muthuvelappan
	Date of Birth & Age	: 5.12.1941 - 70 Years
	Date of Appointment	: 18.02.1985
	Experience	: Rich experience in sugarcane cultivation
	Other Directorship	: Biomed Hitech Industries Limited
	No.of Equity Shares held	: 2770 Shares
	Member of Committees	: Sakthi Sugars Limited 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 statements of the Company for the year ended 31<sup>st</sup> March 2012.

FINANCIAL RESULTS FOR THE YEAR ENDED 31 <sup>st</sup> MARCH 2012		(Rs.in lakhs)
Profit before finance cost and depreciation & amortization expense		13304.22
Less: Finance cost	12126.30	
Depreciation & amortization expense	<u>6528.39</u>	
		<u>18654.69</u>
Profit before Tax		(5350.47)
Less: Income Tax expenses:		
Deferred Tax		<u>(578.81)</u>
Profit after Tax		(4771.66)
Add: Debenture Redemption Reserve withdrawn	551.71	
Transfer from General Reserve	<u>1498.26</u>	
		<u>2049.97</u>
Closing balance		<u>(2721.69)</u>

## REVIEW OF OPERATIONS

### SUGAR DIVISION

The quantum of sugarcane crushed at various units of the Company during the year 2011-12 is as under:

Name of the Units	Cane crushed (in tonnes)
Sakthinagar	: 1562243
Sivaganga	: 550126
Modakurichi	: 472696
Dhenkanal	: 315565

During the year under review, 2.78 lakhs MT of sugar was produced by the Company. As compared to the previous year, there is improvement in the availability of sugarcane in general and the total cane crush by the Company during the year was better than the previous year, which was for 15 months.

### DISTILLERY DIVISION

During the year under review 339.78 lakh litres of Industrial Alcohol was produced at Sakthinagar Distillery Unit and 62.41 lakh litres at Dhenkanal Distillery Unit.

**SOYA DIVISION**

26,072 tonnes of soya bean had been crushed in the Soya plant during the year under review. This division has exported products worth Rs. 1984.47 lakhs to various countries.

**CO-GENERATION DIVISION**

The total power generated in the co-generation plant during the year was 3393.77 lakh units out of which 2244.17 lakh units were exported to Tamilnadu Electricity Board and others.

**FUTURE OUTLOOK**

For the next season 2012-13, sugarcane availability is expected to be higher than the current year leading to increased sugar production in the country. This may impact the selling price of sugar. However, the Central Government's policy of allowing export of sugar will help the Indian sugar industry to certain extent. The Company expects to crush higher quantity of cane during the current year compared to the previous year.

The performance of the Industrial Alcohol Division and the Power Division of the Company are expected to be satisfactory for the current year with higher availability of molasses and bagasse.

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 public during the year under review. At the end of the financial year, 21 deposits amounting to Rs. 5.11 lakhs (including interest) which were due for repayment remained unclaimed on their due dates. Of these, 2 deposits amounting to Rs.0.44 lakh have since been repaid.

**DIRECTORS**

The Directors regret to report that Sri G G Gurumurthy, Director, expired on 26.6.2011. He was a Director on the Board for a period of about 28 years. The Directors place on record their appreciation of the valuable services rendered by him during the tenure of his office as Director of the Company.

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

1. Sri M Balasubramaniam
2. Sri C Rangamani
3. Sri S S Muthuvelappan

The Board of Directors at its meeting held on 29<sup>th</sup> September, 2011 has reappointed Dr M Manickam as Managing Director of the Company for a period of five years from 25<sup>th</sup> October, 2011, subject to the approval of members and the Central Government.

**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 31.3.2012, applicable accounting standards had been followed;
- b. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the 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 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 globally is performing well. The performance of both Indian and European subsidiaries having manufacturing facilities, viz. Sakthi Auto Component Limited, Sakthi Auto Ancillary Private Limited and Sakthi Portugal SA, have shown considerable improvement as compared to the previous year. It is expected that the growth in the performance will continue in the current year also.

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, Statement of Profit and Loss, 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, Sakthi Portugal SA and Sakthi Auto Mauritius Limited have not been attached to the Balance Sheet of the Company as at 31<sup>st</sup> March 2012. 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 annual accounts of the subsidiary companies and the related detailed information on the accounts of the subsidiary companies will be made available to the shareholders of the Company and of 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 any shareholder at the Registered Office of the Company and of the subsidiary companies concerned. The details of the accounts of the above subsidiary companies are also provided in the Company's website.



In terms of Accounting Standard 21, accounts of the following subsidiaries, viz. Sakthi Europe Verwaltungs GmbH, Arvika Gjuteri AB, Arvinova AB, Arvika Handforming Gjuteri AB and Sakthi Sweden AB, are not consolidated since there is a long term restriction in the flow of cash from these subsidiaries to the holding company as the said subsidiaries are under the control of the Administrators appointed by the respective Courts in Germany and Sweden.

## **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 the Listing Agreement is given in the section on Corporate Governance.

## **AUDITORS**

M/s P.N.Raghavendra Rao & Co., Chartered Accountants, Statutory Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment. As required under Section 224(1B) of the Companies Act 1956, the Company has obtained certificate in writing from M/s. P N Raghavendra Rao & Co. to the effect that their appointment, if made, will be within the limit prescribed in the said Section.

## **COST AUDIT**

M/s STR & Associates, Cost Accountants, Trichirapalli, are the Cost Auditors for auditing the cost accounts relating to Sugar, Industrial Alcohol and Power Divisions of the Company for the year ended 31<sup>st</sup> March 2012. The due date of filing the Cost Audit Report is 27<sup>th</sup> September 2012. The same firm has been reappointed as Cost Auditors for Sugar, Industrial Alcohol, Power and Soya Divisions for the financial year ending 31<sup>st</sup> March 2013.

For the year ended 31<sup>st</sup> March 2011, the due date for filing cost audit reports for the Sugar, Industrial Alcohol and Power Divisions of the Company was 27<sup>th</sup> September 2011, and the actual date of filing the cost audit reports was 24<sup>th</sup> September 2011.

## **CONSERVATION OF ENERGY**

(a) Energy conservation measures taken:

Use of Integrated Evaporation System along with multi pressure distillation system in the Distillery at Sakthinagar. In Sakthinagar sugar mill, 3<sup>rd</sup> vapour is utilized instead of 1<sup>st</sup> vapour at filtrate juice clarifier for filtrate juice heating.

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

No significant investment is envisaged.

(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:

Integrated Evaporation System reduces generation of effluent considerably and consumption of steam per litre of alcohol gets reduced.

There will be reduction in the requirement of steam in the manufacturing process of sugar.

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 2012

N MAHALINGAM  
Chairman





ANNEXURE - 1

**REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2012**  
**ENERGY CONSERVATION MEASURES**

FORM A

Disclosure of particulars with respect to conservation of energy

Particulars	Current Year (12 Months)	Previous Year (15 Months)
<b>A. POWER AND FUEL CONSUMPTION</b>		
<b>1. ELECTRICITY:</b>		
a) Purchased		
Units	<b>6735309</b>	6859758
Total Amount (Rs.in lakhs)	<b>384.25</b>	362.08
Rate/Unit (Rs.)	<b>5.71</b>	5.28
b) Own Generation		
i) Through Diesel Generator Units	<b>949890</b>	540487
Diesel Oil (Ltrs)	<b>284044</b>	180235
Total Consumption Value	<b>121.60</b>	65.91
Units per Ltr of Diesel Oil	<b>3.34</b>	3.00
Cost/Unit (Rs.)	<b>12.80</b>	12.19
ii) Through Steam Turbine/Generator - Units	<b>94767764</b>	108550688
Units per Ltr of Fuel Oil/Gas	--	--
Cost/Unit	*	*
<b>2. COAL</b>		
Quantity (Tonnes)	<b>2150.120</b>	23571.230
Total Cost (Rs.in lakhs)	<b>99.27</b>	1067.24
Average Rate per Tonne (Rs.)	<b>4616.95</b>	4527.72
<b>3. FURNACE OIL</b>		
Quantity (KL)	<b>178.050</b>	91.286
Total Cost (Rs.in lakhs)	<b>19.25</b>	31.38
Average Rate per Litre (Rs.)	<b>10.81</b>	34.38
<b>4. OTHERS/INTERNAL GENERATION</b>		
a) Bagasse (MT)	<b>271957</b>	123183
Total Cost	**	**
Rate/Unit	--	--
b) Bio Gas		
Quantity (Cu.Mtr)	<b>2993701</b>	5601780
Total Cost	**	**
Rate/Unit	--	--
c) Paddy Husks		
Quantity (Tonnes)	<b>5034.651</b>	9418.092
Total Cost (Rs.in lakhs)	<b>219.63</b>	211.66
Rate/Unit (Rs.)	<b>4362.37</b>	2247.38

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



## B. CONSUMPTION PER UNIT OF PRODUCTION

Particulars Products (with details) Unit	Current Year (12 Months)			Previous Year (15 Months)		
	Sugar Qtl	Alcohol Ltr	Soya MT	Sugar Qtl	Alcohol Ltr	Soya MT
Electricity (Units)	29.87	0.32	204.88	17.31	0.27	190.27
Furnace Oil (Ltrs)	--	0.004	0.93	--	0.003	0.35
Coal (MTs)	--	--	0.04	--	--	0.12
Others : Bio-gas (Cu.Mtrs)	--	0.07	--	--	0.10	--

On behalf of the Board of Directors

Coimbatore  
30<sup>th</sup> May 2012N MAHALINGAM  
Chairman

## FORM B

Disclosure of particulars with respect to Technology Absorption

## RESEARCH AND DEVELOPMENT (R &amp; D) AND TECHNOLOGY ABSORPTION

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

- Multiplication of new sugarcane variety like 86V96, 87A298, 86V15, 83R23, CO-0118, CO-0238, CO-0239, COVSI 9805 (III tier programme) in Dhenkanal unit.
- Development of machinery for mechanisation of sugarcane cultivation in Sivaganga unit.

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

- Adopted new sugarcane varieties in the farms in Dhenkanal so as to mitigate the pests and disease problem on account of erratic climatic factors.
- Fabricated machinery for inter cultural operations for minimising the post planting operation cost to the farmers.

## 3. Future plan of action

- Introduction of new varieties in pipe line suitable to the conditions in Orissa State.
- Planning to increase the operational efficiency by mechanising sugarcane cultivation and harvesting.



## 4. Expenditure on Research and Development

(Rs.in lakhs)

a) Capital	53.46
b) Recurring	21.29
c) Total	74.75
d) Total R&D expenditure as a percentage of total turnover	0.07

## 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.9954.45 lakhs and soya products valued at Rs.1984.47 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	4132.23
---	---------

Foreign Exchange used :	
-------------------------	--

## 1. Outgo :

a) Travelling Expenses	8.11	
b) Subscription and Membership Fees	0.59	
c) Professional Fees	83.73	
d) Redemption of FCCB:		
Principal	6087.21	
Premium/Interest	1764.74	
e) Commission & others	<u>7.31</u>	
		7951.69

## 2. Import :

Capital Goods	9.49
Total	<u>7961.18</u>

On behalf of the Board of Directors

N MAHALINGAM  
Chairman

Coimbatore  
30<sup>th</sup> May 2012



## 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, 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 seven 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 they are directors. The necessary disclosures regarding committee positions have been made by the Directors.

#### b. Board Meetings and AGM Attendance

The Board met 7 times during the financial year on 30.5.2011, 27.6.2011, 11.8.2011, 22.9.2011, 29.9.2011, 10.11.2011 and 8.2.2012. 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 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 2011-2012 Attendance at		As on 30.05.2012		
		Board	Last AGM	No. of other Directorships (1)	Committee Position (2)	
					Chairman	Member
Dr N Mahalingam Chairman	Promoter Non-Executive	5	Yes	4		
Dr M Manickam Vice Chairman & Managing Director	Promoter Executive	7	Yes	10	2	
Sri M Balasubramaniam Joint Managing Director-Finance	Promoter Executive	7	Yes	14	1	4
Sri M Srinivaasan Joint Managing Director-Technical	Promoter Executive	6	Yes	12		1



Name of the Director	Category of Directorship	Financial Year 2011-2012 Attendance at		As on 30.05.2012		
				No. of other Directorships (1)	Committee Position (2)	
		Board	Last AGM		Chairman	Member (Other than SSL)
Sri V K Swaminathan Executive Director	Non-Promoter Executive	7	Yes	2		2
Sri P K Chandran	Independent Non-Executive	7	Yes	-		
Sri G G Gurumurthy (Deceased on 26.6.2011)	Independent Non-Executive	1	N.A	-		
Sri S S Muthuvelappan	Independent Non-Executive	7	Yes	1		
Sri N K Vijayan	Independent Non-Executive	7	Yes	1		
Sri C Rangamani	Independent Non-Executive	7	Yes	2	2	
Sri S Doreswamy	Independent Non-Executive	3	No	6	3	2
Sri B Elangovan Nominee of TIDCO	Independent Non-Executive	3	No	6		2
Sri V M Manogaran Nominee of IDBI	Independent Non-Executive	4	No	-		

(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 consists of the following Directors:

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 30.5.2011, 11.8.2011, 22.9.2011, 10.11.2011 and 8.2.2012 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	2
Sri M Balasubramaniam	5	4
Sri V M Manogaran	5	3

All members of the 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/half yearly/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 of their remuneration.
7. Recommending the appointment/re-appointment of cost auditors and of their remuneration.
8. 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, Remuneration Committee meeting was held on 29.9.2011 which was 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 and 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 the Vice Chairman and Managing Director, Joint Managing Director-Finance, Joint Managing Director-Technical and Executive Director; (b) sitting fees paid to the Chairman and non-executive directors at the rate of Rs.10,000/- for each Board Meeting and Committee Meeting attended by them and (c) the number of equity shares held by the directors as on 31.3.2012 are given below:

Name of the Director	Salary	Perquisites	Sitting Fees	Total	No.of Equity Shares held
(Rs. in lakhs)					
Dr N Mahalingam	-	-	0.50	0.50	145100
Dr M Manickam	10.16	6.62	-	16.78	1704200
Sri M Balasubramaniam	12.00	3.82	-	15.82	337325
Sri M Srinivaasan	12.00	3.82	-	15.82	201000
Sri V K Swaminathan	7.20	7.08	-	14.28	2400
Sri P K Chandran	-	-	0.80	0.80	6424
Sri G G Gurumurthy*	-	-	0.10	0.10	700
Sri S S Muthuvelappan	-	-	0.80	0.80	2770
Sri N K Vijayan	-	-	0.70	0.70	1850
Sri C Rangamani	-	-	1.30	1.30	500
Sri S Doreswamy	-	-	0.50	0.50	500
Sri B Elangovan	-	-	0.30	0.30	-
Sri V M Manogaran	-	-	0.70	0.70	-

\*Deceased on 26.6.2011

1. Dr. M Manickam, Managing Director, was paid remuneration as per the terms of appointment approved by the Members of the Company for the period upto 24.10.2011. He has been reappointed with effect from 25.10.2011, subject to the approval of the Central Government, which is yet to be received. As such no remuneration has been paid to Dr. M Manickam from the date of his reappointment. The above remuneration consists of fixed components 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. The above said remuneration consists of fixed components 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 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 19.4.2011, 12.7.2011, 30.9.2011, 31.12.2011 and 31.3.2012.



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 SEBI Act, Listing Agreement with Stock Exchanges, The Companies Act and for monitoring the share transfer process, etc.

The Company had received 17 complaints from the shareholders during the financial year 2011-12. All the complaints were redressed to the satisfaction of the shareholders. No share transfer was pending as on 31.3.2012.

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 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 Indian 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:

AGM	Date	Venue	Time
47 <sup>th</sup>	31.03.2009 (18 Months)	Registered office at Sakthinagar Bhavani Taluk, Erode District	2.45 p.m
48 <sup>th</sup>	16.06.2010	- do -	3.00 p.m
49 <sup>th</sup>	29.09.2011 (15 Months)	- do -	3.15 p.m

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

Date of AGM	Special Resolutions with respect to -
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
29.09.2011 (49 <sup>th</sup> AGM)	Nil

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 to financial statements. Those transactions are 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 in the preparation of financial statements and 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 2012.

The Senior Management has made disclosures to the Board relating to all material, financial and commercial transaction 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](http://www.sakthisugars.com) as required by the Listing Agreement. The financial results are also accessible on the website [www.corpfiling.co.in](http://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 DISCUSSION AND ANALYSIS REPORT**

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, 20 <sup>th</sup> September 2012
Time	:	3.15 p.m.
Venue	:	Sakthinagar - 638 315, Erode District, Tamilnadu
Financial Calendar for the financial year	:	From 1 <sup>st</sup> April 2012 to 31 <sup>st</sup> March 2013
Results for the quarter ending	:	Result announcement
30 <sup>th</sup> June 2012	:	On or before 14 <sup>th</sup> August 2012
30 <sup>th</sup> September 2012	:	On or before 14 <sup>th</sup> November 2012
31 <sup>st</sup> December 2012	:	On or before 14 <sup>th</sup> February 2013
31 <sup>st</sup> March 2013 (Audited)	:	On or before 30 <sup>th</sup> May 2013
Date of Book Closure for the purpose of Annual General Meeting	:	12 <sup>th</sup> September 2012 to 20 <sup>th</sup> September 2012 (both days inclusive)

## LISTING

The Company's equity shares are listed on the following Stock Exchanges and the Annual Listing Fees have been paid to all the stock exchanges for the financial year 2012-13. 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



As the entire Foreign Currency Convertible Bonds (FCCB) issued by the Company were matured, Singapore Exchange Limited has discontinued the listing.

### 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	244
No.of Outstanding Bonds	10	156
Value of bonds for conversion	Rs. 448.90 lakhs	Rs.7002.84 lakhs
Date of Maturity	30.5.2009	31.5.2011
Date of expiry of conversion right	30.5.2019	31.5.2021
Conversion	Bondholders have the right to convert the bond at their option any time on or before the last date for conversion 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 on or before the last date for conversion 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 April 2011 to March 2012 are given below:

Month		NSE		BSE		SENSEX (BSE)	
		High	Low	High	Low	High	Low
		(Rupees)		(Rupees)			
April	2011	41.95	37.50	42.00	37.50	19811	18976
May	2011	38.30	32.00	38.75	32.10	19254	17786
June	2011	40.80	30.00	43.80	30.50	18873	17314
July	2011	37.70	32.25	37.60	31.75	19132	18132
August	2011	33.80	25.10	33.40	24.75	18440	15766
September	2011	30.15	25.20	30.50	25.40	17212	15801
October	2011	27.90	24.50	27.90	24.75	17908	15745
November	2011	27.50	21.20	28.10	21.30	17702	15479
December	2011	23.25	18.15	22.80	19.10	17004	15136
January	2012	29.60	19.00	29.65	19.10	17259	15358
February	2012	30.15	24.60	30.00	25.55	18524	17061
March	2012	29.00	23.75	29.10	23.85	18041	16921

**REGISTRAR AND SHARE TRANSFER AGENTS**

Registered Office:  
 Link Intime India Pvt. Ltd.,  
 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 2012**

Shareholdings	No.of shareholders	% of shareholders	Number of Shares	% of shareholding
1 - 500	45780	87.23	5950807	16.17
501 - 1000	3485	6.64	2857091	7.76
1001 - 2000	1619	3.08	2473202	6.72
2001 - 3000	555	1.06	1430715	3.89
3001 - 4000	254	0.48	914650	2.48
4001 - 5000	250	0.48	1183581	3.22
5001 - 10000	319	0.61	2368219	6.43
10001 & above	220	0.42	19629074	53.33
Total	52482	100.00	36807339	100.00

**Shareholding pattern as on 31<sup>st</sup> March 2012**

Category	No.of Shares held	% of shareholding
Promoters & Promoters Group	12487237	33.93
Nationalised Banks/other Banks	40600	0.11
Financial Institutions	919099	2.50
Mutual Funds	6980	0.02
FII's/NRIs	922103	2.50
Private Bodies Corporate	3675089	9.99
Public	18756231	50.95
Total	36807339	100.00

**DEMATERIALISATION OF SHARES AND LIQUIDITY**

The shares of the Company are in compulsory demat segment. The Company has established connectivity for demat both with National Securities Depository Limited (NSDL) and 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 2012, 3,52,04,111 equity shares of the Company representing 95.64% have been dematerialized.

**DETAILS OF UNCLAIMED SHARE CERTIFICATES**

In terms of Clause 5A of the listing Agreement, the Company had sent reminder letters on 28.5.2011, 26.9.2011 and 22.2.2012 to all the shareholders whose share certificates remained unclaimed.

The Company has opened a Demat Account in the name of 'Sakthi Sugars Limited Unclaimed Suspense Account' with Stock Holding Corporation of India Limited and 1,28,141 shares which remained unclaimed have been transferred to the aforesaid account.

**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 shareholders at any time.

**(B) Change of address**

Shareholders are requested to send the change, if any, in their addresses to the Company's Registrar 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 and Co-Generation plant	:	Poonthurai Semur Post - 638 115 Modakurichi, Erode District, Tamilnadu
Soya Unit	:	Marchinaickenpalayam Ambarampalayam Post - 642 103 Coimbatore District

<b>ADDRESS FOR CORRESPONDENCE</b>	:	Sakthi Sugars Limited 180, Race Course Road Coimbatore - 641 018 Phone Nos: 0422-4322222, 2221551 Fax Nos.: 0422-2220574, 4322488 E-mail : shares@sakthisugars.com
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**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 hosted 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 2012

## 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 31.03.2012.

M MANICKAM  
Vice Chairman & Managing Director

Coimbatore  
30<sup>th</sup> May 2012



## 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 31<sup>st</sup> March 2012, 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  
(ICAI Regn. No. : FRN003328S)

Coimbatore  
30<sup>th</sup> May 2012

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, Modakkurichi, 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 Tamil Nadu at Sakthinagar, Modakkurichi and Sivaganga with an aggregate power generation capacity of 92 MW per hour. Another cogeneration plant of 25 MW per hour capacity is under implementation at Sakthinagar.

The Company has two Distillery units, one at Sakthinagar with 36,000 KL per annum and the other at Dhenkanal with 10,000 KL per annum.

The Company has an integrated Soya complex with a capacity to process 90,000 TPA of Soyabean at Pollachi.

### Performance during the year under review

During the year under review, the total cane crushing was 29.01 lakh MT with an average sugar recovery of 9.60%. The Company has sold 28.25 lakh Qtls. of sugar valued at Rs.771.75 crores. In Distillery Division, 402.19 lakh Litres of Industrial Alcohol was produced for the year ended 31<sup>st</sup> March 2012. In the cogeneration plant 3393.77 lakh units of power was generated of which 2244.17 Lakh units of power was exported to the State grid of Tamilnadu Electricity Board and to third parties.

