



Sakthi Sugars Limited



**Annual Report
2003**



Sakthi Sugars Limited

Registered Office

Sakthi Nagar - 638 315
Erode District, Tamil Nadu.

Head Office

180, Race Course Road
Coimbatore - 641 018, Tamil Nadu.

Sugar Division

- Unit I** Sakthi Nagar - 638 315
Erode District, Tamil Nadu.
- Unit II** Padamathur, Sivaganga Tk - 630 561
Sivaganga District, Tamil Nadu.
- Unit III** Sunapal, Barambagarh - 754 031
Cuttack District, Orissa.
- Unit IV** Haripur Village, Korian Post - 759 013
Dhenkanal District, Orissa.

Distillery Division

- (i) Sakthi Nagar - 638 315
Erode District, Tamil Nadu.
- (ii) Haripur Village, Korian Post - 759 013
Dhenkanal District, Orissa.

Soya Division

Marchinaickenpalayam
Ambarampalayam Post - 642 103
Coimbatore District, Tamil Nadu.

Main Bankers

Canara Bank
Punjab National Bank
Indian Overseas Bank
The Karur Vysya Bank Ltd.
The Lakshmi Vilas Bank Ltd.
The South Indian Bank Ltd.
State Bank of Travancore
Citibank N.A.
State Bank of Mauritius Ltd.
State Bank of India
The Orissa State Co-operative Bank Ltd.
ICICI Bank Ltd.

Board of Directors

Dr. N. MAHALINGAM
Chairman

Sri M. MANICKAM
Vice Chairman & Managing Director

Sri K.K. RAMASWAMY GOUNDER
Sri D. PERIYASAMY
Sri P.K. CHANDRAN
Sri G.G. GURUMURTHY
Sri S.S. MUTHUVELAPPAN
Sri KARU SEEMAICHAMY
Sri M. BALASUBRAMANIAM
Sri N.K. VIJAYAN
Sri M. SRINIVAASAN
Sri V.K. SWAMINATHAN
Sri C. RANGAMANI (Nominee of GICI)
Sri T. PRAKASH (Nominee of IDBI)
Sri S. SARAVANAN (Nominee of TIDCO)
Sri M. PANDI (Nominee of IIBI)
Smt SMITA GUNE (Nominee of ICICI)

Company Secretary

Sri S. BASKAR

Auditors

M/s. P.N. RAGHAVENDRA RAO & CO.
Coimbatore

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Sakthi Sugars Limited

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 42nd Annual General Meeting of the Company will be held at its Registered Office at Sakthi Nagar – 638 315, Bhavani Taluk, Erode District, Tamil Nadu, on Thursday, 18th December 2003 at 3.00 P.M. to transact the following business:

1. To consider and adopt the Directors' Report and the audited Profit & Loss Account for the year ended 30th June 2003 and the audited Balance Sheet as at that date 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 re-appointment.
3. To appoint a Director in the place of Sri D Periyasamy, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Sri P K Chandran, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in the place of Sri M Srinivaasan, who retires by rotation and is eligible for re-appointment.
6. 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:

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

RESOLVED that subject to the approval of the Central Government and financial institutions as may be required, pursuant to the provisions of Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956, approval be and is hereby accorded for the re-appointment of Sri M Manickam as Managing Director of the Company for a period of 5 years from 9.9.2003 and for payment of the following remuneration and for providing the following perquisites to him.

I. SALARY

Rs. 50,000 per month (Rupees fifty thousand only)

II. PERQUISITES

Not exceeding Rs. 37,500/- (Rupees Thirty seven thousand five hundred) only per month.

In addition to the above perquisites, Sri M Manickam, Vice Chairman & Managing Director, shall also be entitled to 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.
- (B) Gratuity at the rate of half a month's salary for each completed year of service.
- (C) Encashment of leave at the end of tenure as per the Rules of the company.

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

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.