### Industry Structure and Developments

It is estimated that India will produce 26 million tonnes of sugar in 2012-13 compared with 24.3 million tonnes last year. The domestic demand is projected to be 22 million tonnes. For the 2012-13 season, plantation of sugarcane is nearing its end and 46.4 lakh hectares of land have been covered so far compared with 44 lakh hectares covered in the same period last year.

The increasing area under sugarcane will lead to surplus sugar output in 2012-13. For the past three consecutive years, the country has registered surplus in sugar output. Considering the domestic consumption of over 22 million tonnes, India may retain its position as net exporter.

The Central Government's decision to allow export of sugar under Open General Licence will help sugar industry in finding an avenue to sell the excess production of sugar and to have stability in the sugar price in the domestic market.

### Opportunities

The Government recently freed up sugar exports by lifting the quantitative restrictions which will have favourable impact on the sugar price in the domestic market.

Increased volume of sugarcane production will result in higher production of sugar besides higher volume of molasses and bagasse. This will also facilitate increased production of industrial alcohol and generation of additional power in the cogeneration units.

### Threats

Increase in production of sugar and alcohol will have negative impact on the selling price of these products. Export of sugar from India may bring down the price of sugar in the global market.

### Segmentwise and Productwise Performance

Segmentwise results are given in the accounts for the year ended 31.3.2012. Productwise performance is furnished in the Report of the Directors.





### Financial Performance with respect to Operational Performance

The gross income for the year under review is Rs.110776.60 lakhs. The year has ended with a loss of Rs.5350.47 lakhs after providing Rs.12126.30 lakhs for finance cost and Rs.6528.39 lakhs for depreciation & amortization expenses. (previous year net loss of Rs.12794.37 lakhs).

### Internal Control System

The Company has an in-house internal audit function 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 31<sup>st</sup> March 2012 on the rolls of the Company is 1730. 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 an innate desire and zeal to contribute towards the welfare and social upliftment of the community. The Company has been implementing various social welfare programmes in the areas of education, including school for children having disability to speak or hear, since long time through various Trusts run by Sakthi Group.

On behalf of the Board of Directors

Coimbatore  
30<sup>th</sup> May 2012

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 31<sup>st</sup> March 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year 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 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.

During the year the company has taken unsecured loans totalling to Rs. 147.87 crores from two companies covered in the register maintained under section 301 of the Act (Maximum amount outstanding is Rs.165.87 crores).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. The company has not accepted any fixed deposits during the year. 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 with respect to acceptance of fixed deposits.
- vii. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
- viii. We have broadly reviewed the books of account and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956 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 deposited with the appropriate authorities with delay on certain occasions. There are no arrears of such statutory dues outstanding for a period of more than six months as at 31<sup>st</sup> March 2012.
  - 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	Amount (Rs. in Crores)
Income Tax	2008-09 2009-10	Income Tax Appellate Tribunal, Chennai.	0.46
		Commissioner of Income Tax (Appeals), Coimbatore	53.86
Sales Tax	1993-94 1989-90 to 1992-93 1990-91 to 1996-97, 2000-01	Sales Tax Appellate Tribunal	1.28
		High Court of Madras	8.03
		Addl. Commissioner (CT) (RP)	3.15
Excise Duty	Excise Duty: 2002-03, 2006-07 2008-09, 2009-10 2007-08, 2009-2011 2002-2003	High Court of Madras	11.66
		CESTAT, Chennai	4.32
		Commissioner of Central Excise (Appeals)	0.07
		High Court of Orissa, Cuttack	0.13
	Service Tax: 2005, 2006, 2007 & 2008	CESTAT, Chennai	3.92
Water Charges	1964-65 to 1999-2000 and 1993-94 to 2011 2004-05, 2005-06	High Court of Madras	8.67
		High Court of Orissa, Cuttack	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 not incurred cash loss during the current financial year and has incurred cash loss during 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 as at 31<sup>st</sup> March 2012 to banks and an institution are as under :

## To Banks

Particulars	Rs. in crores	Period of default	Since paid (Rs. in crores)
Principal	74.74	June 2011 to February 2012	74.63 (4.4.2012 & 10.4.2012)
Interest	25.71	June 2011 to February 2012	25.71 (4.4.2012 & 10.4.2012)

## To an Institution

Particulars	Rs. in crores	Period of default	Since paid (Rs. in crores)
Principal	8.62	June 2011 to February 2012	5.75 (4.4.2012 & 10.4.2012)
Interest	3.06	June 2011 to February 2012	2.04 (4.4.2012 & 10.4.2012)

The Company has not defaulted in repayment of dues to debenture holders.

- 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 2012 is Rs.408.85 crores (Previous year 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 not issued any debentures during the year.
- 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, a sum of Rs.60.61 crores included in Other Non Current Assets 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- iv. In our opinion the Balance Sheet, Statement of Profit and Loss 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 31<sup>st</sup> March 2012 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 the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2012.
  - b. In so far as it relates to the Statement of Profit and Loss, of the LOSS of the Company for the year 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 year ended on that date.

For P.N. RAGHAVENDRA RAO & Co.  
Chartered Accountants  
(ICAI Regn. No. : FRN003328S)

Coimbatore  
30<sup>th</sup> May 2012

P.R.VITTEL  
Partner  
M.No.018111



## BALANCE SHEET AS AT 31.03.2012

(Rs. in lakhs)

	Note No.	As at 31.03.2012	As at 31.03.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	1	3,680.73	3,680.73
(b) Reserves and Surplus	2	55,926.61	66,380.99
		<b>59,607.34</b>	<b>70,061.72</b>
<b>(2) NON-CURRENT LIABILITIES</b>			
(a) Long term borrowings	3	88,236.24	79,625.80
(b) Other Long term liabilities	4	67.36	75.33
(c) Long term provisions	5	1,720.14	1,424.95
		<b>90,023.74</b>	<b>81,126.08</b>
<b>(3) CURRENT LIABILITIES</b>			
(a) Short term borrowings	6	15,429.87	8,106.65
(b) Trade payables		19,250.29	20,411.33
(c) Other current liabilities	7	42,514.84	58,143.16
(d) Short term provisions	8	3,234.56	4,102.48
		<b>80,429.56</b>	<b>90,763.62</b>
<b>TOTAL (1 to 3)</b>		<b>230,060.64</b>	<b>241,951.42</b>
<b>II. ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
(a) Fixed Assets			
(i) Tangible assets	9	110,755.83	115,113.70
(ii) Intangible assets	10	21,312.98	24,678.52
(iii) Capital work-in-progress		13,298.03	13,237.89
		<b>145,366.84</b>	<b>153,030.11</b>
(b) Non-current investments	11	16,304.70	16,483.68
(c) Deferred tax assets (net)		729.77	150.95
(d) Long term loans and advances	12	18,888.87	19,537.58
(e) Other non-current assets	13	9,355.12	11,338.32
		<b>190,645.30</b>	<b>200,540.64</b>
<b>(2) CURRENT ASSETS</b>			
(a) Inventories	14	11,898.90	14,124.82
(b) Trade receivables	15	10,298.51	12,737.27
(c) Cash and cash equivalents	16	7,579.29	3,229.32
(d) Short term loans and advances	17	6,466.92	7,655.51
(e) Other current assets	18	3,171.72	3,663.86
		<b>39,415.34</b>	<b>41,410.78</b>
<b>TOTAL (1 and 2)</b>		<b>230,060.64</b>	<b>241,951.42</b>

The Notes form part of these financial statements.

Vide our report annexed  
For P N RAGHAVENDRA RAO & Co  
Chartered Accountants  
(ICAI Regn. No. : FRN003328S)

P R VITTEL  
Partner  
M. No. 018111

N MAHALINGAM  
Chairman

M MANICKAM  
Vice Chairman & Managing Director

Coimbatore  
30<sup>th</sup> May 2012

M BALASUBRAMANIAM  
Joint Managing Director - Finance

S BASKAR  
Senior Vice President - Finance &  
Company Secretary



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2012

(Rs. in lakhs)

	Note No.	Year Ended 31.03.2012 (12 Months)	Year Ended 31.03.2011 (15 Months)
<b>I. Revenue from Operations (Gross)</b>		<b>112,126.99</b>	216,553.65
Less : Excise duty		<b>1,811.03</b>	2,610.17
Revenue from Operations (Net)	19	<b>110,315.96</b>	213,943.48
<b>II. Other Income</b>	20	<b>460.64</b>	645.27
<b>III. Total Revenue (I + II)</b>		<b>110,776.60</b>	214,588.75
<b>IV. Expenses:</b>			
Cost of material consumed	21	<b>76,316.27</b>	160,389.95
Purchase of stock in trade	22	<b>830.49</b>	794.89
Changes in inventories of finished goods, work-in-progress and stock in trade	23	<b>1,375.74</b>	3,093.66
Employee benefits expense	24	<b>5,538.88</b>	6,346.87
Finance costs	25	<b>12,126.30</b>	18,998.16
Depreciation and amortization expense	26	<b>6,528.39</b>	7,873.39
Other expenses	27	<b>13,411.00</b>	29,886.20
Total expenses		<b>116,127.07</b>	227,383.12
<b>V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)</b>		<b>(5,350.47)</b>	(12,794.37)
<b>VI. Exceptional Items</b>		--	--
<b>VII. Profit/(Loss) before extraordinary items and tax (V-VI)</b>		<b>(5,350.47)</b>	(12,794.37)
<b>VIII. Extraordinary items</b>		--	--
<b>IX. Profit/(Loss) before tax (VII-VIII)</b>		<b>(5,350.47)</b>	(12,794.37)
<b>X. Tax expense:</b>			
1. Current tax		--	--
2. Deferred tax		<b>(578.81)</b>	(2,808.48)
<b>XI. Profit/(Loss) for the year from continuing operations (IX-X)</b>		<b>(4,771.66)</b>	(9,985.89)
<b>XII. Earnings per equity share of Rs. 10/- each:</b>			
1. Basic		<b>(12.96)</b>	(27.20)
2. Diluted		<b>(12.96)</b>	(25.08)

The Notes form part of these financial statements.

Vide our report annexed  
For P N RAGHAVENDRA RAO & Co  
Chartered Accountants  
(ICAI Regn. No. : FRN003328S)

P R VITTEL  
Partner  
M. No. 018111

N MAHALINGAM  
Chairman

M MANICKAM  
Vice Chairman & Managing Director

Coimbatore  
30<sup>th</sup> May 2012

M BALASUBRAMANIAM  
Joint Managing Director - Finance

S BASKAR  
Senior Vice President - Finance &  
Company Secretary





## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012

(Rs. in lakhs)

Particulars	2011-12 (12 Months)		2010-11 (15 Months)	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax as per Statement of Profit and Loss		(5,350.47)		(12,794.37)
Adjustment for:				
Depreciation and Amortisation Expense	6,528.39		7,873.39	
Finance Costs	12,126.30		18,998.16	
Miscellaneous Expenses & Other exp. written off	219.60		301.29	
Provision for diminution in value of Investments	178.96		-	
Loss on Sale of Assets	2.20		7.18	
Loss on Sale of Investments	-		250.00	
Dividend Income	(13.91)		(3.34)	
Interest Income	(250.44)		(410.26)	
Profit on Sale of Assets	(0.44)		(0.26)	
		18,790.66		27,016.16
Operating Profit before Working Capital Changes		13,440.19		14,221.79
Adjustment for:				
Inventories	2,225.92		4,665.58	
Trade and Other Receivables	2,476.40		(7,004.96)	
Other Current Assets	417.49		892.85	
Loans and Advances	943.85		8,958.70	
Trade and Other Payables	(2,915.59)		3,376.65	
Intangible Assets	-		(8,481.00)	
		3,148.07		2,407.82
Cash Generated from Operations		16,588.26		16,629.61
Income Tax Paid		22.12		(483.00)
Net Cash from Operating Activities		16,610.38		16,146.61
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(1,434.17)		(3,533.49)	
Sale of Fixed Assets	11.09		71.83	
Investment Income	264.35		413.60	
Sale / Purchase of Investments	0.02		-	
Advance to Subsidiary	651.73		(133.74)	
Net Cash used in Investing Activities		(506.98)		(3,181.80)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Finance Costs Paid	(12,005.09)		(12,591.37)	
Premium on FCCB	(447.74)		-	
Proceeds from Long Term Borrowings	7,576.58		5,441.32	
Repayment of Long Term Borrowings	(14,200.40)		(8,428.98)	
Short Term Borrowings (net)	7,323.22		1,779.19	
Net Cash used in Financing Activities		(11,753.43)		(13,799.84)
Net Increase in Cash and Cash Equivalents		4,349.97		(835.03)
Opening Balance of Cash and Cash Equivalents		3,229.32		4,064.35
Closing Balance of Cash and Cash Equivalents		7,579.29		3,229.32

Vide our report annexed  
For P N RAGHAVENDRA RAO & Co  
Chartered Accountants  
(ICAI Regn. No. : FRN003328S)

P R VITTEL  
Partner  
M. No. 018111

Coimbatore  
30<sup>th</sup> May 2012

N MAHALINGAM  
Chairman

M BALASUBRAMANIAM  
Joint Managing Director - Finance

M MANICKAM  
Vice Chairman & Managing Director  
S BASKAR  
Senior Vice President - Finance &  
Company Secretary





## NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE No. 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
5,00,00,000 Equity Shares of Rs.10 each (5,00,00,000)	<b>5,000.00</b>	5,000.00
50,00,000 Redeemable Cumulative Preference (50,00,000) Shares of Rs.100 each	<b>5,000.00</b>	5,000.00
	<b>10,000.00</b>	10,000.00
<b>Issued</b>		
3,69,24,008 Equity Shares of Rs.10 each (3,69,24,008)	<b>3,692.40</b>	3,692.40
	<b>3,692.40</b>	3,692.40
<b>Subscribed and Paid up</b>		
3,68,07,339 Equity Shares of Rs.10 each fully paid up (3,68,07,339)	<b>3,680.73</b>	3,680.73
<b>TOTAL</b>	<b>3,680.73</b>	3,680.73
<b>Reconciliation of Number of Shares</b>	<b>No. of Shares</b>	<b>No. of Shares</b>
Equity Shares at the beginning of the year	<b>3,68,07,339</b>	3,48,33,635
Add: Shares issued/allotted on conversion of FCCB	<b>--</b>	19,73,704
Equity Shares at the end of the year	<b>3,68,07,339</b>	3,68,07,339
<b>Rights, Preferences and Restrictions of each class of Shares</b>		
The Company has only one class of Equity shares having face value of Rs.10 each. Each shareholder is eligible for one vote per share. Dividend is payable when it is recommended by the Board of Directors and approved by the Members at the Annual General Meeting. In the event of liquidation, the equity shareholders will get the remaining assets after payment of all the preferential amounts.		
<b>List of shareholders holding more than 5%</b>		
ABT Limited	<b>80,57,600</b>	80,57,600
<b>Terms of security convertible into Equity Shares</b>		
<b>Foreign Currency Convertible Bonds (FCCB)</b>	<b>Series A</b>	<b>Series A</b>
a) No. of bonds outstanding	<b>10</b>	10
b) Date of maturity	<b>30.5.2009</b>	30.5.2009
c) Value of bonds for conversion (Rs. in lakhs)	<b>448.90</b>	448.90
d) Conversion price (Rs. per share)	<b>208.00</b>	208.00
e) Earliest date of conversion	<b>10.07.2006</b>	10.07.2006
f) Date of expiry of conversion right	<b>30.5.2019</b>	30.5.2019
	<b>Series B</b>	<b>Series B</b>
a) No. of bonds outstanding	<b>156</b>	286
b) Date of maturity	<b>31.5.2011</b>	31.5.2011
c) Value of bonds for conversion (Rs. in lakhs)	<b>7002.84</b>	12838.54
d) Conversion price (Rs. per share)	<b>190.00</b>	190.00
e) Earliest date of conversion	<b>10.07.2006</b>	10.07.2006
f) Date of expiry of conversion right	<b>31.5.2021</b>	31.5.2021



(Rs. in lakhs)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE No. 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Capital reserve</b>		
Balance as per last Balance Sheet	625.24	625.24
<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	14,189.77	10,481.71
Add: Received during the year	--	3,708.06
	14,189.77	14,189.77
Less:- Premium on FCCB	3,126.52	--
	11,063.25	14,189.77
<b>Debenture redemption reserve</b>		
Balance as per last Balance Sheet	551.71	1,046.00
Less: Debenture redemption reserve withdrawn	551.71	494.29
	--	551.71
<b>Revaluation reserve</b>		
Balance as per last Balance Sheet	46,959.51	49,848.97
Less: Depreciation on revalued assets (Refer Note No.26)	2,551.76	2,887.03
Withdrawn on sale of assets	4.44	2.43
	44,403.31	46,959.51
<b>Subsidy from Government</b>		
Balance as per last Balance Sheet	44.23	44.23
<b>General reserve</b>		
Balance as per last Balance Sheet	1,498.26	5,268.07
Less: Transferred to Surplus	1,498.26	3,769.81
	--	1,498.26
<b>Surplus</b>		
Balance as per last Balance Sheet	--	5,721.79
Net Profit/(Loss) after tax	(4,771.66)	(9,985.89)
	(4,771.66)	(4,264.10)
Add : Transfer from General reserve	1,498.26	3,769.81
Debenture redemption reserve withdrawn	551.71	494.29
	(2,721.69)	--
<b>TOTAL</b>	<b>55,926.61</b>	<b>66,380.99</b>



(Rs. in lakhs)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE No. 3</b>		
<b>LONG TERM BORROWINGS</b>		
(a) <b>Term Loans</b>		
Secured Loans		
From Banks	59,892.32	63,087.91
From Other Parties	7,290.43	9,776.92
	<b>67,182.75</b>	<b>72,864.83</b>
Unsecured Loans		
From Other Parties	1,575.00	1,665.00
	<b>68,757.75</b>	<b>74,529.83</b>
(b) Loans and Advances from Related parties	19,478.49	5,060.54
(c) Long term maturities of finance lease obligations	--	35.43
<b>TOTAL</b>	<b>88,236.24</b>	<b>79,625.80</b>

**NATURE OF SECURITY AND OTHER TERMS OF LONG TERM BORROWINGS:**

**A) SECURED LOANS FROM BANKS**

**Nature of Security**

- 1 Term loans amounting to Rs. 50612.39 lakhs (Rs.61003.10 lakhs) are secured by
  - a) Pari passu first charge on the entire movable and immovable properties of the Company, except the assets charged on exclusive basis.
  - b) Pari passu second charge on the current assets of the Company, except the assets charged on exclusive basis.
- 2 Term loans amounting to Rs.1703.35 lakhs (Rs.2084.81 lakhs) is secured by
  - a) Pari passu residual charge on the entire fixed assets of the Company.
  - b) Residual charge on the current assets of the company.

**Terms of Repayment**

The loans are restructured under CDR scheme and are repayable in 32 quarterly installments commencing from April 2011.  
Rate of Interest 9.00% p.a.

The loan is restructured under CDR scheme and is repayable in 32 quarterly installments commencing from April 2011.  
Rate of Interest 9.00% p.a.



**NOTE No. 3 (Contd.)**

**Nature of Security**

- 3 Term loans amounting to Rs.7576.58 lakhs (Nil) are secured by subservient charge on the fixed assets of the Company ranking after the existing CDR Loans except the assets charged on exclusive basis.

**Terms of Repayment**

Term loan of Rs.2456 lakhs is repayable in 8 quarterly installments commencing from June 2017. Rate of Interest 11.75% p.a

Term loan of Rs.3404 lakhs is repayable in 8 quarterly installments commencing from August 2017. Rate of Interest 11.50% p.a.

Term loan of Rs.1716.58 lakhs is repayable in 8 quarterly installments commencing from September 2017. Rate of Interest 12.75% p.a.

- 4 The term loans under 1 & 2 above are further secured by pledge of shares held by the promoters in the Company.

- 5 Guarantees given by Directors/Others:

- a) Term loans amounting to Rs.54032.32 lakhs (Rs.63087.91 lakhs) are guaranteed by Dr. N.Mahalingam, Dr. M.Manickam, Sri.M.Balasubramaniam and Sri. M.Srinivaasan.
- b) Term loans amounting to Rs.5860 lakhs (Nil) are guaranteed by Dr. M.Manickam, Sri M.Balasubramaniam and Sri M.Srinivaasan.
- c) Term loan amounting to Rs. 2456 lakhs (Nil) is additionally secured by corporate guarantee and collateral security given by a group company.

- 6 An amount of Rs.14016.20 lakhs (Rs. 17206.91 lakhs) included in current maturities of long term debts (Note No.7) is additionally secured by corporate guarantee and collateral security given by a group company.

- 7 Period and amount of continuing default as on the date of Balance Sheet :

	Amount (Rs.in lakhs)	Period	Since paid (Rs. in lakhs)
Principal	7473.86 (431.00)	Varying period	7463.08 (431.00)
Interest	2571.31 (1201.00)	from June 2011 to February 2012	2571.31 (1201.00)

**B) SECURED LOANS FROM OTHER PARTIES**

**Nature of Security**

- 1 Term loan amounting to Rs.2874.01 lakhs (Rs.3448.81 lakhs) is secured by
- a) Pari passu first charge on the entire movable and immovable properties of the Company except the assets charged on exclusive basis.
- b) Paripassu second charge on the current assets of the Company except the assets charged on exclusive basis.
- c) Pledge of shares held by the promoters in the Company.

**Terms of Repayment**

The loan is restructured under CDR scheme and is repayable in 32 quarterly installments commencing from April 2011.  
Rate of Interest 9.00% p.a.



**NOTE No. 3 (Contd.)**

Nature of Security	Terms of Repayment
<p>2 Term loan amounting to Nil (Rs.1911.69 lakhs) is secured by</p> <p>a) Pari passu first charge on the movable and immovable assets of the Company's Cogen Plant-I at Sakthinagar Sugar Unit.</p> <p>b) Escrow of the receivable on supply of power to Tamil Nadu Electricity Board (TNEB) from the Cogen Plant-I at Sakthinagar</p> <p>c) Escrow of receivable on sale of ethanol from the Company's Distillery unit at Sakthinagar.</p> <p>d) Collateral security provided by a promoter company.</p>	
<p>3 Term loan amounting to Rs.3614.56 lakhs (Rs.3614.56 lakhs) is secured by Exclusive second charge on the assets of Sugar and Cogen units of the Company at Sivaganga.</p>	<p>Repayable in 10 half yearly instalments from May 2013.</p> <p>Rate of Interest 7.50% p.a.</p>
<p>4 Term loan amounting to Rs.801.86 lakhs (Rs.801.86 lakhs) is secured by exclusive second charge on the assets of Sugar and Cogen units of the Company at Modakuruchi.</p>	<p>Repayable in 10 half yearly instalments from February 2014.</p> <p>Rate of Interest 7.50% p.a.</p>
<p>5 Guarantees given by Directors:</p>	
<p>a) Term Loans amounting to Rs.2874.01 lakhs (Rs.3448.81 lakhs) is guaranteed by Dr.N.Mahalingam, Dr. M.Manickam, Sri.M.Balasubramaniam and Sri. M.Srinivaasan.</p>	
<p>b) Term Loan amounting to Nil (Rs.1911.69 lakhs) is guaranteed by Dr. N.Mahalingam and Dr. M.Manickam .</p>	
<p>6 An amount of Rs.574.80 lakhs (Rs. 793.09 lakhs) included in current maturities of long term debts (Note No.7) is additionally secured by corporate guarantee and collateral security given by a group company.</p>	
<p>7 Period and amount of continuing default as on the date of Balance Sheet :</p>	

	Amount (Rs.in lakhs)	Period	Since paid (Rs. in lakhs)
Principal	862.20 (Nil)	Varying period	574.80 (Nil)
Interest	305.96 (69.00)	from June 2011 to February 2012	203.59 (69.00)

**C) UNSECURED LOANS FROM OTHER PARTIES**

Amounting to Rs.1575 lakhs (Rs.1665 lakhs).

Rs. 495 lakhs (Rs.585 lakhs) is repayable in 11 (13) half yearly instalments and the balance of Rs.1080 lakhs (Rs.1080 lakhs) to be adjusted by supply of bagasse  
Rate of interest 9% p.a.

**D) FINANCE LEASE OBLIGATIONS**

Hire Purchase Loan amounting to Nil (Rs.35.43 lakhs) is secured by hypothecation of vehicles so financed.

Repayable in 24 monthly instalments.



(Rs. in lakhs)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE No. 4</b>		
<b>OTHER LONG TERM LIABILITIES</b>		
Other Payables	67.36	75.33
<b>NOTE No. 5</b>		
<b>LONG TERM PROVISIONS</b>		
Provision for employee benefits	1,720.14	1,424.95
<b>NOTE No. 6</b>		
<b>SHORT TERM BORROWINGS</b>		
(a) Loans repayable on Demand		
Secured Loans		
From Banks	7,010.43	4,493.00
From Other Parties	1,867.76	--
	8,878.19	4,493.00
Unsecured Loans		
From Banks	478.00	--
From Other Parties	4,726.70	2,985.00
	5,204.70	2,985.00
	14,082.89	7,478.00
(b) Loans and advances from related parties (For details please refer to Note No. 34)	1,346.98	628.65
<b>TOTAL</b>	<b>15,429.87</b>	<b>8,106.65</b>

#### NATURE OF SECURITY FOR SHORT TERM BORROWINGS

##### A) SECURED LOANS FROM BANKS

- Working capital loans amounting to Rs.4266.99 lakhs (Rs.1439.69 lakhs) are secured by
  - Pari passu first charge by way of hypothecation of the current assets of the Company, except TNEB receivables.
  - Pari passu second charge on the entire movable and immovable properties of the Company, except Sugar and Co-generation Units in Sivaganga and Modakuruchi.
- Working capital loan (Bills Discounting facility) amounting to Rs.1145.38 lakhs (Rs.1190.34 lakhs) secured by
  - Pari passu first charge by way of hypothecation of the current assets of the Company, except TNEB receivables.
  - First charge on the TNEB receivables of Cogen Unit at Sivaganga.
  - Pari passu second charge on the entire movable and immovable properties of the Company, except Sugar and Co-generation Units in Sivaganga and Modakuruchi.
- Working capital loan amounting to Rs.759.61 lakhs (Rs.698.28 lakhs) is secured by
  - Pari passu first charge on the current assets of sugar division (except Modakuruchi), distillery and soya units.
  - Pari passu second charge on the immovable and movable assets of the Company's sugar (except Sivaganga & Modakuruchi), distillery and soya units.

**NOTE No. 6 (Contd.)**

- 4 Short term corporate term loan amounting to Rs 838.45 lakhs (Nil) is secured by assignment of receivables from TNEB amounting to Rs.1047 lakhs.
- 5 Working capital loan amounting to Nil (Rs.564.69 lakhs) is secured by
  - a) Exclusive charge by way of hypothecation of raw sugar in transit from bonded warehouse in 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.
  - b) Pari passu second charge on the immoveable assets of the Company, except assets exclusively charged.
- 6 Working capital loan amounting to Nil (Rs.600 lakhs) is secured by
  - a) Pari passu first charge on stocks and receivables.
  - b) Pari passu second charge on fixed assets of the Company, except assets exclusively charged.
- 7 The loans under 1 & 2 above are further secured by pledge of shares held by the promoters in the Company.
- 8 Guarantees given by Directors:
  - a) Working capital loans amounting to Rs.5412.37 lakhs (Rs.2630.03 lakhs) are guaranteed by Dr. N.Mahalingam, Dr. M.Manickam, Sri.M.Balasubramaniam and Sri. M.Srinivaasan.
  - b) Working capital loan amounting to Rs.759.61 lakhs (Rs.698.28 lakhs) is guaranteed by Dr. N.Mahalingam and Dr. M.Manickam.
  - c) Short term corporate loan amounting to Rs. 838.45 lakhs (Rs.1164.69 lakhs) is guaranteed by Dr. M.Manickam

**B) SECURED LOANS FROM OTHER PARTIES**

- 1 Bills Finance facility amounting to Rs.1867.76 lakhs (Nil) is secured by
  - a) Pari passu first charge on the assets pertaining to Co-generation Plant at Sakthinagar.
  - b) Receivables from TNEB against supply of power from Co-generation plant at Sakthinagar.
- 2 Guarantees given by Directors:

Short term borrowing amounting to Rs. Rs.1867.76 lakhs (Nil) is guaranteed by Dr. M.Manickam, Sri.M.Balasubramaniam and Sri.M.Srinivaasan.

**SHORT TERM UNSECURED BORROWINGS****A) UNSECURED LOANS FROM BANKS**

Bill discounting facility amounting to Rs.478.00 lakhs (Nil) is guaranteed by Dr.M.Manickam.

**B) UNSECURED LOANS FROM OTHER PARTIES**

Bill discounting facility amounting to Rs.244.98 lakhs (Rs.500 lakhs) is guaranteed by Dr.M.Manickam.



(Rs. in lakhs)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE No. 7</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Current maturities of long term debts	29,845.12	45,073.48
Current maturities of finance lease obligations	35.43	41.33
Interest accrued but not due on borrowings	216.11	270.59
Interest accrued and due on borrowings	3,809.83	1,985.06
Unclaimed dividends	34.62	34.69
Unclaimed matured deposits	5.11	10.45
Unclaimed matured debentures	7.22	232.12
Other payables:		
Statutory remittance	3,492.92	3,168.70
Advance from customers	3,328.77	6,008.70
Other liabilities	885.88	502.83
Liabilities for capital expenditure	853.83	815.21
	<b>8,561.40</b>	<b>10,495.44</b>
<b>TOTAL</b>	<b>42,514.84</b>	<b>58,143.16</b>
<b>NOTE No. 8</b>		
<b>SHORT TERM PROVISIONS</b>		
Provision for employee benefits	74.97	73.98
Premium/interest payable on FCCB	1,688.28	2,678.78
Other provisions	1,471.31	1,349.72
<b>TOTAL</b>	<b>3,234.56</b>	<b>4,102.48</b>





## NOTES TO FINANCIAL STATEMENTS

### NOTE No. 9

#### TANGIBLE ASSETS

(Rs. in lakhs)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	AS ON 01.04.2011	ADDITIONS	DELETIONS/ WRITTEN BACK	AS ON 31.03.2012	UPTO 31.03.2011	FOR THE YEAR	WTHDRAWN UPTO 31.03.2012	AS ON 31.03.2011 AS ON 31.03.2012
A. Land	14024.61	-	0.33	14024.28	-	-	-	14024.61 14024.28
B. Buildings	20334.55	32.18	12.48	20354.25	1176.84	528.41	0.39	19157.71 18649.39
C. Plant and equipment	92055.67	1209.57	0.74	93264.50	10974.11	5040.27	0.15	81081.56 77250.27
D. Furniture and fixtures	370.85	2.74	0.19	373.40	234.12	14.57	0.14	136.73 124.85
E. Vehicles	994.75	99.29	36.02	1058.02	628.32	57.51	34.15	366.43 406.34
F. Office equipment	1131.28	30.25	3.68	1157.85	808.22	73.85	1.32	323.06 277.10
G. Others (Dev. of property eco friendly trees)	23.60	-	-	23.60	-	-	-	23.60 23.60
Total	128935.31	1374.03	53.44	130255.90	13821.61	5714.61	36.15	115113.70 110755.83
H. Work in progress	13237.89	104.38	44.24	13298.03	-	-	-	13237.89 13298.03
TOTAL FOR THE YEAR	142173.20	1478.41	97.68	143553.93	13821.61	5714.61	36.15	128351.59 124053.86
TOTAL FOR THE PREVIOUS YEAR	138730.83	3919.21	476.84	142173.20	7066.27	6765.51	10.17	131664.56 128351.59

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

### NOTE No. 10

#### INTANGIBLE ASSETS

(Rs. in lakhs)

PARTICULARS	GROSS BLOCK			AMORTISATION			NET BLOCK	
	AS ON 01.04.2011	ADDITIONS	DELETIONS	AS ON 31.03.2012	UPTO 31.03.2011	FOR THE YEAR	UPTO 31.03.2012	AS ON 31.03.2011 AS ON 31.03.2012
Goodwill	33655.44	-	-	33655.44	8976.92	3365.54	12342.46	24678.52 21312.98
TOTAL FOR THE YEAR	33655.44	-	-	33655.44	8976.92	3365.54	12342.46	24678.52 21312.98
TOTAL FOR THE PREVIOUS YEAR	25174.44	8481.00	-	33655.44	4982.01	3994.91	8976.92	20192.43 24678.52



(Rs. in lakhs)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE No. 11</b>		
<b>NON-CURRENT INVESTMENTS - At Cost</b>		
<b>(a) Investments in Equity Instruments</b>		
<b>I. Quoted</b>		
<b>i. Associates</b>		
Sri Chamundeswari Sugars Limited 6,81,146 Shares of Rs.10 each	117.88	117.88
Sakthi Finance Limited 10,40,000 Shares of Rs.10 each	282.00	282.00
	<b>399.88</b>	<b>399.88</b>
<b>ii. Others</b>		
ICICI Bank Limited 441 Shares of Rs.10 each	0.24	0.24
NIIT Limited 2,527 Shares of Rs. 2 each	0.06	0.06
NIIT Technologies Limited 759 Shares of Rs. 10 each	0.09	0.09
Kovai Medical Centre and Hospital Limited 2,00,000 Shares of Rs.10 each	20.00	20.00
K G Denim Limited 16,129 Shares of Rs.10 each	2.74	2.74
IFCI Limited 100 Shares of Rs.10 each	0.04	0.04
The Industrial Development Bank of India Limited 1,360 Shares of Rs.10 each	1.10	1.10
The South Indian Bank Limited 1,65,000 Shares of Rs.1 Each	4.22	4.22
	<b>28.49</b>	<b>28.49</b>
Total of Quoted Investments	<b>428.37</b>	<b>428.37</b>
<b>II. Unquoted</b>		
<b>i. Subsidiaries</b>		
Sakthi Auto Component Limited 4,38,60,000 Shares of Rs.10 each	13,157.86	13,157.86



(Rs. in lakhs)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE No. 11 (Contd.)</b>		
<b>ii. Others</b>		
The ABT Co-operative Stores Limited	0.10	0.10
1,000 Shares of Rs. 10 each		
Sakthi Sugars Co-operative Stores Limited	0.08	0.08
760 Shares of Rs.10 each		
Angul Central Co-op Bank Limited	0.10	0.10
100 Shares of Rs.100 each		
Shamarao Vithal Co-op Bank	0.01	0.01
25 Shares of Rs.25 each		
	0.29	0.29
Total of Unquoted Investments	13,158.15	13,158.15
<b>Total of Equity instrument</b>	<b>13,586.52</b>	<b>13,586.52</b>
<b>(b) Investments in Preference shares</b>		
<b>i. Subsidiaries</b>		
20,00,000 15% Participatory Cumulative Optionally	2,000.00	2,000.00
Convertible Preference Shares in Sakthi Auto Component Ltd *		
<b>ii. Associates</b>		
8,95,900 5% Redeemable Non-Convertible Cumulative	895.90	895.90
Preference Shares in Sri Chamundeswari Sugars Ltd		
Total of Preference Shares	2,895.90	2,895.90
<b>(c) Investments in Government/Trust Securities</b>		
Investment in Govt. Securities	1.24	1.26
	16,483.66	16,483.68
Less: Provision for Diminution in value of Investments	178.96	--
<b>TOTAL</b>	<b>16,304.70</b>	<b>16,483.68</b>
Aggregate amount of quoted Investments	428.37	428.37
Market value of quoted Investments	582.75	559.90
Aggregate amount of unquoted Investments	16,055.29	16,055.31
Provision for diminution in value of Investments	178.96	--

\* Participatory Cumulative Optionally Convertible Preference Shares have been changed to Participatory Cumulative Convertible Preference Shares after the date of the Balance Sheet.



(Rs. in lakhs)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE No. 12</b>		
<b>LONG TERM LOANS AND ADVANCES - Unsecured, considered good</b>		
a) Capital advances	2,055.37	1,938.38
b) Security Deposits	162.72	181.41
c) Loans and advances to related parties (for details please see Note No. 34)	13,538.41	14,190.14
d) Other Loans and Advances:		
Loans and advance due by officers	122.41	140.11
Advance Income-tax	2,138.01	2,160.13
Advance for Purchases & Others	871.95	927.41
	3,132.37	3,227.65
<b>TOTAL</b>	<b>18,888.87</b>	<b>19,537.58</b>
<b>NOTE No. 13</b>		
<b>OTHER NON-CURRENT ASSETS</b>		
Long term Trade receivables - Unsecured, considered good	189.56	227.20
Funded Interest under CDR Scheme	6,060.65	8,080.86
Sundry Deposits	3,104.91	3,030.26
<b>TOTAL</b>	<b>9,355.12</b>	<b>11,338.32</b>
<b>NOTE No. 14</b>		
<b>INVENTORIES</b>		
a) Raw Materials:		
Molasses - Distillery Unit	562.43	490.88
Soyabeans	2,084.07	3,107.69
Soya Flour	54.87	139.64
News print paper	0.44	0.44
	2,701.81	3,738.65
b) Work in Progress:		
Sugar	632.53	620.42
Molasses	73.73	106.28
	706.26	726.70



(Rs. in lakhs)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE No. 14 (Contd.)</b>		
c) Finished goods:		
Sugar	3,122.24	4,137.46
Molasses - Sugar Unit	378.08	425.91
Industrial Alcohol	641.44	1,216.52
Ethanol	0.64	0.64
Soya Products	718.16	486.34
Bio-Earth	5.23	1.93
Fusel Oil	0.13	1.48
Bagasse	13.86	4.49
	<b>4,879.78</b>	<b>6,274.77</b>
d) Stock in Trade:		
Chemicals, Fertilisers & Others	190.76	151.06
e) Stores and spares:		
Stores and spares	3,415.84	3,229.48
f) Other Stock:		
Standing crop	4.45	4.16
	<b>11,898.90</b>	<b>14,124.82</b>
<b>TOTAL</b>		
For mode of valuation please refer Sl. No. 2 in Significant Accounting Policies.		
<b>NOTE No. 15</b>		
<b>TRADE RECEIVABLES - Unsecured, considered good</b>		
Trade Receivables outstanding for a period exceeding six months	1,572.98	45.55
Trade Receivables outstanding for a period less than six months	8,725.53	12,691.72
<b>TOTAL</b>	<b>10,298.51</b>	<b>12,737.27</b>



(Rs. in lakhs)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE No. 16</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents:		
Balances with banks	1,833.37	977.59
Cheques on hand	5,591.00	--
Cash on hand	42.21	62.00
Earmarked balance with banks:		
Unpaid dividend/interest warrant	38.20	38.48
Margin money with banks/security against borrowings	74.51	2,151.25
<b>TOTAL</b>	<b>7,579.29</b>	<b>3,229.32</b>
Margin money with banks includes deposits with maturity period of more than 12 months of Rs.62.72 lakhs (Rs.2150.00 lakhs)		
<b>NOTE No. 17</b>		
<b>SHORT TERM LOANS AND ADVANCES - Unsecured, considered good</b>		
Loans and Advances to related parties	69.66	86.67
(for details please see Note No. 34)		
Other Loans and Advances:		
Security Deposits	135.69	112.56
Loans and advance due by officers	122.69	136.27
Prepaid expenses	688.51	899.52
Deposits with Government authorities	2,000.18	2,451.38
Advance for purchases & others	3,450.19	3,969.11
	<b>6,397.26</b>	<b>7,568.84</b>
<b>TOTAL</b>	<b>6,466.92</b>	<b>7,655.51</b>
<b>NOTE No. 18</b>		
<b>OTHER CURRENT ASSETS</b>		
Outstanding income and interest receivable	3,171.72	3,663.86



	Year Ended 31.03.2012 (12 Months)	Year Ended 31.03.2011 (15 Months)
<b>NOTE No. 19</b>		
<b>REVENUE FROM OPERATIONS</b>		
<b>a) Sale of Products</b>		
<b>Manufactured Goods</b>		
Sugar	77,174.76	162,274.77
Industrial alcohol	14,043.88	19,900.39
Power	8,603.25	18,893.30
Soya products	10,150.89	11,228.61
Molasses	--	31.59
Bio earth	179.77	133.37
Carbon-di-oxide	21.71	30.37
Fusel oil	1.10	1.64
Magazines	13.84	14.84
Raw sugar	--	180.30
Seeds	11.94	25.50
	<b>110,201.14</b>	<b>212,714.68</b>
<b>Traded Goods</b>		
Fertilisers & chemicals	840.85	848.79
PP bags	--	1.32
	<b>840.85</b>	<b>850.11</b>
Total (a)	<b>111,041.99</b>	<b>213,564.79</b>
<b>b) Sale of Services</b>	--	18.34
<b>c) Other Operating revenues</b>		
Income from job process	--	5.51
Sale of used materials	102.97	86.15
Profit on sale of agri implements	28.73	48.94
Duty drawback/other export incentive	953.30	2,829.92
Total (c)	<b>1,085.00</b>	<b>2,970.52</b>
Total (a+b+c)	<b>112,126.99</b>	<b>216,553.65</b>
Less : Excise Duty	<b>1,811.03</b>	<b>2,610.17</b>
<b>TOTAL</b>	<b>110,315.96</b>	<b>213,943.48</b>
<b>NOTE No. 20</b>		
<b>OTHER INCOME</b>		
a) Interest income	250.44	410.26
b) Dividend income from non-current investment	13.91	3.34
c) Other non-operating income:		
Rent receipts	78.47	92.16
Profit on sale of fixed assets	0.44	0.26
Miscellaneous income	60.35	81.49
Sundry balance written back	57.03	57.76
	<b>196.29</b>	<b>231.67</b>
<b>TOTAL</b>	<b>460.64</b>	<b>645.27</b>



(Rs. in lakhs)

	Year Ended 31.03.2012 (12 Months)	Year Ended 31.03.2011 (15 Months)
<b>NOTE No. 21</b>		
<b>COST OF MATERIAL CONSUMED</b>		
<b>a) Opening Stock</b>		
Molasses	490.88	492.59
Raw Sugar	--	3,306.54
Newsprint paper	0.44	1.65
Soyabean seeds & others	3,107.69	2,158.05
Soya products	139.64	61.73
Total (a)	3,738.65	6,020.56
<b>b) Purchases</b>		
Sugarcane	66,531.90	47,882.99
Molasses	1,675.93	3,035.19
Raw Sugar	105.60	97,681.50
Newsprint paper	21.40	24.71
Soyabean seeds & others	6,933.31	9,445.85
Soya products	11.29	37.80
Total (b)	75,279.43	158,108.04
<b>c) Closing Stock</b>		
Molasses	562.43	490.88
Newsprint paper	0.44	0.44
Soyabean seeds & others	2,084.07	3,107.69
Soya Products	54.87	139.64
Total (c)	2,701.81	3,738.65
<b>TOTAL (a+b-c)</b>	<b>76,316.27</b>	<b>160,389.95</b>
<b>NOTE No. 22</b>		
<b>PURCHASES OF STOCK IN TRADE</b>		
Fertiliser & chemical	830.49	794.89
<b>NOTE No. 23</b>		
<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE</b>		
<b>a) Opening Stock</b>		
<b>Finished Goods</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
	6,274.77	8,341.13





(Rs. in lakhs)

	Year Ended 31.03.2012 (12 Months)	Year Ended 31.03.2011 (15 Months)
<b>NOTE No. 23 (Contd.)</b>		
<b>Work in Progress and Stock in trade</b>		
Sugar in process	620.43	1,583.52
Molasses in process	106.28	147.21
Fertilisers & chemicals	151.06	174.34
	<b>877.77</b>	<b>1,905.07</b>
Total (a)	<b>7,152.54</b>	<b>10,246.20</b>
<b>b) Closing Stock</b>		
<b>Finished Goods</b>		
Sugar	3,122.24	4,137.46
Molasses	378.08	425.91
Industrial alcohol	641.44	1,216.52
Ethanol	0.64	0.64
Soya products	718.16	486.34
Bagasse	13.85	4.49
Bio earth	5.23	1.93
Fusel oil	0.13	1.48
	<b>4,879.77</b>	<b>6,274.77</b>
<b>Work in Progress and Stock in trade</b>		
Sugar in process	632.53	620.43
Molasses in process	73.74	106.28
Fertilisers & chemicals	190.76	151.06
	<b>897.03</b>	<b>877.77</b>
Total (b)	<b>5,776.80</b>	<b>7,152.54</b>
TOTAL (a-b)	<b>1,375.74</b>	<b>3,093.66</b>
<b>NOTE No. 24</b>		
<b>EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	4,737.41	5,377.89
Contribution to provident and other funds	371.48	468.57
Staff welfare expenses	429.99	500.41
TOTAL	<b>5,538.88</b>	<b>6,346.87</b>
<b>NOTE No. 25</b>		
<b>FINANCE COSTS</b>		
Interest expense:		
On borrowings	10,857.21	18,127.84
On trade payable	913.28	37.59
Other borrowing costs	45.52	63.55
Loss on foreign currency transaction (net)	310.29	769.18
TOTAL	<b>12,126.30</b>	<b>18,998.16</b>



(Rs. in lakhs)

	Year Ended 31.03.2012 (12 Months)	Year Ended 31.03.2011 (15 Months)
<b>NOTE No. 26</b>		
<b>DEPRECIATION AND AMORTIZATION EXPENSE</b>		
Depreciation	5,714.61	6,765.51
Less : Transfer to Revaluation reserve	2,551.76	2,887.03
	<b>3,162.85</b>	<b>3,878.48</b>
Amortization expenses	3,365.54	3,994.91
<b>TOTAL</b>	<b>6,528.39</b>	<b>7,873.39</b>
<b>NOTE No. 27</b>		
<b>OTHER EXPENSES</b>		
<b>Manufacturing Expenses:</b>		
Consumption of stores and spares	3,614.93	4,592.41
Printing and publication charges	30.74	32.07
Power and fuel	3,385.62	14,232.42
Water charges	30.18	62.74
Rent	61.59	65.34
Repairs to buildings	202.48	253.36
Repairs to machinery	2,265.29	2,444.53
Repairs to others	301.60	351.12
Insurance	125.19	155.32
Rates and taxes, excluding taxes on income	300.69	430.89
Effluent disposal expenses	420.81	478.14
State administrative service fees	169.85	245.39
<b>Selling and Distribution Expenses:</b>		
Selling and distribution expenses	63.53	327.98
Freight & transport on finished goods	736.48	3,049.16
Commission and brokerage	52.95	62.63
<b>Other Administrative Expenses:</b>		
Travelling expenses	296.96	367.78
Printing, postage, telephone & telex	186.77	209.69
Freight and transport	38.02	38.78
Donations	43.09	102.02
Legal and professional charges	125.06	106.62
Excise Duty on stock adjustments	(47.57)	(43.53)
Administrative and other expenses	310.99	320.45
Bank charges	127.49	157.13
R & D expenses	21.29	22.72



## NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended 31.03.2012 (12 Months)	Year Ended 31.03.2011 (15 Months)
<b>NOTE No. 27 (Contd.)</b>		
Data processing charges	24.14	36.58
Compensation on non-lifting of raw sugar	--	1,010.40
Payment to Auditor		
As Auditors	15.00	18.75
Taxation matters	6.45	7.00
Consolidated Audit Report	0.76	0.85
Management & other services	3.82	8.47
Service tax	2.35	2.30
Reimbursement of expenses	2.03	2.76
Managerial remuneration	62.70	119.95
Directors sitting fees	5.70	4.65
Provision for diminution in value of investments	178.96	--
Loss on sale of fixed assets	2.20	7.18
Loss on sale of used materials	0.14	0.44
Deferred revenue expenditure written off	219.60	301.29
Irrecoverable advances written off	23.12	50.42
Investment written off	--	250.00
<b>TOTAL</b>	<b>13,411.00</b>	<b>29,886.20</b>



NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	Year Ended 31 <sup>st</sup> March 2012 (12 Months)	Year Ended 31 <sup>st</sup> March 2011 (15 Months)
<b>28 Value of imports calculated on C.I.F. basis:</b>		
i) Stores and spares	--	22.51
ii) Capital goods	9.49	11.20
<b>29 Expenditure in foreign currency:</b>		
i) Professional fees	83.73	2.90
ii) Interest/Premium on FCCB redeemed	1764.74	--
iii) Travelling expenses	8.11	8.84
iv) Subscription/Membership Fee	0.59	0.50
v) Commission and others	7.31	8.51
Total	<u>1864.48</u>	<u>20.75</u>

(Rs. in lakhs)

Particulars	Year Ended 31.03.2012 (12 Months)		Year Ended 31.03.2011 (15 Months)	
	Value	%	Value	%
<b>30 Value of Raw Materials, Chemicals and Stores and Spares Consumed:</b>				
Raw Material and Chemicals :				
Imported	73.02	0.10	92299.76	57.55
Indigenous	<u>76243.25</u>	<u>99.90</u>	<u>68090.19</u>	<u>42.45</u>
Total	<u>76316.27</u>	<u>100.00</u>	<u>160389.95</u>	<u>100.00</u>
Stores and Spares :				
Imported	17.96	0.50	4.75	0.10
Indigenous	<u>3596.97</u>	<u>99.50</u>	<u>4587.66</u>	<u>99.90</u>
Total	<u>3614.93</u>	<u>100.00</u>	<u>4592.41</u>	<u>100.00</u>

(Rs. in lakhs)

Particulars	Year Ended 31 <sup>st</sup> March 2012 (12 Months)	Year Ended 31 <sup>st</sup> March 2011 (15 Months)
<b>31 Earnings in foreign currency :</b>		
FOB value of exports	4132.23	54271.12



## 32 Employee Benefits:

### Gratuity and Provident Fund :

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

(Rs. in lakhs)

Particulars	31.03.2012 (12 Months)	31.03.2011 (15 Months)
Gratuity	253.30	298.15
Provident Fund	316.91	372.41
Employees State Insurance	12.79	12.80

### Disclosure report under Accounting Standard-15 - Leave Salary

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

(Rs. in lakhs)

Particulars	31.03.2012	31.03.2011
<b>I Principal Actuarial Assumptions (Expressed as weighted average)</b>		
Discount Rate	8.00%	7.50%
Salary escalation rate	7.00%	6.50%
Attrition rate	3.00%	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	486.33	458.42
Interest Cost	37.15	34.98
Current Service Cost	23.59	46.11
Past Service cost-(non vested benefits)	--	--
Past service cost-(vested benefits)	--	--
Benefits paid	-43.94	-42.32
Actuarial loss/(gain) on obligation (balancing figure)	47.25	-10.86
PVO as at the end of the period	550.38	486.33
<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	43.94	42.32
Benefits paid	-43.94	-42.32
Actuarial gain/(loss) on obligation (balancing figure)	--	--
Fair value on plan assets as at the end of the period	--	--



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

(Rs. in lakhs)

Particulars	31.03.2012	31.03.2011
<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	-47.25	10.86
Actuarial gain/(loss) for the period-Plan Assets	--	--
Total (gain)/loss for the period	47.25	-10.86
Actuarial (gain)/loss recognized in the period	47.25	-10.86
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	550.38	486.33
Fair value of plan assets	--	--
Difference	550.38	486.33
Unrecognised transitional liability	--	--
Unrecognised past service cost-non vested benefits	--	--
Liability recognized in the balance sheet	550.38	486.33
<b>VII Expenses Recognised in the Statement of Profit and Loss</b>		
Current service cost	23.59	46.11
Interest Cost	37.15	34.98
Expected return on plan assets	--	--
Net actuarial (gain)/loss recognised in the year	47.25	-10.86
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	107.99	70.23
<b>VIII Movements in the Liability Recognized in the Balance Sheet</b>		
Opening net liability	486.33	458.42
Expenses as above	107.99	70.23
Contribution paid	-43.94	-42.32
Closing net liability	550.38	486.33
<b>IX Amount for the Current Period</b>		
Present value of obligation	550.38	486.33
Plan Assets	--	--
Surplus(Deficit)	-550.38	-486.33
<b>X Major Categories of Plan Assets (as Percentage of Total Plan Assets)</b>	Nil	Nil



**33 Segment information for the year ended 31.03.2012:**

(Rs. in lakhs)

REVENUE	SUGAR		INDUSTRIAL ALCOHOL		SOYA PRODUCTS		POWER		TOTAL	
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
<b>PRIMARY</b>										
External Sales	76260.57	160793.64	14206.91	20015.31	10160.23	11252.38	8603.25	18893.29	109230.96	210954.62
Inter Segment Sales	9105.26	10670.20	1.26	2.01	--	--	8069.92	9277.10	17176.44	19949.31
Operating Income	1206.09	3126.12	11.99	27.74	60.56	66.56	2.65	0.11	1281.29	3220.53
Total Revenue	86571.92	174589.96	14220.16	20045.06	10220.79	11318.94	16675.82	28170.50	127688.69	234124.46
Segment Result	-5412.41	-9925.18	4621.56	5000.31	225.07	375.65	7176.19	10504.23	6610.41	5955.01
Unallocated Corporate Expenses/ Income (Net)									85.02	161.48
Operating Profit									6525.39	5793.53
Finance Cost									12126.30	18998.16
Interest Income									250.44	410.26
Profit from Ordinary activities									-5350.47	-12794.37
Net Profit/Loss before Tax									-5350.47	-12794.37
Less: Income-tax:										
Current Tax									--	--
Deferred Tax									-578.81	-2808.48
Net Profit/Loss after Tax									-4771.66	-9985.89
<b>OTHER INFORMATION</b>										
Segment Assets	98516.04	104756.50	13045.13	13983.81	8234.03	8623.46	40505.61	39027.21	160300.81	166390.99
Unallocated Corporate Assets									21036.19	19029.80
Total Assets									181337.00	185420.79
Segment Liabilities									94829.67	124256.72
Unallocated Corporate Liabilities									--	--
Deferred Tax										
Liability(+)/Asset (-)									-729.77	-150.95
Total Liabilities									94099.90	124105.77
Capital Expenditure	1162.28	1527.28	--	37.48	54.09	100.89	217.80	1867.82	1434.17	3533.47
Depreciation/Amortization	4984.21	5974.73	263.25	326.14	124.11	149.13	1156.82	1423.39	6528.39	7873.39
<b>SECONDARY</b>										
Revenue by Geographical Market										
India	76617.47	116451.01	14220.16	20045.06	8236.32	8982.40	16675.82	28170.50	115749.77	173648.97
Outside India	9954.45	58138.95	--	--	1984.47	2336.54	--	--	11938.92	60475.49

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



**34 Related Parties Disclosure:**

**I. Related Parties:**

**a. Subsidiary Companies**

Sakthi Auto Component Limited  
Sakthi Auto Ancillary Private Limited

**b. Associates**

ABT Limited  
ABT Industries Limited  
ABT Info Systems Pvt. Limited  
ABT Foods Limited  
Anamallais Bus Transport Pvt. Limited  
Sakthi Finance Limited  
Sri Chamundeswari Sugars Limited  
Nachimuthu Industrial Association  
The Gounder & Co

**c. Key Managerial Personnel (KMP)**

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

**d. Relatives of Key Managerial Personnel**

There has been no transaction with the relatives of key managerial personnel

**e. Enterprises in which KMP/Relatives of KMP can exercise significant influence**

Anamallais Retreading Corporation  
N.Mahalingam & Company  
Sakthi Automobiles  
Sakthi Coffee Estates (P) Limited  
ABT Textiles (P) Limited  
Sri Bhagavathi Textiles Limited  
Sri Sakthi Textiles Limited

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)

Nature of Transactions	Subsidiaries	Associates	Key Managerial Personnel	Relatives of Key Managerial Personnel	Enterprises in which KMP/ relatives of KMP have significant influence	Total
<b>Purchase</b>						
Purchase of Materials	<b>4.28</b> (12.22)					<b>4.28</b> (12.22)
Purchase of Fuel					<b>52.24</b> (55.06)	<b>52.24</b> (55.06)
Purchase of Milk		<b>4.23</b> (4.66)				<b>4.23</b> (4.66)
<b>Sales</b>						
Sales of Materials	<b>16.98</b> (25.82)					<b>16.98</b> (25.82)
Sale of power	<b>204.37</b> (549.18)					<b>204.37</b> (549.18)
Sale of Raw Sugar		- (117.36)				- (117.36)
<b>Rendering of services</b>						
Rent Receipts		<b>13.28</b> (16.57)				<b>13.28</b> (16.57)
EB Receipts		<b>8.86</b> (8.47)				<b>8.86</b> (8.47)
Water & Technical Service charges receipts		<b>17.07</b> (16.73)				<b>17.07</b> (16.73)
Advertisement Receipts		<b>13.32</b> (16.50)			<b>4.68</b> (5.65)	<b>18.00</b> (22.15)
<b>Receiving of services</b>						
Interest Payments	<b>65.75</b> (69.87)	<b>64.46</b> (10.48)				<b>130.20</b> (80.35)
Printing charges		<b>14.33</b> (22.18)				<b>14.33</b> (22.18)
Electricity Charges		<b>0.62</b> (0.94)				<b>0.62</b> (0.94)
Rent Payments		<b>15.56</b> (19.44)				<b>15.56</b> (19.44)
Vehicle Purchase/Maintenance		<b>9.37</b> (22.98)				<b>9.37</b> (22.98)
Transport charges		<b>227.26</b> (500.58)				<b>227.26</b> (500.58)
Purchase of Computer Consumables		<b>15.40</b> (22.31)				<b>15.40</b> (22.31)
Service Tax on Management Fees		<b>14.51</b> (-)				<b>14.51</b> (-)
Promoter Contribution		<b>9000.00</b> (1400.00)				<b>9000.00</b> (1400.00)
Unsecured loan		<b>5786.90</b> (-)				<b>5786.90</b> (-)



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

(Rs. in lakhs)

Nature of Transactions	Subsidiaries	Associates	Key Managerial Personnel	Relatives of Key Managerial Personnel	Enterprises in which KMP/ relatives of KMP have significant influence	Total
<b>Managerial Remuneration</b>						
Remuneration paid to whole time Directors			<b>62.70</b> (119.95)			<b>62.70</b> (119.95)
Remuneration paid to Non-whole time Directors			<b>0.50</b> (0.40)			<b>0.50</b> (0.40)
<b>Balance outstanding at the end of the year</b>						
Payable to Key Managerial Personnel			<b>83.19</b> (83.25)			<b>83.19</b> (83.25)
Loans and advances	<b>13111.11</b> (13753.31)	<b>177.71</b> (217.45)			<b>319.25</b> (306.05)	<b>13608.07</b> (14276.81)
Borrowing	<b>250.96</b> (70.75)	<b>20565.12</b> (5611.37)			<b>9.39</b> (7.07)	<b>20825.47</b> (5689.19)

Figures in brackets are that of the previous year

**35 Earnings Per Share :**

Particulars	2011-12 (12 Months)	2010-11 (15 Months)
Basic :		
a) Face value per Share (Rs.)	<b>10</b>	10
b) Profit After Tax (Rs. In lakhs)	<b>-4771.66</b>	-9985.89
c) The weighted average No. of Equity Shares	<b>36807339</b>	36712863
d) Earnings per Share - Basic (Rs.)	<b>-12.96</b>	-27.20
Diluted :		
a) The weighted average No. of Equity Shares	<b>36807339</b>	39819389
b) Earnings per Share - Diluted (Rs.)	<b>-12.96</b>	-25.08

**36 Deferred Tax :**

(Rs. in lakhs)

Particulars	31.03.2012	31.03.2011
A) Deferred Tax Liability:		
Arising out of depreciation of Fixed Assets (Net)	<b>9889.72</b>	9703.20
Difference in treatment of expenses/income (Net)	<b>7708.11</b>	8442.13
	<b>17597.83</b>	18145.33
B) Deferred Tax Asset:		
Carried forward losses/Unabsorbed depreciation	<b>18327.60</b>	18296.28
Net Deferred Tax Liability (+) /Asset (-)	<b>-729.77</b>	-150.95

**37 Contingent liabilities:**

(Rs. in lakhs)

Particulars	31.03.2012	31.03.2011
A) Claims against the Company not acknowledged as debts:		
(i) Income tax matters	<b>5650.81</b>	394.68
(ii) Purchase tax/sales tax matters	<b>2673.06</b>	2691.80
(iii) Others	<b>5489.95</b>	4943.37
B) Guarantees issued by bankers	<b>49.01</b>	29.01
C) Corporate guarantee given for loans to subsidiaries:		
(i) Guarantee amount	<b>48581.58</b>	43381.88
(ii) Outstanding amount	<b>40885.03</b>	37469.98

**38 Commitments:**

(Rs. in lakhs)

Particulars	31.03.2012	31.03.2011
Estimated amount of contracts remaining to be executed on capital account and not provided for	2304.94	1912.53

**39 Micro, Small and Medium Enterprises Development Act, 2006**

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

**40 Disclosure as required under clause 32 of the listing agreement:**

Amount of loans and advances in the nature of loans to subsidiaries and associates and the maximum amount outstanding during 2011-12:

Name of the Company	Outstanding as on 31.03.2012	Maximum amount Outstanding during the year	Investment in the shares of the company	Investment in the shares of the subsidiaries of the company
	(Rs.In lakhs)	(Rs.In lakhs)	(No. of Shares)	(No. of Shares)
Subsidiary Sakthi Auto Component Limited	13111.11 Dr. (13753.31) Dr.	14038.83 (14514.16)	-- (--)	43860000 (43860000)

**41 Disclosure pursuant to AS-28 on Impairment of Assets:**

During the year, a 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, except to the extent of Rs. 237.12 lakhs in the Beverage Division, which has been provided for.

**42** Funded Interest under CDR Scheme for Rs.6060.65 lakhs (Previous year Rs.8080.86 lakhs) included in Other Non Current Asset in Note No. 13 is to be written off over a period of time as and when it becomes payable and it is not realizable in value.

**43** During the year under review, the Company has opted to recognize foreign exchange fluctuation based on maturity of obligations in conformity with the option given by Notification No: GSR 913(E) Dated 29<sup>th</sup> December 2011 issued by the Ministry of Corporate Affairs.

**44** The Revised Schedule VI has become effective from 1<sup>st</sup> April 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / restated wherever necessary to correspond with the current year's classification/disclosure.

**45** Current year figures are not comparable with the previous year figures as the current year is for a period of 12 months whereas the previous year figures are for a period of 15 months.

Vide our report annexed

For P N RAGHAVENDRA RAO & Co  
Chartered Accountants  
(ICAI Regn. No. : FRN003328S)

P R VITTEL  
Partner  
M. No. 018111

N MAHALINGAM  
Chairman

M MANICKAM  
Vice Chairman & Managing Director

S BASKAR  
Senior Vice President - Finance &  
Company Secretary

Coimbatore  
30<sup>th</sup> May 2012

M BALASUBRAMANIAM  
Joint Managing Director - Finance



## 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, 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:

The payment made towards goodwill to cane ryots and to employees as per wage board settlement during the year 2004-05, is 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. Investment:

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. 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 statement of profit and loss.
- 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 statement of profit and loss as an expenditure represents excise duty provision for difference between opening and closing stock of finished goods.
- iii. Interest charges which have been converted as Funded Interest Term Loan as per CDR scheme are recognised as expenditure in the period in which such loan instalments become due.

9. Foreign currency transactions:

Recognition of foreign exchange fluctuation is based on the maturity of obligations.

10. 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 Statement of Profit and Loss.

The Company has opted for Life Insurance Corporation of India Group Gratuity Scheme. For calculating gratuity liability, the premium 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 31.03.2012.

11. Segment Reporting:

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.

12. 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.

13. Earnings per share:

Basic earnings per share is 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.

14. Impairment of Assets:

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

15. 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.

16. 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 statement of profit and loss.



## COMPANY'S PERFORMANCE AT A GLANCE

YEAR	SUGARCANE CRUSHED (TONNES)	SUGAR PRODUCED (TONNES)	RECOVERY %	TURNOVER (Rs. in lakhs)	PROFIT BEFORE DEPRN (Rs. in lakhs)	DEPRECIATION (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	216553.65	-8915.89	3878.48	-12794.37	--	142173.20
2012	2900630	278431	9.60	112126.99	-2187.62	3162.85	-5350.47	--	143553.93

▲ 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	Orlandofin BV	Sakthi Netherlands BV	Sakthi European Foreign Sales Corpn. BV	Sakthi Holdings BV	Sakthi Service GmbH	Sakthi Portugal SA	Sakthi Auto Mauritius Ltd
	a	b	c	d	e	f	g	h	i
Financial Year ended	31.03.2012	31.03.2012	31.12.2011	31.12.2011	31.12.2011	31.12.2011	31.12.2011	31.12.2011	31.12.2011
Share Capital	24,631.00	359.13	12.30	20.16	12.44	12.30	18.45	4,124.63	2.56
Reserves	40,331.36	836.10	20,095.24	65,211.52	65,549.00	39,122.67	15,841.96	10,487.64	(26.95)
Total Assets	1,18,954.10	5,558.17	49,182.77	77,829.18	65,631.58	45,408.60	15,900.56	49,073.67	6.30
Total Liabilities	53,991.74	4,362.94	29,075.23	12,597.50	70.14	6,273.62	40.14	34,461.39	30.70
Details of Investments (except investment in subsidiaries)	1.02	--	--	--	--	--	--	--	--
Turnover	43,880.20	7,125.10	--	--	--	--	--	54,244.48	--
Profit before taxation	1,890.61	223.80	(1,782.98)	(199.02)	(9.85)	(10.10)	(3.67)	60.31	(7.78)
Provision for taxation	797.46	59.50	--	--	--	--	--	(135.89)	--
Profit after taxation	1,093.15	164.30	(1,782.98)	(199.02)	(9.85)	(10.10)	(3.67)	196.20	(7.78)
Proposed dividend	--	--	--	--	--	--	--	--	--

Note: In respect of subsidiaries under c to i, the financial statements are translated at the exchange rate as on 31.03.2012, i.e. EUR 1 = Rs. 68.34 and USD 1 = Rs. 51.16.





## 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 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year 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 eight of the subsidiaries viz., Sakthi Auto Ancillary P Ltd, Sakthi Portugal SA, Orlandofin BV, Sakthi Netherlands BV, Sakthi European Foreign Sales Corporation BV, Sakthi Holding BV, Sakthi Service GmbH and Sakthi Auto Mauritius Ltd. whose financial statements reflect total assets of Rs. 968.19 Crores as at 31<sup>st</sup> March 2012 with respect to Sakthi Auto Ancillary P Ltd and 31<sup>st</sup> December, 2011 with respect to other companies, total revenue of Rs 621.99 Crores and net cash flow of Rs 0.57 Crore for the period then ended.

With respect to three of the subsidiaries, viz., Sakthi Auto Ancillary P Ltd, Sakthi Portugal and Sakthi Auto Mauritius Ltd. 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:**

- I. *In our opinion, a sum of Rs.60.61 Crores included in Other Non Current Assets requires to be written off and the loss of the company is under stated to that extent.*





**In Sakthi Auto Component Limited**

- II. *In Orlandofin B.V. Netherlands, a wholly owned subsidiary, an Investment of Rs.329.47 crores has been made and loan of Rs.10.25 crores 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 31.03.2012,
- ii) In the case of the Consolidated Statement of Profit and Loss, the consolidated LOSS of Sakthi Sugars Limited and its subsidiaries for the year 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 year ended on that date.

For P.N. RAGHAVENDRA RAO & Co.  
Chartered Accountants  
(ICAI Regn. No. : FRN003328S)

Coimbatore  
30<sup>th</sup> May 2012

P.R.VITTEL  
Partner  
M.No.018111



## CONSOLIDATED BALANCE SHEET AS AT 31.03.2012

(Rs. in lakhs)

	Note No.	As at 31.03.2012	As at 31.03.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
a) Share Capital	1	21,925.73	21,925.73
b) Reserves and Surplus	2	84,424.31	72,336.97
		<b>106,350.04</b>	<b>94,262.70</b>
<b>(2) MINORITY INTEREST</b>		<b>452.65</b>	<b>373.51</b>
<b>(3) NON-CURRENT LIABILITIES</b>			
a) Long term borrowings	3	105,623.35	103,518.28
b) Deferred tax liabilities (Net)		480.98	198.44
c) Other long term liabilities	4	692.63	704.04
d) Long term provisions	5	2,038.08	1,679.24
		<b>108,835.04</b>	<b>106,100.00</b>
<b>(4) CURRENT LIABILITIES</b>			
a) Short term borrowings	6	38,549.20	27,067.51
b) Trade payables		37,459.75	36,287.70
c) Other current liabilities	7	82,272.30	85,760.42
d) Short term provisions	8	8,084.69	7,990.10
		<b>166,365.94</b>	<b>157,105.73</b>
<b>TOTAL (1 to 4)</b>		<b>382,003.67</b>	<b>357,841.94</b>
<b>II. ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
a) Fixed Assets			
(i) Tangible assets	9	196,341.62	171,741.84
(ii) Intangible assets	10	23,806.54	27,361.02
(iii) Capital work-in-progress		14,062.57	14,746.46
		<b>234,210.73</b>	<b>213,849.32</b>
b) Non-current investments	11	46,615.24	43,405.86
c) Long term loans and advances	12	8,661.86	12,816.75
d) Other non-current assets	13	9,898.83	11,882.03
		<b>299,386.66</b>	<b>281,953.96</b>
<b>(2) CURRENT ASSETS</b>			
a) Inventories	14	35,383.07	32,211.35
b) Trade receivables	15	23,977.04	24,437.17
c) Cash and cash equivalents	16	10,548.89	5,978.82
d) Short term loans and advances	17	9,238.53	9,305.56
e) Other current assets	18	3,469.48	3,955.08
		<b>82,617.01</b>	<b>75,887.98</b>
<b>TOTAL (1 and 2)</b>		<b>382,003.67</b>	<b>357,841.94</b>

The Notes form part of these financial statements.

Vide our report annexed

For P N RAGHAVENDRA RAO & Co

Chartered Accountants

(ICAI Regn. No. : FRN003328S)

P R VITTEL

Partner

M. No. 018111

N MAHALINGAM

Chairman

M MANICKAM

Vice Chairman & Managing Director

S BASKAR

Senior Vice President - Finance &  
Company Secretary

Coimbatore

30<sup>th</sup> May 2012

M BALASUBRAMANIAM

Joint Managing Director - Finance



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2012

(Rs. in lakhs)

	Note No.	Year Ended 31.03.2012 (12 Months)	Year Ended 31.03.2011 (15 Months)
<b>I. Revenue from Operations (Gross)</b>		<b>219,543.13</b>	313,895.42
Less : Excise duty		<b>6,650.99</b>	7,580.07
Revenue from Operations (Net)	19	<b>212,892.14</b>	306,315.35
<b>II. Other Income</b>	20	<b>1,489.11</b>	1,653.63
<b>III. Total Revenue (I + II)</b>		<b>214,381.25</b>	307,968.98
<b>IV. Expenses:</b>			
Cost of material consumed	21	<b>118,375.84</b>	192,738.79
Purchase of stock in trade	22	<b>830.49</b>	794.89
Changes in inventories of finished goods, work-in-progress and stock in trade	23	<b>(2,439.60)</b>	1,460.08
Employee benefits expense	24	<b>16,953.90</b>	16,677.54
Finance costs	25	<b>18,859.63</b>	24,347.25
Depreciation and amortization expenses	26	<b>11,285.77</b>	12,865.24
Other expenses	27	<b>55,704.38</b>	70,788.19
Total expenses		<b>219,570.41</b>	319,671.98
<b>V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)</b>		<b>(5,189.16)</b>	(11,703.00)
<b>VI. Exceptional Items</b>		<b>--</b>	--
<b>VII. Profit/(Loss) before extraordinary items and tax (V-VI)</b>		<b>(5,189.16)</b>	(11,703.00)
<b>VIII. Extraordinary items</b>		<b>--</b>	--
<b>IX. Profit/(Loss) before tax (VII-VIII)</b>		<b>(5,189.16)</b>	(11,703.00)
<b>X. Tax expenses:</b>			
1. Current tax		<b>438.70</b>	591.03
2. MAT credit entitlement		<b>(423.01)</b>	(532.50)
3. Deferred tax		<b>126.57</b>	(2,446.81)
<b>XI. Profit after tax (IX-X)</b>		<b>(5,331.42)</b>	(9,314.72)
<b>XII. Minority interest</b>		<b>79.15</b>	65.58
<b>XIII. Profit after tax (after adjustment of Minority interest)</b>		<b>(5,410.57)</b>	(9,380.30)
<b>XIV. Earnings per equity share of Rs. 10/- each:</b>			
1. Basic		<b>(14.70)</b>	(25.48)
2. Diluted		<b>(14.70)</b>	(23.56)

The Notes form part of these financial statements.

Vide our report annexed

For P N RAGHAVENDRA RAO & Co  
Chartered Accountants  
(ICAI Regn. No. : FRN003328S)

P R VITTEL  
Partner  
M. No. 018111

N MAHALINGAM  
Chairman

M MANICKAM  
Vice Chairman & Managing Director

S BASKAR  
Senior Vice President - Finance &  
Company Secretary

Coimbatore  
30<sup>th</sup> May 2012

M BALASUBRAMANIAM  
Joint Managing Director - Finance



# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012

(Rs. in lakhs)

Particulars	2011-12 (12 Months)		2010-11 (15 Months)	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax as per Statement of Profit and Loss		(5,189.16)		(11,703.00)
Adjustment for:				
Depreciation and Amortisation Expenses	11,285.77		12,865.24	
Finance Costs	18,859.63		24,347.25	
Miscellaneous Expenses & Other exp. written off	246.22		389.39	
Provision for diminution in value of Investments	178.96		-	
Loss on Sale of Assets	428.08		7.18	
Loss on Sale of Investments / Written off	-		250.00	
Dividend Income	(14.03)		(3.46)	
Interest Income	(665.89)		(655.08)	
Profit on Sale of Assets	(0.44)		(0.26)	
		<b>30,318.30</b>		<b>37,200.26</b>
Operating Profit before Working Capital Changes		<b>25,129.14</b>		<b>25,497.26</b>
Adjustment for:				
Inventories	(3,171.73)		2,299.08	
Trade and Other Receivables	497.77		(8,373.91)	
Other Current Assets	410.95		79.57	
Loans and Advances	3,865.10		8,412.25	
Trade and Other Payables	1909.90		5,923.03	
Misc. Expenditure	-		272.51	
Intangible Assets	(723.89)		(9,389.53)	
		<b>2,788.10</b>		<b>(777.00)</b>
Cash Generated from Operations		<b>27,917.24</b>		<b>24,720.26</b>
Income Tax Paid		<b>94.90</b>		<b>(187.22)</b>
Net Cash from Operating Activities		<b>28,012.14</b>		<b>24,533.04</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(9,489.80)		(7,612.41)	
Sale of Fixed Assets	22.99		1,429.60	
Investment Income	679.92		658.54	
Sale / Purchase of Investments	(4,428.21)		(287.05)	
Net Cash used in Investing Activities		<b>(13,215.10)</b>		<b>(5,811.32)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Finance Costs Paid	(18,253.31)		(17,531.24)	
Premium on FCCB	(447.74)		-	
Proceeds from Long Term Borrowings	11,394.08		10,227.61	
Repayment of Long Term Borrowings	(14,401.69)		(14,693.82)	
Short Term Borrowings (net)	11,481.69		3,145.80	
Net Cash used in Financing Activities		<b>(10,226.97)</b>		<b>(18,851.65)</b>
Net Increase in Cash and Cash Equivalents		<b>4,570.07</b>		<b>(129.93)</b>
Opening Balance of Cash and Cash Equivalents		<b>5,978.82</b>		<b>6,108.75</b>
Closing Balance of Cash and Cash Equivalents		<b>10,548.89</b>		<b>5,978.82</b>

Vide our report annexed  
For P N RAGHAVENDRA RAO & Co  
Chartered Accountants  
(ICAI Regn. No. : FRN003328S)

P R VITTEL  
Partner  
M. No. 018111

N MAHALINGAM  
Chairman

M MANICKAM  
Vice Chairman & Managing Director

S BASKAR  
Senior Vice President - Finance &  
Company Secretary

Coimbatore  
30<sup>th</sup> May 2012

M BALASUBRAMANIAM  
Joint Managing Director - Finance



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE No. 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised:</b>		
5,00,00,000 Equity Shares of Rs.10 each (5,00,00,000)	<b>5,000.00</b>	5,000.00
50,00,000 Redeemable Cumulative Preference (50,00,000) Shares of Rs.100 each	<b>5,000.00</b>	5,000.00
	<b>10,000.00</b>	10,000.00
<b>Issued:</b>		
3,69,24,008 Equity Shares of Rs.10 each (3,69,24,008)	<b>3,692.40</b>	3,692.40
	<b>3,692.40</b>	3,692.40
<b>Subscribed and Paid up:</b>		
3,68,07,339 Equity Shares of Rs.10 each fully paid up (3,68,07,339)	<b>3,680.73</b>	3,680.73
<b>Issued by Subsidiary Company:</b>		
60,82,500 Series A 15% Participatory Cumulative optionally (60,82,500) Convertible Preference Shares of Rs. 100 each fully paid up	<b>6,082.50</b>	6,082.50
1,01,37,500 Series B 15% participatory Cumulative optionally (101,37,500) Convertible Preference Shares of Rs. 100 each fully paid up	<b>10,137.50</b>	10,137.50
12,15,000 Series I 15% Participatory Cumulative Convertible (12,15,000) Preference Shares of Rs. 100 each fully paid up	<b>1,215.00</b>	1,215.00
8,10,000 Series II 15% Participatory Cumulative Convertible (8,10,000) Preference Shares of Rs. 100 each fully paid up	<b>810.00</b>	810.00
<b>TOTAL</b>	<b>21,925.73</b>	21,925.73
<b>Reconciliation of Number of Shares</b>	<b>No. of Shares</b>	<b>No. of Shares</b>
<b>Holding Company</b>		
Equity Shares at the beginning of the year	<b>3,68,07,339</b>	3,48,33,635
Add: Share issued/allotted on conversion of FCCB	<b>--</b>	19,73,704
Equity Shares at the end of the year	<b>3,68,07,339</b>	3,68,07,339
<b>Subsidiary Company</b>		
Preference shares at the beginning of the year	<b>1,82,45,000</b>	1,82,45,000
Preference shares at the end of the year	<b>1,82,45,000</b>	1,82,45,000

### Rights, Preferences and Restrictions of each class of Shares

#### Holding Company

The Company has only one class of Equity shares having face value of Rs.10 each. Each shareholder is eligible for one vote per share. Dividend is payable when it is recommended by the Board of Directors and approved by the Members at the Annual General Meeting. In the event of liquidation, the equity shareholders will get the remaining assets after payment of all the preferential amounts.

#### Subsidiary Company

Following classes of shares of subsidiary are consolidated :

#### (i) 15% Participatory Cumulative Optionally Convertible Preference Shares

The holders of this preference shares shall have right to vote on resolutions placed before the Company which directly affect their rights. Besides they get voting right as specified in Section 87(2) of the Companies Act 1956. The dividend is payable when recommended by the Board and approved by the members at the Annual General Meeting. In the event of non-declaration of dividend, it gets accumulated. The holders of the preference shares have the right to participate in the profit as per the Subscription Agreement entered into between the shareholders and the Company.



**NOTE No. 1 (Contd.)**

All the Series of this class of Preference Shares are convertible into equity shares at the option of the holders of these shares on the terms as may be agreed to between the Company and the holders of this class of preference shares.

This class of preference shares is convertible/redeemable on 26.4.2012. However after 31.3.2012, the above preference shares have been made mandatorily convertible and the date of maturity/conversion has been extended to 26.4.2013.

**(ii) 15% Participatory Cumulative Convertible Preference Shares**

The holders of this preference shares shall have right to vote on resolutions placed before the Company which directly affect their rights. Besides they get voting right as specified in Section 87(2) of the Companies Act 1956. The dividend is payable when recommended by the Board and approved by the members at the Annual General Meeting. In the event of non-declaration of dividend, it gets accumulated. The holders of the preference shares have the right to participate in the profit as per the Subscription Agreement entered into between the shareholders and the Company.

Series I and II of this class of Preference Shares are convertible into equity shares on such terms as may be agreed to between the Company and the holders of this class of preference shares on or before the maturity/conversion date viz. 18.3.2013

Upon conversion of the preference shares mentioned in (i) and (ii) above into equity shares, the holders of the preference shares will get the same rights as that of the equity shareholders of the Company. (Rs. in lakhs)

	As at 31.03.2012	As at 31.03.2011
<b>List of shareholders holding more than 5%</b>		
<b>Holding Company</b>		
ABT Limited	80,57,600	80,57,600
<b>Subsidiary Company</b>		
<b>(i) 15% Participatory Cumulative Optionally Convertible Preference Shares</b>		
Drawbridge Titanium Holdings (Mauritius) Limited	1,62,20,000	1,62,20,000
<b>(ii) 15% Participatory Cumulative Convertible Preference Shares</b>		
Drawbridge Titanium Holdings (Mauritius) Limited	20,25,000	20,25,000
<b>Terms of security convertible into Equity Shares</b>		
<b>Foreign Currency Convertible Bonds (FCCB)</b>	<b>Series A</b>	Series A
a) No. of bonds outstanding	10	10
b) Date of maturity	30.5.2009	30.5.2009
c) Value of bonds for conversion (Rs. in lakhs)	448.90	448.90
d) Conversion price (Rs. per share)	208.00	208.00
e) Earliest date of conversion	10.07.2006	10.07.2006
f) Date of expiry of conversion right	30.5.2019	30.5.2019
	<b>Series B</b>	Series B
a) No. of bonds outstanding	156	286
b) Date of maturity	31.5.2011	31.5.2011
c) Value of bonds for conversion (Rs. in lakhs)	7002.84	12838.54
d) Conversion price (Rs. per share)	190.00	190.00
e) Earliest date of conversion	10.07.2006	10.07.2006
f) Date of expiry of conversion right	31.5.2021	31.5.2021



(Rs. in lakhs)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE No. 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Capital reserve</b>	<b>12,918.39</b>	11,969.12
<b>Capital redemption reserve</b>		
Balance as per last Balance Sheet	<b>2,512.27</b>	2,512.27
<b>Securities premium account</b>		
Balance as per last Balance Sheet	<b>14,189.77</b>	10,481.70
Add: Received during the year	--	3,708.07
	<b>14,189.77</b>	14,189.77
Less: Premium on FCCB	<b>3,126.52</b>	--
	<b>11,063.25</b>	14,189.77
<b>Debenture redemption reserve</b>		
Balance as per last Balance Sheet	<b>1,084.14</b>	1,046.00
Add: Transfer from Surplus	<b>359.11</b>	532.43
	<b>1,443.25</b>	1,578.43
Less: Debenture redemption reserve withdrawn	<b>551.71</b>	494.29
	<b>891.54</b>	1,084.14
<b>Revaluation reserve</b>		
Balance as per last Balance Sheet	<b>55,614.40</b>	58,911.28
Add:- Created during the year	<b>22,901.60</b>	--
	<b>78,516.00</b>	58,911.28
Less: Depreciation on Revalued Assets	<b>2,879.49</b>	3,294.45
Withdrawn on Sale of Assets	<b>4.44</b>	2.43
	<b>75,632.07</b>	55,614.40
<b>Subsidy from Government</b>		
Balance as per last Balance Sheet	<b>44.23</b>	44.23
<b>General reserve</b>		
Balance as per last Balance Sheet	<b>1,498.26</b>	5,268.07
Less: Transferred to Surplus	<b>1,498.26</b>	3,769.81
	--	1,498.26
<b>Preference share redemption reserve</b>		
Balance as per last Balance Sheet	<b>57.00</b>	38.00
Add: Transferred from Surplus	<b>19.00</b>	19.00
	<b>76.00</b>	57.00
<b>Foreign exchange fluctuation reserve</b>		
On account of Investment/Advances in Orlandofin BV	<b>485.63</b>	828.14
<b>Surplus</b>		
Balance as per last Balance Sheet	<b>(15,460.36)</b>	(9,792.73)
Net Profit/(Loss) after tax	<b>(5,410.57)</b>	(9,380.30)
	<b>(20,870.93)</b>	(19,173.03)
Add : Transfer from General reserve	<b>1,498.26</b>	3,769.81
Debenture redemption reserve withdrawn	<b>551.71</b>	494.29
	<b>(18,820.96)</b>	(14,908.93)
Less : Transfer to Debenture redemption reserve	<b>359.11</b>	532.43
Transfer to Preference share redemption reserve	<b>19.00</b>	19.00
	<b>(19,199.07)</b>	(15,460.36)
<b>TOTAL</b>	<b>84,424.31</b>	72,336.97





(Rs. in lakhs)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE No. 3</b>		
<b>LONG TERM BORROWINGS</b>		
a) Debentures		
Secured redeemable Non-convertible Debentures	1,713.27	380.68
b) Term loans		
Secured Loans		
From Banks	70,711.68	81,826.62
From Other Parties	7,290.43	9,776.92
	78,002.11	91,603.54
Unsecured Loans		
From Banks	2,203.25	1,718.97
From Other Parties	2,078.76	2,246.35
	4,282.01	3,965.32
	82,284.12	93,667.49
c) Loans and Advances from Related parties	21,384.95	6,781.01
d) Long term maturities of finance lease obligations	241.01	787.73
<b>TOTAL</b>	<b>105,623.35</b>	<b>103,518.28</b>

**I NATURE OF SECURITY AND TERMS OF REPAYMENT OF LONG TERM SECURED BORROWINGS:**

**(A) Debentures:**

**SAKTHI AUTO COMPONENT LIMITED (SACL):**

Series 13% Secured Redeemable Non-convertible Cumulative Debentures of Rs.100 each (SRNCD), aggregating to Rs.1468.69 lakhs and Series 13% Secured Redeemable Non-convertible Non-cumulative Debentures of Rs.100 each (SRNNCD) aggregating to Rs.244.58 lakhs (Series 12% SRNCD, aggregating to Rs.380.68 lakhs) are secured by residual charges on the immovable properties of the company situated at Koonampatti Village, Tirupur District, Tamil Nadu and are redeemable on maturity date mentioned against each series.

Series	31.03.2012			31.03.2011		
	No. of Debentures	Amount outstanding (Rs. in lakhs)	Maturity date	No. of Debentures	Amount outstanding (Rs. in lakhs)	Maturity date
<b>12% SRNCD:</b>						
XXIX				104700	104.70	29-06-2012
XXVIII				99680	99.68	24-06-2012
XXVII				81200	81.20	14-06-2012
XXVI				95100	95.10	31-05-2012
<b>13% SRNCD:</b>						
LXVII	71380	71.38	25-06-2013			
LXVI	68700	68.70	18-06-2013			
LXV	80940	80.94	08-06-2013			
LXIV	55930	55.93	07-06-2013			
LXIII	65480	65.48	23-05-2013			
LXII	70720	70.72	22-05-2013			
LXI	72940	72.94	21-05-2013			
LX	68110	68.11	17-05-2013			
LVIX	58250	58.25	12-05-2013			
LVIII	111130	111.13	06-05-2013			
LVII	72160	72.16	03-05-2013			
LVI	112350	112.35	02-05-2013			
LV	82310	82.31	30-04-2013			
LIV	90820	90.82	26-04-2013			
LIII	76170	76.17	24-04-2013			
LII	49760	49.76	20-04-2013			
LI	65960	65.96	18-04-2013			
XLIX	61490	61.49	18-04-2013			
XLVIII	69130	69.13	16-04-2013			
	64960	64.96	03-04-2013			
	1468690	1468.69		380680	380.68	
<b>13% SRNNCD:</b>						
NC-II	138640	138.64	22-06-2013			
NC-I	105940	105.94	06-05-2013			
	244580	244.58				
<b>Total</b>		1713.27			380.68	

Interest is payable on maturity in respect of cumulative Debentures and on quarterly basis in respect of non-cumulative debentures.



**NOTE No. 3 (Contd.)****B Secured Loans from Banks :****SAKTHI SUGARS LIMITED (HOLDING COMPANY) :**

<b>Nature of Security</b>	<b>Terms of Repayment</b>
1. Term loans amounting to Rs. 50612.39 lakhs (Rs.61003.10 lakhs) are secured by :  a) Pari passu first charge on the entire movable and immovable properties of the Company, except the assets charged on exclusive basis.  b) Pari passu second charge on the current assets of the Company, except the assets charged on exclusive basis.	The loans are restructured under CDR scheme and are repayable in 32 quarterly installments commencing from April 2011. Rate of Interest 9.00% p.a.
2. Term loans amounting to Rs.1703.35 lakhs (Rs.2084.81 lakhs) is secured by:  a) Pari passu residual charge on the entire fixed assets of the Company.  b) Residual charge on the current assets of the company.	The loan is restructured under CDR scheme and are repayable in 32 quarterly installments commencing from April 2011. Rate of Interest 9.00% p.a.
3. Term loans amounting to Rs.7576.58 lakhs (Nil) are secured by subservient charge on the fixed assets of the Company ranking after the existing CDR Loans except the assets charged on exclusive basis.	Term loan of Rs.2456 lakhs is repayable in 8 quarterly installments commencing from June 2017. Rate of Interest 11.75% p.a.  Term loan of Rs.3404 lakhs is repayable in 8 quarterly installments commencing from August 2017. Rate of Interest 11.50% p.a.  Term loan of Rs.1716.58 lakhs is repayable in 8 quarterly installments commencing from September 2017. Rate of Interest 12.75% p.a.
4. The term loans under 1 & 2 above are further secured by pledge of shares held by the promoters in Company.	
5. Guarantees given by Directors/Others :  a) Term loans amounting to Rs.54032.32 lakhs (Rs.63087.91 lakhs) are guaranteed by Dr. N.Mahalingam, Dr. M.Manickam, Sri.M.Balasubramaniam and Sri. M.Srinivaasan.  b) Term loans amounting to Rs.5860 lakhs (Nil) are guaranteed by Dr. M.Manickam, Sri M.Balasubramaniam and Sri M.Srinivaasan.  c) Term loan amounting to Rs. 2456 lakhs (Nil) is additionally secured by corporate guarantee and collateral security given by a group company.	

**NOTE No. 3 (Contd.)**

6. An amount of Rs.14016.20 lakhs (Rs. 17206.91 lakhs) included in current maturities of long term debts is additionally secured by corporate guarantee and collateral security given by a group company.
7. Period and amount of continuing default as on the date of Balance Sheet

	Amount (Rs.in lakhs)	Period	Since paid (Rs. in lakhs)
Principal	7473.86 (431.00)	Varying period	7463.08 (431.00)
Interest	2571.31 (1201.00)	from June 2011 to February 2012	2571.31 (1201.00)

**SAKTHI AUTO COMPONENT LIMITED (SACL):**

Nature of Security	Terms of Repayment
<p>1. Term loans amounting to Rs.1411.75 lakhs (Rs.1501.86 lakhs) are secured by:</p> <p>a) Equitable mortgage of the subsidiary company's immovable properties and hypothecation of the subsidiary company's movable properties including movable machinery, machinery spares, tools and accessories, both present and future, (except current assets and assets charged on except exclusive basis) ranking pari passu with Axis Bank Ltd and Bank of India.</p> <p>b) Escrow of receivables from Maruti Suzuki India Ltd on pari passu with Axis Bank Ltd., for their Term Loan.</p> <p>c) Subsidiary Company's movable properties including movable machinery, machinery spares, tools and other current assets, both present and future,(except assets charged on exclusive basis) ranking pari passu with Bank of India.</p>	<p>Repayable in 96 monthly installments commencing from January 2011</p> <p>Rate of Interest : BR +4%</p>
<p>2. Term loans amounting to Rs. 4403.10 lakhs (Rs. 4684.24 lakhs) are secured by:</p> <p>a) Equitable mortgage of the subsidiary 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.</p> <p>b) Escrow of receivables from Maruti Suzuki India Ltd on pari passu with Axis Bank Ltd., for their Term Loan.</p> <p>c) 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.</p>	<p>Repayable in 96 monthly installments commencing from January 2011.</p> <p>Rate of Interest : BR +4%</p>

**NOTE No. 3 (Contd.)**

3. Term loans amounting to Rs. 627.89 lakhs (Rs. 1465.08 lakhs) are secured by:
- a) Equitable mortgage of the subsidiary company's immovable properties and hypothecation of the subsidiary 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. 24 equal monthly installments beginning from six months of the first drawdown or September 2007 whichever is earlier. Rate of Interest : 250 BPS Over 3 Months LIBOR
  - b) Second charge on the current assets ranking pari passu with Indian Overseas Bank (except assets charged on exclusive basis).
4. Term loans amounting to Rs. 3750.99 lakhs (Rs. 2347.53 lakhs) are secured by:
- a) Exclusive charge on the Machineries purchased out of the term loan. 60 equal monthly installments beginning from 31<sup>st</sup> January 2012  
Rate of Interest : BR + 4.50%
  - b) Escrow of receivables from Iljin Automotive P Ltd., General Motors India Ltd, Mahindra Renault P Ltd., Mahindra and Mahindra and Haldex India Ltd.
5. Term loan amounting to Nil (Rs.48.68 lakhs) is secured by:
- a) 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; 36 equal monthly instalments beginning from April 2010.  
Rate of Interest : BR + 3.75%
  - b) Escrow of receivables from Maruti Suzuki India Ltd on pari passu basis with Axis Bank Ltd., for their Term loan;
  - c) 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.
6. Term loan amounting to Nil (Rs.97.18 lakhs) is secured by:
- a) 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; 36 equal monthly instalments beginning from November 2009.  
Rate of Interest : BR + 2.75%
  - b) Escrowing of receivables from Maruti Suzuki India Ltd and Honda Sael Cars ranking pari passu with Indian Overseas Bank and receivables from Metaldyne & TAFE.

**NOTE No. 3 (Contd.)****7. Guarantees given by Directors/Others:**

- a) Term Loans amounting to Rs.5814.85 lakhs (Rs.6186.10 lakhs) are guaranteed by Chairman and Managing Director, Sri.M.Balasubramaniam and Sri. M.Srinivaasan, Directors.
- b) Term Loans amounting to Rs.4378.88 lakhs (Rs.3958.47 lakhs) are guaranteed by Chairman and Managing Director.
- c) Term Loans amounting to Rs.6442.74 lakhs (Rs. 7651.18 lakhs) are guaranteed by Sakthi Sugars Limited, Holding Company.

**SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):****Nature of Security****Terms of Repayment**

- |  |  |
|--|--|
| 1. a) Term loan amounting to Rs.2.10 lakhs (Rs.7.47 lakhs) | } 35 equal monthly installments beginning from October 2010. |
| b) Term loan amounting to Rs.9.75 lakhs (Rs.30.50 lakhs)   |  |
| c) Term loan amounting to Rs.28.85 lakhs (Rs.53.02 lakhs)  | } 43 equal monthly installments beginning from October 2010. |
| d) Term loan amounting to Rs.25.84 lakhs (Rs.49.53 lakhs)  |  |
| e) Term loan amounting to Rs.46.53 lakhs (Rs.74.32 lakhs)  | 48 equal monthly installments beginning from October 2010.   |

The above loans are secured by:

Equitable mortgage of the Company's immovable properties and are primarily secured by exclusive charge on the plant & machinery, equipments and other fixed assets.

Personal guarantee by the Managing Director and Joint Managing Director of SAAPL and corporate guarantee by SACL.

**EUROPEAN SUBSIDIARY:****Nature of Security****Terms of Repayment**

1. Term Loan amounting to Rs.512.56 lakhs (Rs.790.50 lakhs) is secured by the Pledge over land and buildings of the Portugal unit. Repayable during April 2014
2. Term loan amounting to Nil (Rs.7588.80 lakhs) is secured by Pledge/promissory pledge of shares and assets of European subsidiaries.
3. Guarantees given by Directors/Others:  
  
Term loan amounting to Nil (Rs.7588.80 lakhs) is guaranteed by the Indian holding companies and Dr.M.Manickam.
4. An amount of Rs.25969.20 lakhs (Rs.25537.39 lakhs) included in current maturities of long term debts is secured by pledge/promissory pledge of shares and assets of European subsidiaries and guaranteed by the Indian holding companies and by Dr.M.Manickam.



## NOTE No. 3 (Contd.)

**C Secured Loans from Other Parties****SAKTHI SUGARS LIMITED (HOLDING COMPANY)**

- | <b>Nature of Security</b>  | <b>Terms of Repayment</b>   |
|--|---|
| 1. Term loan amounting to Rs.2874.01 lakhs (Rs.3448.81 lakhs) is secured by  | The loan is restructured under CDR scheme and are repayable in 32 quarterly installments commencing from April 2011.<br>Rate of Interest 9.00% p.a. |
| a) Pari passu first charge on the entire movable and immovable properties of the Company except the assets charged on exclusive basis.   |   |
| b) Paripassu second charge on the current assets of the Company except the assets charged on exclusive basis.  |   |
| c) Pledge of shares held by the promoters in the Company.  |   |
| 2. Term loan amounting to Nil (Rs.1911.69 lakhs) is secured by   |   |
| a) 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;                                    |   |
| b) Escrow of the receivable on supply of power to Tamil Nadu Electricity Board (TNEB) from the Cogen Plant-I at Sakthinagar  |   |
| c) Escrow of receivable on sale of ethanol from the Company's Distillery unit at Sakthinagar.  |   |
| d) Collateral security provided by a promoter company.   |   |
| 3. Term loan amounting to Rs. 3614.56 lakhs (Rs.3614.56 lakhs) is secured by Exclusive second charge on the assets of Sugar and Cogen units of the Company at Sivaganga.                 | Repayable in 10 half yearly installments from May 2013.<br>Rate of Interest 7.50% p.a.  |
| 4. Term loan amounting to Rs. 801.86 lakhs (Rs.801.86 lakhs) is secured by exclusive second charge on the assets of Sugar and Cogen units of the Company at Modakuruchi.                 | Repayable in 10 half yearly instalments from February 2014.<br>Rate of Interest 7.50% p.a.  |
| 5. Guarantees given by Directors:  |   |
| a) Term Loans amounting to Rs.2874.01 lakhs (Rs.3448.81 lakhs) is guaranteed by Dr.N.Mahalingam, Dr. M.Manickam, Sri.M.Balasubramaniam and Sri. M.Srinivaasan.                           |   |
| b) Term Loan amounting to Nil (Rs.1911.69 lakhs) is guaranteed by Dr. N.Mahalingam and Dr. M.Manickam.   |   |
| 6. An amount of Rs.574.80 lakhs (Rs. 793.09 lakhs) included in current maturities of long term debts is secured by corporate guarantee and collateral security given by a group company. |   |

**NOTE No. 3 (Contd.)**

7. Period and amount of continuing default as on the date of Balance Sheet:

	Amount (Rs.in lakhs)	Period	Since paid (Rs. in lakhs)
Principal	862.20 (Nil)	Varying period	574.80 (Nil)
Interest	305.96 (69.00)	from June 2011 to February 2012	203.59 (69.00)

**II. TERMS OF REPAYMENT OF LONG TERM UNSECURED BORROWING:****(A) Unsecured Loans from Banks:****SAKTHI AUTO COMPONENT LIMITED (SACL):****Nature of Security****Terms of Repayment**

1. Loan amounting to Rs.39.89 lakhs (Nil).  
30 equal monthly installments beginning from September 2011.
2. Loan amounting to Rs.288.23 lakhs (Rs.348.61 lakhs) is secured by collateral security given by the holding Company  
84 equal monthly installments beginning from May 2009.
3. Guarantees given by Directors/Others:
  - a) Loan amounting to Rs.288.23 lakhs (Rs.348.61 lakhs) is guaranteed by the holding Company.
  - b) Loan amounting to Rs.328.12 lakhs (Rs.348.61 lakhs) are guaranteed by the Chairman & Managing Director.

**SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):**

1. Loan amounting to Rs.221.38 lakhs (Rs.246.20 lakhs) is secured by one specific asset of the holding company.  
84 equal monthly installments beginning from May 2009 after initial moratorium period of 5 Months
2. Loans amounting to Rs.28.72 lakhs (Nil) is secured by demand promissory note.  
36 equal monthly installments beginning from January 2012.
3. Loans amounting to Rs.4.22 lakhs (Rs.13.29 lakhs) is secured by demand promissory note.  
36 equal monthly installments beginning from September 2009.
4. Loans amounting to Rs.31.26 lakhs (Nil) is secured by demand promissory note.  
36 equal monthly installments beginning from January 2012.
5. Guarantees given by Directors/Others:
  - a) Loan amounting to Rs.221.38 lakhs (Rs.246.20 lakhs) is guaranteed by the Chairman & Managing Director of the holding company.
  - b) Loans amounting to Rs.64.20 lakhs (Rs.13.29 lakhs) are guaranteed by the Managing Director and Joint Managing Director.

**EUROPEAN SUBSIDIARY:**

Loan amounting to Rs.1589.55 lakhs (Rs.1110.87 lakhs).  
Installments beginning from January 2013 to October 2015.

**NOTE No. 3 (Contd.)****B) Unsecured Loans from Other Parties****SAKTHI SUGARS LIMITED (HOLDING COMPANY):****Nature of Security**

Amounting to Rs.1575 lakhs (Rs.1665 lakhs)

**Terms of Repayment**

Rs.495 lakhs (Rs. 585 lakhs) is repayable in 11 (13) half yearly instalments and the balance amount of Rs.1080 lakhs (Rs. 1080 lakhs) to be adjusted by supply of bagasse.

**SAKTHI AUTO COMPONENT LIMITED (SACL):**

Loan under Sales Tax Deferral amounting to Rs.447.33 lakhs (Rs.575.29 lakhs).

Installments beginning from December 2006 to April 2015.

**SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):**

1. Loans amounting to Rs 38.12 lakhs (Nil).

36 equal monthly installments beginning from February 2012.

2. Loans amounting to Rs.18.31 lakhs (Nil).

36 equal monthly installments beginning from May 2011.

3. Loans amounting to Nil (Rs.6.06 lakhs).

36 equal monthly installments beginning from March 2009.

4. Guarantees given by Directors:

Loans amounting to Rs.56.43 lakhs (Rs.6.06 lakhs) are guaranteed by the Managing Director and Joint Managing Director.

**III TERMS OF REPAYMENT OF OTHER LOANS:****Finance Lease Obligations:****SAKTHI SUGARS LIMITED (HOLDING COMPANY):****Nature of Security**

Hire Purchase Loan amounting to Nil (Rs.35.43 lakhs) is secured by hypothecation of vehicles so financed.

**Terms of Repayment**

Repayable in 24 Monthly Installments

**SAKTHI AUTO COMPONENT LIMITED (SACL):**

The Hire Purchase Finance amounting to Rs. 11.72 lakhs (Rs. 21.91 lakhs) are secured by hypothecation of the vehicles so financed.

Repayable in 36 Monthly Installments



**SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):**

**Nature of Security**

1. HP Vehicle loans amounting to Rs.13.64 lakhs (Rs.8.40 lakhs) are secured by hypothecation of vehicles so financed.
2. HP Machinery loans amounting to Rs.198.54 lakhs (Rs.48.05 lakhs) are secured by hypothecation of machineries so financed.
3. Guarantees given by Directors:

Loans amounting to Rs.198.54 lakhs (Rs.48.05 lakhs) are guaranteed by the Managing Director and Joint Managing Director.

**Terms of Repayment**

Repayable in 36 Monthly Installments

Repayable in 48 Monthly Installments

**EUROPEAN SUBSIDIARY:**

Lease Finance Facility amounting to Rs.17.11 lakhs (Rs.673.94 lakhs) are secured by the equipments so financed.

Repayable during May 2013.

(Rs. in lakhs)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE No. 4</b>		
<b>OTHER LONG TERM LIABILITIES</b>		
Trade Payables	605.94	617.83
Other Payable	86.69	86.21
<b>TOTAL</b>	<b>692.63</b>	<b>704.04</b>
<b>NOTE No. 5</b>		
<b>LONG TERM PROVISIONS</b>		
Provision for employee benefits	2,038.08	1,679.24
<b>NOTE No. 6</b>		
<b>SHORT TERM BORROWINGS</b>		
(a) Loans repayable on Demand		
Secured Loans		
From Banks	16,397.15	13,213.70
From Other Parties	2,126.75	--
	<b>18,523.90</b>	<b>13,213.70</b>
Unsecured Loans		
From Banks	10,618.12	8,266.05
From Other Parties	7,799.78	4,623.25
	<b>18,417.90</b>	<b>12,889.30</b>
	<b>36,941.80</b>	<b>26,103.00</b>
(b) Loans and advances from Related parties	1,607.40	964.51
<b>TOTAL</b>	<b>38,549.20</b>	<b>27,067.51</b>





**I. NATURE OF SECURITY AND TERMS OF REPAYMENT OF SHORT TERM SECURED BORROWINGS:**

**A) Secured Loans From Banks**

**SAKTHI SUGARS LIMITED (HOLDING COMPANY):**

1. Working capital loans amounting to Rs.4266.99 lakhs (Rs.1439.69 lakhs) are secured by:
  - a) Pari passu first charge by way of hypothecation of the current assets of the Company, except TNEB receivables.
  - b) Pari passu second charge on the entire movable and immovable properties of the Company, except Sugar and Co-generation Units in Sivaganga and Modakuruchi.
2. Working capital loan (Bills Discounting facility) amounting to Rs.1145.38 lakhs (Rs.1190.34 lakhs) is secured by:
  - a) Pari passu first charge by way of hypothecation of the current assets of the Company, except TNEB receivables.
  - b) Pari passu first charge on the TNEB receivables of Cogen Unit at Sivaganga.
  - c) Pari passu second charge on the entire movable and immovable properties of the Company, except Sugar and Co-generation Units in Sivaganga and Modakuruchi.
3. Working capital loan amounting to Rs.759.61 lakhs (Rs. 698.28 lakhs) is secured by
  - a) Pari passu first charge on the current assets of Sugar division (except Modakuruchi), Distillery and Soya units.
  - b) Pari passu second charge on the immovable and movable assets of the Company's sugar (except Sivaganga & Modakuruchi), Distillery and Soya units.
4. Short term corporate term loan amounting to Rs 838.45 lakhs (Nil) is secured by assignment of receivables from TNEB amounting to Rs.1047 lakhs.
5. Working capital loan amounting to Nil (Rs.564.69 lakhs) is secured by:
  - a) Exclusive charge by way of hypothecation of raw sugar in transit from bonded warehouse in 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.
  - b) Pari passu second charge on the immoveable assets of the Company, except assets exclusively charged.
6. Working capital loan amounting to Nil (Rs.600 lakhs) is secured by:
  - a) Pari passu first charge on stocks and receivables.
  - b) Pari passu second charge on fixed assets of the Company, except assets exclusively charged.
7. The loans under 1 & 2 above are further secured by pledge of shares held by the promoters.



**NOTE No. 6 (Contd.)**

8. Guarantees given by Directors:

- a) Working capital loans amounting to Rs.5412.36 lakhs (Rs.2630.03 lakhs) are guaranteed by Dr. N.Mahalingam, Dr. M.Manickam, Sri.M.Balasubramaniam and Sri. M.Srinivaasan.
- b) Working Capital loan amounting to Rs.759.61 lakhs (Rs.698.28 lakhs) is guaranteed by Dr. N.Mahalingam and Dr. M.Manickam.
- c) Short term corporate loan amounting to Rs. 838.45 lakhs (Rs.1164.69 lakhs) is guaranteed by Dr. M.Manickam

**SAKTHI AUTO COMPONENT LIMITED (SACL):**

1. Working capital facility of Rs.1577.19 lakhs (Rs.1498.05 lakhs) is secured by:

- a) 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, Sweeden, Gabri De Columbia and Omnibus B.B Transporters, Ecuador and General Motors Korea Company, Korea.
- b) Second charge on the fixed assets of the company on pari passu with Bank of India (except assets charges on exclusive basis).
- c) Second charge on the receivables of the company on pari passu with Bank of India (except receivables charged to Central Bank of India) on first charge basis.

2. Working capital facility amounting to Rs. 3100.71 lakhs (Rs.2525.64 lakhs) is secured by:

Escrow of receivables from Maruti Suzuki India Ltd, Honda Siel Cars and Bosch Chassis ranking pari passu with Axis Bank Ltd.

3. Working capital facility amounting to Rs. 89.96 lakhs (Rs.310.40 lakhs) is secured by:

- a) Exclusive charge by way of first security interest on Bills drawn on GM Korea company, Korea.
- b) Second charge on inventory, other receivables and fixed assets of the company ranking pari passu with Indian Overseas Bank.

4. Working capital facility amounting to Rs.1200.00 lakhs (Rs.1202.89 lakhs) is secured by:

- a) 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 & Mahindra.
- b) Exclusive charge on the specified plant and machinery.



**NOTE No. 6 (Contd.)**

5. Working capital facility amounting to Rs. 300.00 lakhs (Nil) is secured by:  
Subservient charge on the current and movable fixed assets of the company.
6. Letter of Credit facility of Rs. 697.12 lakhs (Rs. 97.71 lakhs) is secured by:  
Documents of title to goods/accepted hundies.
7. Guarantees given by Directors/Others:
  - a) Working Capital facility outstanding amounting to Rs.5375.02 lakhs (Rs.4121.40 lakhs) are guaranteed by Chairman and Managing Director, Sri.M.Balasubramaniam and Sri. M.Srinivaasan, Directors of SACL.
  - b) Working Capital facility outstanding amounting to Rs.1589.96 lakhs (Rs.1513.29 lakhs) are guaranteed by Chairman and Managing Director of SACL.
  - c) Working Capital facility outstanding amounting to Rs.1577.19 lakhs (Rs.1498.05 lakhs) are guaranteed by Holding Company.

**SAKTHIAUTO ANCILLARY PRIVATE LIMITED (SAAPL):**

1. Working capital facility of Rs.668.98 lakhs (Rs.839.23 lakhs)
2. Letter of Credit facility of Rs.146.44 lakhs (Rs.134.45 lakhs)  
The above facilities are secured by:  
First charge by way of hypothecation of finished goods, raw materials, stock in process and stores and spares of the company, equitable mortgage of the company's immovable properties and exclusive charge on the plant and machinery, equipments and other fixed Assets.  
  
Personal guarantee by the Managing Director and Joint Managing Director of SAAPL and corporate guarantee by the Holding Company.

**EUROPEAN SUBSIDIARY:**

Loans amounting to Rs.1606.32 lakhs (Rs.2112.33 lakhs) are secured by the Pledge over land and buildings of the Portugal unit.

**B) Secured Loans from Other Parties:**

**SAKTHI SUGARS LIMITED (HOLDING COMPANY):**

1. Bills Finance facility amounting to Rs.1867.76 lakhs (Nil) is secured by:
  - a) Pari passu first charge on the assets pertaining to Co-generation Plant at Sakthinagar.
  - b) Receivables from TNEB against supply of power from Sakthinagar Cogen unit.
2. Guarantees given by Directors:  
  
Short term borrowing amounting to Rs. Rs.1867.76 lakhs (Nil) is guaranteed by Dr.M.Manickam, Sri.M.Balasubramaniam and Sri.M.Srinivaasan.

**NOTE No. 6 (Contd.)****SAKTHIAUTO ANCILLARY PRIVATE LIMITED (SAAPL):**

Sale Bill factoring facility of Rs.258.99 lakhs (Nil) is secured by assignment of supply bills discounted and guaranteed by the Managing Director and Joint Managing Director of SAAPL.

**II. SHORT TERM UNSECURED BORROWINGS:****A) Unsecured Loans from Banks:****SAKTHI SUGARS LIMITED (HOLDING COMPANY):**

Bill discounting facilities amounting to Rs.478.00 lakhs (Nil) is guaranteed by Dr.M.Manickam.

**SAKTHIAUTO COMPONENT LIMITED (SACL):**

Unsecured loan amounting to Rs.2500 lakhs (Nil) is secured by a Collateral Security and Coporate Guarantee provided by the promoter company and an amount of Rs.200 lakhs (Rs.200 lakhs) is secured by Collateral Security and Corporate Guarantee by Promoter company and personal guarantee of the Chairman and Managing Director of SACL.

**SAKTHIAUTO ANCILLARY PRIVATE LIMITED (SAAPL):**

Overdraft facility of Rs.202.45 lakhs (Rs.202.51 lakhs) is secured by one specific asset of the holding company and personal guarantee of the Chairman & Managing Director of the holding company.

**EUROPEAN SUBSIDIARY:**

Bill factoring facility amounting to Rs.7237.67 lakhs (Rs.7863.54 lakhs) are repayable in installments commencing from January 2013 to October 2015.

**B) Unsecured Loans from Other Parties:****SAKTHI SUGARS LIMITED (HOLDING COMPANY):**

Bill discounting facilities amounting to Rs.244.98 lakhs (Rs.500 lakhs) is guaranteed by Dr.M.Manickam.

**SAKTHIAUTO ANCILLARY PRIVATE LIMITED (SAAPL):**

Sale Bill factoring facility of Rs.114.91 lakhs (Rs.100.41 lakhs) is guaranteed by the Managing Director and Joint Managing Director of SAAPL and corporate guarantee of the Holding Company.



(Rs. in lakhs)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE No. 7</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Current maturities of long term debts	<b>60,330.90</b>	65,171.01
Current maturities of finance lease obligations	<b>867.63</b>	1,140.20
Interest accrued but not due on borrowings	<b>399.30</b>	376.11
Interest accrued and due on borrowings	<b>5,902.89</b>	3,606.83
Unclaimed dividends	<b>34.62</b>	34.69
Unclaimed matured deposits	<b>5.35</b>	10.71
Unclaimed matured debentures	<b>7.22</b>	232.12
Other payables:		
Statutory remittance	<b>4,266.49</b>	4,040.76
Advance from customers	<b>3,614.22</b>	6,061.57
Other liabilities	<b>5,128.22</b>	3,884.69
Liabilities for capital expenditure	<b>1,715.46</b>	1,201.72
	<b>14,724.39</b>	15,188.74
<b>TOTAL</b>	<b>82,272.30</b>	85,760.41
<b>NOTE No. 8</b>		
<b>SHORT TERM PROVISIONS</b>		
Provision for employee benefits	<b>91.46</b>	89.34
Premium payable on FCCB	<b>1,688.28</b>	2,678.78
Other provisions	<b>6,304.95</b>	5,221.98
<b>TOTAL</b>	<b>8,084.69</b>	7,990.10



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE No. 9

#### TANGIBLE ASSETS

(Rs. in lakhs)

PARTICULARS	GROSS BLOCK			DEPRECIATION		INCREASE DUE TO REVALUATION		NET BLOCK	
	AS ON 01.04.2011	ADDITIONS	DELETIONS/ADJUSTMENTS	AS ON 31.03.2012	UPTO 31.03.2011 FOR THE YEAR	UPTO 31.03.2012	UPTO 31.03.2012	AS ON 31.03.2011	AS ON 31.03.2012
<b>REVALUED ASSETS (SAKTHI AUTO COMPONENT LTD.)</b>									
A. Land	3900.00	-	-	3900.00	-	-	-	3900.00	15550.00
B. Buildings	4386.00	823.74	-	5209.74	299.91	148.88	448.79	4086.09	6174.56
C. Plant and equipment	24413.03	5701.82	-	30114.85	2745.06	1432.34	4177.40	21667.97	35775.44
	32699.03	6525.56	-	39224.59	3044.97	1581.22	4626.19	29654.06	57500.00
<b>NON-REVALUED ASSETS</b>									
A. Land	15251.09	-	0.33	15250.76	-	-	-	15251.09	15250.76
B. Buildings	27325.60	233.00	12.48	27546.12	1896.02	883.44	2779.07	25429.58	24767.05
C. Plant and equipment	114907.95	2757.94	557.37	117108.52	15340.68	6970.88	22189.95	99567.27	94918.57
D. Machine Tools & Implements	2305.78	411.23	-	2717.01	276.07	146.21	422.28	2029.71	2294.73
E. Furniture and fixtures	434.59	5.63	0.19	440.03	267.99	18.08	285.93	166.60	154.10
F. Vehicles	1264.50	135.91	40.30	1360.11	711.26	86.42	761.85	553.24	598.26
G. Office equipments	1743.57	112.57	3.68	1852.46	1161.11	136.83	1296.62	582.46	555.84
H. Others	278.71	-	-	278.71	-	-	-	278.71	278.71
Goodwill	23.60	-	-	23.60	-	-	-	23.60	23.60
(Dev of property eco friendly trees)	163535.39	3656.27	614.35	166577.31	19653.13	8241.86	27735.69	143882.26	138841.62
Total	196234.42	10181.83	614.35	205801.90	22698.10	9823.08	32361.88	173536.32	196341.62
Work In Progress	14754.61	1697.94	2389.98	14062.57	-	-	-	14754.61	14062.57
<b>TOTAL FOR THE YEAR</b>	<b>210989.03</b>	<b>11879.77</b>	<b>3004.33</b>	<b>219864.47</b>	<b>22698.10</b>	<b>9823.08</b>	<b>32361.88</b>	<b>188290.93</b>	<b>210404.19</b>
<b>TOTAL FOR THE PREVIOUS YEAR</b>	<b>204806.22</b>	<b>8965.56</b>	<b>2782.75</b>	<b>210989.03</b>	<b>12864.26</b>	<b>10811.60</b>	<b>22698.10</b>	<b>191941.96</b>	<b>188290.93</b>

Note: 1) Land, Buildings, Plant and Equipment of Sakthi Sugars Ltd have been revalued by an external valuer as on 31.12.2008. Other assets are shown at Written Down book Value The Net increase on revaluation amounting to Rs.42,675.33 lakhs has been credited to Revaluation Reserve.  
2) Land, Buildings, Plant and Equipment of Sakthi Auto Component Ltd. have been revalued as on 31.12.2008 & 31.03.2012. Other assets are shown at Written Down book Value. The Net increase on revaluation on the above dates amounting to Rs.9389.16 lakhs and Rs.22901.60 lakhs respectively have been credited to Revaluation Reserve.

### NOTE No. 10

#### INTANGIBLE ASSETS

(Rs. in lakhs)

PARTICULARS	GROSS BLOCK			AMORTISATION			NET BLOCK	
	AS ON 01.04.2011	ADDITIONS	DELETIONS	AS ON 31.03.2012	UPTO 31.03.2011 FOR THE YEAR	UPTO 31.03.2012	AS ON 31.03.2011	AS ON 31.03.2012
A. Goodwill	33655.44	-	-	33655.44	8976.92	3365.54	24678.52	21312.98
B. Product Development	8191.80	723.89	-	8915.69	5445.46	976.67	2746.35	2493.56
<b>TOTAL FOR THE YEAR</b>	<b>41847.24</b>	<b>723.89</b>	<b>-</b>	<b>42571.13</b>	<b>14422.38</b>	<b>4342.21</b>	<b>27424.87</b>	<b>23806.54</b>
<b>TOTAL FOR THE PREVIOUS YEAR</b>	<b>32457.71</b>	<b>9389.53</b>	<b>-</b>	<b>41847.24</b>	<b>9074.28</b>	<b>5348.09</b>	<b>23383.43</b>	<b>27424.87</b>



(Rs. in lakhs)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE No. 11</b>		
<b>NON-CURRENT INVESTMENTS - At Cost</b>		
<b>(a) Investments in Equity Instruments</b>		
<b>I. Quoted</b>		
<b>i. Associates</b>		
Sri Chamundeswari Sugars Limited 6,81,146 Shares of Rs.10 each	117.88	117.88
Sakthi Finance Limited 10,40,000 Shares of Rs.10 each	282.00	282.00
	<b>399.88</b>	<b>399.88</b>
<b>ii. Others</b>		
ICICI Bank Limited 441 Shares of Rs.10 each	0.24	0.24
NIIT Limited 2,527 Shares of Rs. 2 each	0.06	0.06
NIIT Technologies Limited 759 Shares of Rs. 10 each	0.09	0.09
Kovai Medical Centre and Hospital Limited 2,00,000 Shares of Rs.10 each	20.00	20.00
K G Denim Limited 16,129 Shares of Rs.10 each	2.74	2.74
IFCI Limited 100 Shares of Rs.10 each	0.04	0.04
The Industrial Development Bank of India Ltd 1,360 Shares of Rs.10 each	1.10	1.10
The South Indian Bank Limited 1,65,000 Shares of Rs.1 each	4.22	4.22
	<b>28.49</b>	<b>28.49</b>
Total of Quoted Investments	<b>428.37</b>	<b>428.37</b>
<b>II. Unquoted</b>		
<b>i. Subsidiaries</b>		
Sakthi Auto Mauritius Limited 5001 shares of 1 USD each	--	2.26
Sakthi Europe Verwaltungs GmbH, Germany	20.63	19.10
	<b>20.63</b>	<b>21.36</b>



(Rs. in lakhs)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE No. 11 (Contd.)</b>		
<b>ii. Others</b>		
The ABT Co-operative Stores Limited	0.10	0.10
1,000 Shares of Rs. 10 each		
Sakthi Sugars Co-operative Stores Limited	0.08	0.08
760 Shares of Rs.10 each		
Angul Central Co-op Bank Limited	0.10	0.10
100 Shares of Rs.100 each		
Shamarao Vithal Co-op Bank	1.01	1.01
4,025 Shares of Rs.25 each		
	1.29	1.29
Total of Unquoted Investments	21.92	22.65
<b>Total of Equity instrument</b>	<b>450.29</b>	<b>451.02</b>
<b>(b) Investment in Preference shares</b>		
<b>Associates</b>		
8,95,900 - 5% Redeemable Non-Convertible Cumulative Preference Shares in Sri Chamundeswari Sugars Limited	895.90	895.90
<b>(c) Investment in Government/Trust Securities</b>		
Investment in Govt. Securities	57.85	58.20
<b>Investment in Partnership firm</b>		
Sakthi Europe GmbH & Co Germany	45,390.16	42,000.74
	46,794.20	43,405.86
Less: Provision for Diminution in value of Investments	178.96	--
<b>TOTAL</b>	<b>46,615.24</b>	<b>43,405.86</b>
Aggregate amount of Quoted Investments	428.37	428.37
Market value of Quoted Investments	582.75	559.90
Aggregate amount of Unquoted Investments	46,365.83	42,977.49
Provision for Diminution in value of Investments	178.96	--





(Rs. in lakhs)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE No. 12</b>		
<b>LONG TERM LOANS AND ADVANCES - Unsecured, considered good</b>		
a) Capital Advances	2,587.81	3,581.77
b) Security Deposits	1,092.26	942.48
c) Loans and Advances to related parties (for details please see Note No. 34)	427.30	436.63
d) Other Loans and Advances:		
Loans and advance due by officers	122.41	140.11
Advance Income-tax	3,153.26	3,263.86
Advance for Purchases & Others	1,278.82	4,451.90
	<b>4,554.49</b>	<b>7,855.87</b>
<b>TOTAL</b>	<b>8,661.86</b>	<b>12,816.75</b>
<b>NOTE No. 13</b>		
<b>OTHER NON-CURRENT ASSETS</b>		
Long term Trade receivables - Unsecured, considered good	189.56	227.20
Funded Interest under CDR Scheme	6,060.65	8,080.86
Sundry Deposits	3,648.62	3,573.97
<b>TOTAL</b>	<b>9,898.83</b>	<b>11,882.03</b>
<b>NOTE No. 14</b>		
<b>INVENTORIES</b>		
a) Raw Materials		
Molasses - Distillery Unit	562.43	490.88
Soyabeans	2,084.07	3,107.69
Soya Flour	54.87	139.64
News print paper	0.44	0.44
Steel Scrap, Pig Iron and Others	6,433.89	5,109.01
	<b>9,135.70</b>	<b>8,847.66</b>
b) Stock in Process		
Sugar	632.53	620.42
Molasses	73.73	106.28
Iron Castings and Industrial Valves	3,934.67	2,532.21
	<b>4,640.93</b>	<b>3,258.91</b>



(Rs. in lakhs)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE No. 14 (Contd.)</b>		
c) Finished goods		
Sugar	3,122.24	4,137.46
Molasses - Sugar Unit	378.08	425.91
Industrial Alcohol	641.44	1,216.52
Ethanol	0.64	0.64
Soya Products	718.16	486.34
Bio-Earth	5.23	1.93
Fusel Oil	0.13	1.48
Bagasse	13.86	4.49
Iron Castings and Industrial Valves	12,289.80	9,392.28
	<b>17,169.58</b>	<b>15,667.05</b>
d) Stock in Trade		
Chemicals, Fertilisers & Others	190.78	151.08
e) Stores and spares		
Stores and spares	4,241.63	4,282.49
f) Other Stock		
Standing crop	4.45	4.16
	<b>35,383.07</b>	<b>32,211.35</b>
For mode of valuation please refer Sl. No. 2 in Significant Accounting Policies.		
<b>NOTE No. 15</b>		
<b>TRADE RECEIVABLES - Unsecured, considered good</b>		
Trade Receivables outstanding for a period exceeding six months	1,894.74	1,165.38
Trade Receivables outstanding for a period less than six months	22,082.30	23,271.79
	<b>23,977.04</b>	<b>24,437.17</b>



(Rs. in lakhs)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE No. 16</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents:		
Balances with Banks	3,076.86	2259.49
EEFC Account	2.59	--
Cheques on hand	5,591.00	--
Cash on hand	57.07	71.62
Earmarked balance with banks:		
Unpaid Dividend/interest warrant	38.20	38.48
Margin money with banks/security against borrowings	1,783.17	3,609.23
<b>TOTAL</b>	<b>10,548.89</b>	<b>5,978.82</b>
Margin money with banks includes deposits with maturity period of more than 12 months of Rs.66.48 lakhs (Rs.2602.12 lakhs)		
<b>NOTE No. 17</b>		
<b>SHORT TERM LOANS AND ADVANCES - Unsecured, considered good</b>		
Loans and Advances to related parties (for details please see Note No. 34)	154.91	166.25
Other Loans and Advances:		
Security Deposits	135.69	112.56
Loans and advance due by officers	161.46	160.59
Prepaid expenses	1,265.36	1,465.51
Deposits with Government authorities	2,950.76	2,943.09
Advance for purchases & others	4,408.44	4,316.14
Advance Income-tax	161.91	141.42
	<b>9,083.62</b>	<b>9,139.31</b>
<b>TOTAL</b>	<b>9,238.53</b>	<b>9,305.56</b>
<b>NOTE No. 18</b>		
<b>OTHER CURRENT ASSETS</b>		
Outstanding income and interest receivable	3,469.48	3,955.08



(Rs. in lakhs)

	Year Ended 31.03.2012 (12 Months)	Year Ended 31.03.2011 (15 Months)
<b>NOTE No. 19</b>		
<b>REVENUE FROM OPERATIONS:</b>		
<b>a) Sale of Products</b>		
<b>Manufactured Goods</b>		
Sugar	77,174.76	162,274.77
Industrial alcohol	14,043.88	19,900.39
Power	8,398.88	18,344.12
Soya products	10,150.89	11,228.61
Molasses	--	31.59
Bio earth	179.77	133.37
Carbon-di-oxide	21.71	30.37
Fusel oil	1.10	1.64
Magazines	13.84	14.84
Raw sugar	--	180.30
Seeds	11.94	25.50
Iron castings	105,615.61	96,272.83
Pattern sale	283.18	205.47
Industrial valves	283.76	353.38
	<b>216,179.32</b>	<b>308,997.18</b>
<b>Traded Goods</b>		
Fertilisers & chemicals	840.85	848.79
PP bags	--	1.32
	<b>840.85</b>	<b>850.11</b>
Total (a)	<b>217,020.17</b>	<b>309,847.29</b>
<b>b) Sale of Services</b>	<b>949.52</b>	<b>561.10</b>
<b>c) Other Operating revenues</b>		
Income from job process	--	5.51
Sale of used materials	367.30	311.30
Profit on sale of agri implements	28.73	48.94
Duty drawback/other export incentive	1,177.41	3,121.28
Total (c)	<b>1,573.44</b>	<b>3,487.03</b>
Total (a+b+c)	<b>219,543.13</b>	<b>313,895.42</b>
Less : Excise Duty	<b>6,650.99</b>	<b>7,580.07</b>
<b>TOTAL</b>	<b>212,892.14</b>	<b>306,315.35</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended 31.03.2012 (12 Months)	Year Ended 31.03.2011 (15 Months)
<b>NOTE No. 20</b>		
<b>OTHER INCOME</b>		
a) Interest income	665.89	655.08
b) Dividend income from non-current investments	14.03	3.46
c) Other non-operating income:		
Rent receipts	83.32	97.50
Manpower services	63.54	39.65
Profit on sale of fixed assets	0.44	0.26
Miscellaneous income	597.37	487.43
Development cost received	1.47	5.09
Extraordinary income/gains-European subsidiary	--	229.02
Sundry balance written off	63.05	136.14
	<b>809.19</b>	<b>995.09</b>
<b>TOTAL</b>	<b>1,489.11</b>	<b>1,653.63</b>
<b>NOTE No. 21</b>		
<b>COST OF MATERIAL CONSUMED</b>		
a) <b>Opening Stock</b>		
Molasses	490.88	492.59
Raw sugar	--	3,306.54
Newsprint paper	0.44	1.65
Soyabean seeds & others	3,107.69	2,158.05
Soya products	139.64	61.73
Steel scrap, pig iron & others	5,455.30	4,340.06
Total (a)	<b>9,193.95</b>	<b>10,360.62</b>
b) <b>Purchases</b>		
Sugarcane	66,531.90	47,882.99
Molasses	1,675.93	3,035.19
Raw sugar	105.60	97,681.50
Newsprint paper	21.40	24.71
Soyabean seeds & others	6,933.31	9,445.85
Soya products	11.29	37.80
Steel scrap, pig iron & others	43,038.15	33,117.79
Total (b)	<b>118,317.58</b>	<b>191,225.83</b>
c) <b>Closing Stock</b>		
Molasses	562.43	490.88
Newsprint paper	0.44	0.44
Soyabean seeds & others	2,084.07	3,107.69
Soya products	54.87	139.64
Steel scrap, pig iron & others	6,433.88	5,109.01
Total (c)	<b>9,135.69</b>	<b>8,847.66</b>
<b>TOTAL (a+b-c)</b>	<b>118,375.84</b>	<b>192,738.79</b>
<b>NOTE No. 22</b>		
<b>PURCHASES OF STOCK IN TRADE</b>		
Fertiliser & chemicals	830.49	794.89



(Rs. in lakhs)

	Year Ended 31.03.2012 (12 Months)	Year Ended 31.03.2011 (15 Months)
<b>NOTE No. 23</b>		
<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE</b>		
<b>a) Opening Stock</b>		
<b>Finished Goods</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	9,699.63	8,001.27
	<b>15,974.40</b>	<b>16,342.40</b>
<b>Work in Progress and Stock in trade</b>		
Sugar in process	620.43	1,583.52
Molasses in process	106.28	147.21
Fertilisers & chemicals	151.06	174.34
Iron castings	2,709.51	1,995.58
	<b>3,587.28</b>	<b>3,900.65</b>
<b>Total (a)</b>	<b>19,561.68</b>	<b>20,243.05</b>
<b>b) Closing Stock</b>		
<b>Finished Goods</b>		
Sugar	3,122.24	4,137.46
Molasses	378.08	425.91
Industrial alcohol	641.44	1,216.52
Ethanol	0.64	0.64
Soya products	718.16	486.34
Bagasse	13.85	4.49
Bio earth	5.23	1.93
Fusel oil	0.13	1.48
Iron castings	12,289.81	9,181.15
	<b>17,169.58</b>	<b>15,455.92</b>
<b>Work in Progress and Stock in trade</b>		
Sugar in process	632.53	620.43
Molasses in process	73.74	106.28
Fertilisers & chemicals	190.76	151.06
Iron castings	3,934.67	2,449.28
	<b>4,831.70</b>	<b>3,327.05</b>
<b>Total (b)</b>	<b>22,001.28</b>	<b>18,782.97</b>
<b>TOTAL (a-b)</b>	<b>(2,439.60)</b>	<b>1,460.08</b>



(Rs. in lakhs)

	Year Ended 31.03.2012 (12 Months)	Year Ended 31.03.2011 (15 Months)
<b>NOTE No. 24</b>		
<b>EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	13,387.07	13,174.01
Contribution to Provident and other funds	2,451.51	1,999.26
Staff welfare expenses	1,115.32	1,504.27
<b>TOTAL</b>	<b>16,953.90</b>	<b>16,677.54</b>
<b>NOTE No. 25</b>		
<b>FINANCE COSTS</b>		
Interest expense:		
On borrowings	17,426.73	23,390.82
On trade payable	974.59	37.59
Other borrowing costs	85.41	167.12
Loss on foreign currency transaction (net)	372.90	751.72
<b>TOTAL</b>	<b>18,859.63</b>	<b>24,347.25</b>
<b>NOTE No. 26</b>		
<b>DEPRECIATION AND AMORTIZATION EXPENSE</b>		
Depreciation	9,823.05	10,811.60
Less : Transfer to Revaluation reserve	2,879.49	3,294.45
	6,943.56	7,517.15
Amortization expenses	4,342.21	5,348.09
<b>TOTAL</b>	<b>11,285.77</b>	<b>12,865.24</b>
<b>NOTE No. 27</b>		
<b>OTHER EXPENSES</b>		
<b>Manufacturing Expenses:</b>		
Consumption of stores and spares	18,518.55	19,166.63
Printing and publication charges	30.74	32.07
Power and fuel	15,842.23	25,599.06
Water charges	163.51	124.07
Fettling and machining charges	2,415.49	2,861.36
Rent	398.53	319.79
Lease rent	45.53	60.56
Repairs to buildings	249.96	815.42
Repairs to machinery	5,029.17	5,200.19
Repairs to others	462.45	501.40
Insurance	445.46	411.12
Rates and taxes, excluding taxes on income	348.05	489.24



(Rs. in lakhs)

	Year Ended 31.03.2012 (12 Months)	Year Ended 31.03.2011 (15 Months)
<b>NOTE No. 27 (contd.)</b>		
Effluent disposal expenses	420.81	478.14
State administrative service fees	169.85	245.39
Royalty	27.11	34.80
<b>Selling and distribution expenses:</b>		
Packing materials	1,293.97	1,499.51
Selling and distribution expenses	2,798.36	524.99
Freight and transport on finished goods	2,416.59	6,509.49
Commission and brokerage	52.95	62.63
<b>Other Administrative expenses:</b>		
Travelling expenses	483.61	650.99
Printing, postage, telephone & telex	340.10	364.24
Freight and transport	162.02	191.98
Donations	91.29	102.61
Legal and professional charges	1,062.13	1,064.23
Excise Duty on stock adjustments	187.31	78.57
Administrative and other expenses	964.21	685.28
Bank charges	223.72	293.83
Effluent on soil/crop - R & D expenses	21.29	22.72
Data processing charges	24.14	36.58
Compensation on non-lifting of raw sugar	--	1,010.40
Payment to Auditor		
As auditors	26.25	32.50
Taxation matters	10.05	9.63
Consolidated audit report	2.25	1.98
Management services & others	6.43	11.65
Service tax	2.35	2.30
Reimbursement of expenses	2.08	2.85
Managerial remuneration	76.38	151.13
Directors sitting fees	10.50	7.60
Provision for diminution in investments	178.96	--
Loss on sale of fixed assets	428.07	7.18
Loss on sale of used materials	0.14	0.44
Deferred revenue expenditure written off	246.22	389.39
Irrecoverable advances written off	25.57	90.97
Investment written off	--	250.00
Extra-ordinary cost/expenses - European subsidiaries	--	393.28
<b>TOTAL</b>	<b>55,704.38</b>	<b>70,788.19</b>





## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 28 Employee Benefits:

#### Gratuity and Provident Fund

Gratuity, Provident Fund and Employees State Insurance are defined Contribution Plans. The expenses recognised in the Statement of Profit and Loss : (Rs. in lakhs)

Particulars	31.03.2012 (12 Months)	31.03.2011 (15 Months)
Gratuity	291.52	326.04
Provident Fund	431.59	517.23
Employees State Insurance	48.33	40.43

#### Sakthi Sugars Limited (Holding Company)

#### Disclosure report under Accounting Standard-15 - Leave Salary

Type of Plan: Long Term Compensated Absence as per Actuarial valuation (Rs. in lakhs)

Particulars	31.03.2012	31.03.2011
<b>I Principal Actuarial Assumptions (Expressed as weighted average)</b>		
Discount Rate	8.00%	7.50%
Salary escalation rate	7.00%	6.50%
Attrition rate	3.00%	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	486.33	458.42
Interest Cost	37.15	34.98
Current Service Cost	23.59	46.11
Past Service cost-(non vested benefits)	--	--
Past service cost-(vested benefits)	--	--
Benefits paid	-43.94	-42.32
Actuarial loss/(gain) on obligation (balancing figure)	47.25	-10.86
PVO as at the end of the period	550.38	486.33
<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	43.94	42.32
Benefits paid	-43.94	-42.32
Actuarial gain/(loss) on obligation (balancing figure)	--	--
Fair value on plan assets as at the end of the period	--	--



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

(Rs. in lakhs)

Particulars	31.03.2012	31.03.2011
<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	-47.25	10.86
Actuarial gain/(loss) for the period-Plan Assets	--	--
Total (gain)/loss for the period	47.25	-10.86
Actuarial (gain)/loss recognized in the period	47.25	-10.86
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	550.38	486.33
Fair value of plan assets	--	--
Difference	550.38	486.33
Unrecognised transitional liability	--	--
Unrecognised past service cost-non vested benefits	--	--
Liability recognized in the balance sheet	550.38	486.33
<b>VII Expenses Recognised in the Statement of Profit and Loss</b>		
Current service cost	23.59	46.11
Interest Cost	37.15	34.98
Expected return on plan assets	--	--
Net actuarial (gain)/loss recognised in the year	47.25	-10.86
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	107.99	70.23
<b>VIII Movements in the Liability Recognized in the Balance Sheet</b>		
Opening net liability	486.33	458.42
Expenses as above	107.99	70.23
Contribution paid	-43.94	-42.32
Closing net liability	550.38	486.33
<b>IX Amount for the Current Period</b>		
Present value of obligation	550.38	486.33
Plan Assets	--	--
Surplus(Deficit)	-550.38	-486.33
<b>X Major Categories of Plan Assets (as Percentage of Total Plan Assets)</b>	Nil	Nil



**Sakthi Auto Component Limited (SACL)**

(Rs. in lakhs)

Particulars	31.03.2012	31.03.2011
<b>I Principal Actuarial Assumptions (Expressed as weighted average)</b>		
Discount Rate	8.00%	8.00%
Salary escalation rate	7.00%	6.50%
Attrition rate	3.00%	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	46.34	34.97
Interest Cost	3.57	2.68
Current Service Cost	7.94	5.73
Past Service cost-(non vested benefits)	--	--
Past service cost-(vested benefits)	--	--
Benefits paid	-3.52	-3.07
Actuarial loss/(gain) on obligation (balancing figure)	13.05	6.03
PVO as at the end of the period	67.38	46.34
<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	3.52	3.07
Benefits paid	-3.52	-3.07
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	13.05	6.03
Actuarial gain/(loss) for the period-Plan Assets	--	--
Total (gain)/loss for the period	13.05	6.03
Actuarial (gain)/loss recognized in the period	13.05	6.03
Unrecognized actuarial (gain)/loss at the end of the year	--	--



**Sakthi Auto Component Limited (SACL) (Contd.)**

(Rs. in lakhs)

Particulars	31.03.2012	31.03.2011
<b>VI Amounts Recognised in the Balance Sheet and Related Analyses</b>		
Present value of the obligation	67.38	46.34
Fair value of plan assets	--	--
Difference	67.38	46.34
Unrecognised transitional liability	--	--
Unrecognised past service cost-non vested benefits	--	--
Liability recognized in the balance sheet	67.38	46.34
<b>VII Expenses Recognised in the Statement of Profit and Loss</b>		
Current service cost	7.94	5.73
Interest Cost	3.57	2.68
Expected return on plan assets	--	--
Net actuarial (gain)/loss recognised in the year	13.05	6.03
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	24.56	14.44
<b>VIII Movements in the Liability Recognized in the Balance Sheet</b>		
Opening net liability	46.34	34.97
Expenses as above	24.56	14.44
Contribution paid	-3.52	-3.07
Closing net liability	67.38	46.34
<b>IX Amount for the Current Period</b>		
Present value of obligation	67.38	46.34
Plan Assets	--	--
Surplus(Deficit)	-67.38	-46.34
<b>X Major Categories of Plan Assets (as Percentage of Total Plan Assets)</b>	Nil	Nil



**Sakthi Auto Ancillary Pvt. Limited (SAAPL)**

(Rs. in lakhs)

Particulars	31.03.2012	31.03.2011
<b>I Principal Actuarial Assumptions (Expressed as weighted average)</b>		
Discount Rate	8.57%	8.40%
Salary escalation rate	5.50%	6.50%
Attrition rate	2.00%	2.83%
Expected rate of return on Plan Assets	8.00%	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	33.65	23.14
Interest Cost	2.87	2.21
Current Service Cost	6.84	4.72
Past Service cost-(non vested benefits)	--	--
Past service cost-(vested benefits)	--	--
Benefits paid	-0.34	-1.51
Actuarial loss/(gain) on obligation (balancing figure)	2.87	2.21
PVO as at the end of the period	40.78	33.65
<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	15.03	14.34
Expected return on plan assets	1.21	1.53
Contributions	--	--
Benefits paid	-0.34	-1.51
Actuarial gain/(loss) on obligation (balancing figure)	1.48	0.69
Fair value on plan assets as at the end of the period	17.38	15.04
<b>IV Actual Return on Plan Assets</b>		
Expected return on plan assets	1.21	1.53
Actuarial gain/(loss) on plan assets	1.48	0.69
Actual return on plan assets	2.69	2.21
<b>V Actual Gain/Loss Recognized</b>		
Actuarial gain/(loss) for the period-Obligation	-2.24	5.08
Actuarial gain/(loss) for the period-Plan Assets	-1.48	-0.69
Total (gain)/loss for the period	-3.72	4.39
Actuarial (gain)/loss recognized in the period	-3.72	4.39
Unrecognized actuarial (gain)/loss at the end of the year	--	--



Sakthi Auto Ancillary Pvt. Limited (SAAPL) (Contd.)

(Rs. in lakhs)

Particulars	31.03.2012	31.03.2011
<b>VI Amounts Recognised in the Balance Sheet and Related Analyses</b>		
Present value of the obligation	40.78	33.65
Fair value of plan assets	21.38	15.04
Difference	-19.39	-18.61
Unrecognised transitional liability	--	--
Unrecognised past service cost-non vested benefits	--	--
Liability recognized in the balance sheet	-19.39	-18.61
<b>VII Expenses Recognised in the Statement of Profit and Loss</b>		
Current service cost	6.84	4.72
Interest Cost	2.87	2.21
Expected return on plan assets	-1.21	-1.53
Net actuarial (gain)/loss recognised in the year	-3.71	4.39
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	4.78	9.80
<b>VIII Movements in the Liability Recognized in the Balance Sheet</b>		
Opening net liability	18.61	-8.80
Expenses as above	-4.78	-9.80
Contribution paid	4.00	--
Closing net liability	-19.39	-18.61
<b>IX Amount for the Current Period</b>		
Present value of obligation	33.65	23.14
Plan Assets	15.04	14.34
Surplus(Deficit)	-18.61	-8.80
<b>X Major Categories of Plan Assets (as Percentage of Total Plan Assets)</b>	Nil	Nil



29 Segment Information for the Year Ended 31.03.2012:

(Rs. in lakhs)

REVENUE	SUGAR		INDUSTRIAL ALCOHOL		SOYA PRODUCTS		POWER		IRON CASTINGS		TOTAL	
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
<b>PRIMARY</b>												
External Sales	76260.57	160793.64	14206.91	20015.31	10160.23	11252.38	8398.88	18893.29	103865.55	92091.92	212892.14	303046.54
Inter Segment Sales	9105.26	10670.20	1.26	2.01	--	--	8069.92	9277.10	--	--	17176.44	19949.31
Operating Income	1206.09	3126.12	11.99	27.74	60.56	66.56	2.65	0.11	193.91	1537.33	1475.20	4757.86
Total Revenue	86571.92	174589.96	14220.16	20045.06	10220.79	11318.94	16471.45	28170.50	104059.46	93629.25	231543.78	327753.71
Segment Result	-5412.41	-9925.18	4621.56	5000.31	225.07	375.65	7176.19	10504.23	6479.19	6195.64	13089.60	12150.65
Unallocated Corporate Expenses/ Income (Net)											85.02	161.48
Operating Profit											13004.58	11989.17
Finance Cost											18859.63	24347.25
Interest Income											665.89	655.08
Income Tax											--	--
Profit from Ordinary activities											-5189.16	-11703.00
Net Profit/Loss before Tax											-5189.16	-11703.00
Less: Income-tax:											15.69	58.53
Deferred Tax											126.57	-2446.81
Net Profit/Loss after Tax											-5331.42	-9314.72
<b>OTHER INFORMATION</b>												
Segment Assets	95816.04	104756.50	13045.13	13983.81	8234.03	8623.46	40505.61	39027.21	63826.01	51561.85	224126.82	217952.84
Unallocated Corporate Assets											52471.77	46642.36
Total Assets											276598.49	264595.20
Segment Liabilities											148012.95	191771.96
Unallocated Corporate Liabilities											--	--
Deferred Tax Liability(+)/Asset (-)											480.98	198.44
Total Liabilities											148493.93	191970.40
Capital Expenditure	1162.28	1527.28	--	37.48	54.09	100.89	217.80	1867.82	8055.56	4078.93	9489.73	7612.40
Depreciation & Amortisation	4984.21	5974.73	263.25	326.14	124.11	149.13	1156.82	1423.39	4757.38	4991.85	11285.77	12865.24
<b>SECONDARY</b>												
Revenue by Geographical Market												
India	76617.47	116451.01	14220.16	20045.06	8236.32	8982.40	16471.45	28170.50	42729.56	44282.25	158274.96	217931.22
Outside India	9954.45	58138.95	--	--	1984.47	2336.54	--	--	61329.90	49347.00	73268.82	109822.49

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



**30 Related Parties Disclosure:**

**I. Related Parties:**

**a. Holding Company**

Sakthi Sugars Limited

**b. Subsidiary companies**

Sakthi Auto Component Limited

Sakthi Auto Ancillary Private Limited

Orlandofin B.V.

Sakthi Auto Mauritius Limited

**c. Associates**

ABT Limited

ABT Industries Limited

ABT Info Systems Pvt. Limited

ABT Foods Limited

Anamallais Bus Transport Pvt. Limited

Sakthi Finance Limited

Sri Chamundeswari Sugars Limited

Nachimuthu Industrial Association

The Gounder & Co.

J S Auto Cast Foundry India Pvt. Limited

**d. Key Managerial Personnel (KMP)**

Dr. N Mahalingam, Chairman

Sri M Manickam, Vice Chairman and Managing Director

Sri M Balasubramaniam, Joint Managing Director - Finance

Sri M Srinivaasan, Joint Managing Director - Technical

Sri VK 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.

**e. Relatives of Key Managerial Personnel**

There has been no transaction with relatives of key managerial personnel

**f. Enterprises in which key managerial personnel/relatives of key managerial personnel have significant influence**

Anamallais Retreading Corporation

N.Mahalingam & Company

Sakthi Automobiles

Sakthi Coffee Estates (P) Limited

ABT Textiles (P) Limited

Sri Bhagavathi Textiles Limited

Sri Sakthi Textiles Limited

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





**II Related Parties Transactions :**

(Rs. in lakhs)

Nature of Transactions	Associates	Key Managerial Personnel	Enterprises in which KMP/ relatives of KMP have significant influence	Total
<b>Purchase</b>				
Purchase of Materials	5.02 (5.73)			5.02 (5.73)
Purchase of Fuel			52.24 (55.06)	52.24 (55.06)
Purchase of Milk	4.23 (4.66)			4.23 (4.66)
<b>Sales</b>				
Sales of Materials	13.98 (15.87)			13.98 (15.87)
Sale of Raw Sugar	- (117.36)			- (117.36)
<b>Rendering of services</b>				
Rent Receipts	13.28 (16.57)			13.28 (16.57)
EB Receipts	8.86 (8.47)			8.86 (8.47)
Water & Technical Service charges receipts	17.07 (16.73)			17.07 (16.73)
Advertisement Receipts	13.32 (16.50)		4.68 (5.65)	18.00 (22.15)
<b>Receiving of services</b>				
Interest Payments	241.60 (187.02)			241.60 (187.02)
Printing charges	19.76 (34.74)			19.76 (34.74)
Courier Charges	3.14 (2.62)			3.14 (2.62)
Electricity Charges	0.62 (0.94)			0.62 (0.94)
Fettling Charges	-- (26.63)			-- (26.63)
Rent Payments	15.56 (19.44)			15.56 (19.44)
Lease Rent	3.60 (3.00)			3.60 (3.00)
Vehicle Purchase/Maintenance	17.04 (72.13)		34.25 (12.37)	51.29 (84.50)
Transport charges	243.22 (500.58)			243.22 (500.58)
Purchase of Computer Consumables	15.40 (22.31)			15.40 (22.31)
Service Tax on Management Fees	14.51 (-)			14.51 (-)
Promoter Contribution	9000.00 (1400.00)			9000.00 (1400.00)
Unsecured loan	5786.90 (-)			5786.90 (-)



**II RELATED PARTIES TRANSACTIONS (Contd.) :**

(Rs. in lakhs)

Nature of Transactions	Associates	Key Managerial Personnel	Enterprises in which KMP/ relatives of KMP have significant influence	Total
Remuneration paid to whole time Director		<b>76.38</b> (151.13)		<b>76.38</b> (151.13)
Remuneration paid to non-whole time Director		<b>2.60</b> (1.20)		<b>2.60</b> (1.20)
<b>Balance outstanding at the end of the year</b>				
Payable to Key Managerial Personnel		<b>84.20</b> (91.53)		<b>84.20</b> (91.53)
Loans and advances	<b>262.96</b> (296.83)		<b>319.25</b> (306.05)	<b>582.21</b> (602.88)
Borrowing	<b>22982.96</b> (7738.45)		<b>9.39</b> (7.07)	<b>22992.35</b> (7745.52)

Figures in brackets are that of the previous year

**31 Earnings Per Share :**

Particulars	2011-12 (12 Months)	2010-11 (15 Months)
Basic :		
a) Face value per Share (Rs.)	<b>10</b>	10
b) Profit After Tax (Rs. In lakhs)	<b>-5410.57</b>	-9380.30
c) The weighted average No. of Equity Shares	<b>36807339</b>	36712863
d) Earnings per Share - Basic (Rs.)	<b>-14.70</b>	-25.48
Diluted:		
a) The weighted average No. of Equity Shares	<b>36807339</b>	39819389
b) Earnings per Share - Diluted (Rs.)	<b>-14.70</b>	-23.56

**32 Deferred Tax :**

(Rs. in lakhs)

Particulars	31.03.2012	31.03.2011
A) For Indian Companies:		
i) Deferred Tax Liability:		
Arising out of depreciation of Fixed Assets (Net)	<b>12502.75</b>	11977.52
Difference in treatment of expenses/income (Net)	<b>7987.00</b>	8367.07
Total	<b>20489.75</b>	20344.59
ii) Deferred Tax Asset:		
Carried forward losses/Unabsorbed depreciation	<b>20340.53</b>	20473.50
Net Deferred Tax Liability (+) / Asset (-)	<b>149.22</b>	-128.91



**Deferred Tax : (contd.)**

(Rs. in lakhs)

Particulars	31.03.2012	31.03.2011
B) For Foreign Companies:		
i) Deferred Tax Liability:		
Revaluation of tangible Fixed Assets	1113.63	1246.79
Non reimbursable investment subsidies	119.08	67.21
Total	1232.71	1314.00
ii) Deferred Tax Assets:		
Provisions not tax deductible	32.46	42.38
Corporate income tax credit	280.07	259.17
Tax losses	588.42	685.10
Total	900.95	986.65
Net Deferred Tax Liability (+) / Asset (-)	331.76	327.35
Deferred Tax Liability (+) / Asset (-) (A+B)	480.98	198.44

**33 Contingent liabilities:**

(Rs. in lakhs)

Particulars	31.03.2012	31.03.2011
A) Claims against the Company not acknowledged as debts:		
(i) Income tax matters	5712.37	427.31
(ii) Purchase tax/sales tax matters	2758.18	2776.92
(iii) Others	5915.55	5243.14
B) Guarantees issued by bankers	1910.84	2205.33
C) Corporate guarantee given for loans to subsidiaries:		
(i) Guarantee amount	79140.58	44940.88
(ii) Outstanding amount	56427.56	38878.99
D) Export obligation		
Duty component to be paid in case of non fulfillment of obligation	188.64	341.00

**34 Commitments:**

(Rs. in lakhs)

Particulars	31.03.2012	31.03.2011
Estimated amount of contracts remaining to be executed on capital account and not provided for	4022.42	5717.96



**35 Disclosure pursuant to AS-28 on Impairment of Assets:**

During the year, a 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, except to the extent of Rs. 237.12 lakhs in the Beverage Division, which has been provided for.

- 36** Funded Interest under CDR Scheme for Rs.6060.65 lakhs (Previous year Rs.8080.86 lakhs) included in Other Non Current Asset in Note No. 13 is to be written off over a period of time as and when it becomes payable and it is not realizable in value.
- 37** During the year under review, the Company has opted to recognize foreign exchange fluctuation based on maturity of obligations in conformity with the option given by Notification No: GSR 913(E) Dated 29<sup>th</sup> December 2011 issued by the Ministry of Corporate Affairs.
- 38** The Revised Schedule VI has become effective from 1<sup>st</sup> April 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / restated wherever necessary to correspond with the current year's classification/disclosure.
- 39** Current year figures are not comparable with the previous year figures as the current year is for a period of 12 months whereas the previous year figures were for a period of 15 months in the case of parent and Indian subsidiaries.



## 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:**  
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. By-products and 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 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 in excess of statutory obligations and to employees as per wage board settlement, is amortized over a period of 10 years in accordance with AS-26.
  - ii) **Subsidiary companies in India:**  
Product Development expenses being intangible assets are 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 12<sup>th</sup> January.
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:**
  - i) **Parent company and Indian subsidiaries:**  
Depreciation is provided under Straight Line Method at the rates/as per notes prescribed in Schedule XIV to the Companies Act, 1956, on original/ revalued 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 12<sup>th</sup> 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. 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, sales return.

- i) Gross turnover includes excise duty but excludes 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 Statement of Profit and Loss.
- 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 statement of profit and loss as an expenditure represents excise duty provision for difference between opening and closing stock of finished goods.
- iii) Interest charges which have been converted as Funded Interest Term Loan as per CDR scheme are recognised as expenditure in the period in which such loan instalments become due.

**9. Foreign currency transactions:**

Recognition of foreign exchange fluctuation is based on the maturity of obligations.

**10. Retirement Benefits:**

Parent Company and Indian Subsidiaries:

Contribution payable by the Company under defined contribution schemes towards Provident fund, Employees State Insurance and Superannuation fund for the year are charged to Statement Profit and Loss. Gratuity is recognized based on the defined contribution plan/actuarial valuation depending on the unit wise adoption of the same.

Provision for liability in respect of Leave encashment benefits are made based on actuarial valuation made by an independent actuary in the units where the policy of accumulation of leave for encashment on retirement is there.

**11. 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.

**12. 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.



### 13. Earnings 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.

### 14. Impairment of Assets:

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

### 15. 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.

### 16. 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 statement of profit and loss.

### 17. Basis of Consolidation:

The Consolidated Financial Statements include the Financial Statements of Sakthi Sugars Limited and its following subsidiaries:

Name of the subsidiary	Country of incorporation	Proportion of ownership Interest (%)
Sakthi Auto Component Limited	India	100.00
Sakthi Auto Ancillary P Limited	India	51.83
Orlandofin B.V.	Netherlands	100.00
Sakthi Netherlands B.V.	Netherlands	100.00
Sakthi Service GmbH	Germany	100.00
Sakthi Portugal SA	Portugal	100.00
Sakthi Foreign Sales Corporation B.V.	Netherlands	100.00
Sakthi Holdings B.V.	Netherlands	100.00
Sakthi Auto Mauritius Limited	Mauritius	100.00

The following step down subsidiaries, viz. Sakthi Europe Verwaltungs GmbH and the Sweden subsidiaries, are not consolidated since there is a long term restriction in the flow of cash from these subsidiaries to the holding company as the said subsidiaries are under the control of the Administrators appointed by the respective Courts in Germany and Sweden.

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

- 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.



### **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 approval 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 50<sup>th</sup> Annual General Meeting of the Company to be held on 20<sup>th</sup> September, 2012 and of any adjournment thereof.

Signed this ..... day of ..... 2012.

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 50<sup>th</sup> Annual General Meeting held on 20<sup>th</sup> September, 2012 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