8. To consider and, if thought fit, to pass with or without modification, the following resolutions as Special 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 the Co-generation plant of the Company situate at Sakthi Nagar including all the immovable and movable properties of that plant wheresoever situate, 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 Financial Institutions/Banks/Bodies Corporate/Insurance Companies and/or any other institution/s to secure the financial assistance to an extent of Rs. 100 crores to be availed from them; and
- (ii) to authorise the Board of Directors of the Company for agreeing with the Financial Institutions/Banks/Bodies Corporate/Insurance Companies and/or any other institution/s the terms and conditions to reserve a right to take over the management of the Co-generation plant of the Company situate at Sakthi Nagar in certain events in terms of their respective 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 authorised to finalise with the Financial Institutions/Banks/Bodies Corporate/Insurance Companies and/or any other institution/s 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.
9. To consider and, if thought fit, to pass with or without modification, the following resolutions as Special 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 the Co-generation plant of the Company situate at Sakthi Nagar including all the immovable and movable properties of that plant wheresoever situate, 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 Global Trust Bank Limited to secure the financial assistance to an extent of Rs. 17 crores availed from them; and
 - (ii) to authorise the Board of Directors of the Company for agreeing with Global Trust Bank Limited the terms and conditions to reserve a right to take over the management of the Co-generation plant of the Company situate at Sakthi Nagar in certain events in terms of their agreements/letter 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 authorised to finalise with Citibank N.A., 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.
10. To consider and, if thought fit, to pass with or without modification, the following resolutions as Special 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 the assets of the Beverage Division of the Company including all the immovable and movable properties of that division wheresoever situate, present and future, and/or for conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of Citibank N.A., to secure the financial assistance to an extent of Rs.12 crores availed from them; and
 - (ii) to authorise the Board of Directors of the Company for agreeing with Citibank N.A., the terms and conditions to reserve a right to take over the management of the Beverage Division of the Company in certain events in terms of their agreements/letter 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 authorised to finalise with Citibank N.A., 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.
11. To consider and, if thought fit, to pass, with or without modification, the following resolution as Special Resolution:
- RESOLVED** that pursuant to Section 293(1)(d) of the Companies Act, 1956, consent be and is hereby accorded to the Board of Directors of the Company to borrow for the purpose of the Company, a sum or sums of money (apart from temporary loans obtained and/or to be obtained from the Company's bankers in the ordinary course of business) not exceeding Rs. 750 crores (Rupees seven hundred and fifty crores) only over and above the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.
12. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
- RESOLVED** that pursuant to the provisions of Section 293(1)(e) of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to donate and contribute a sum or sums not exceeding in the aggregate of Rs. 20 lakhs (Rupees twenty lakhs) only from out of the funds of the Company for deserving causes and

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institutions during the financial year ending 30th June 2004.

13. To consider and, if thought fit, to pass, with or without modification, the following resolution as Special Resolution:

RESOLVED that the approval of the Company be and is hereby accorded for delisting the shares of the Company from Madras Stock Exchange Limited and Bangalore Stock Exchange Limited without giving an exit option to the shareholders of the regions where the aforesaid Stock Exchanges are situated, in accordance with Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and other relevant laws, rules, regulations and guidelines (including any statutory modifications or enactments thereof for the time being in force and as may be enacted hereafter), subject to such other approvals, permissions and sanctions as may be necessary, and that the Board of Directors of the Company (whether acting through the Board, a Committee of the Board or any Director or any person authorized by the Board) be and is hereby authorized to do all necessary acts and deeds in this regard.

By Order of the Board
S. BASKAR
Company Secretary

Coimbatore

30th September 2003

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.

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

Item No.7

The term of office of Sri M Manickam as Managing Director of the Company expired on 8th September 2003. Considering his contribution to the growth of the Company during his period of office, the Board of Directors have, subject to the approval of the Central Government, Members at the General Meeting and of the Financial Institutions as may be required, re-appointed Sri M Manickam as Managing Director for a further period of five years from 9th September 2003. The necessary resolution is placed before the members for their approval.

Sri M Manickam may be deemed to be concerned or interested in the above resolution as it relates to his re-appointment and remuneration.

2. The explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business under item Nos. 7 to 13 is enclosed.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from 10.12.2003 to 18.12.2003 (both days inclusive).

4. 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.

5. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend, which remains unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account will be transferred to Investors Education and Protection Fund established under Section 205C of the Companies Act, 1956 and upon such transfer, no claim shall lie against the company or the Central Government for such unclaimed dividend. Shareholders who have not so far encashed dividend warrants for the financial year ended 31.3.1997 are requested to make their claim to the Company immediately.

Dr. N Mahalingam, Chairman, Sri M Balasubramaniam and Sri M Srinivaasan, Directors are interested as his relatives.

Item No.8

The Company proposes to avail term loan of about Rs.100 crores from Financial Institutions/Banks/ Insurance Companies and other Bodies Corporates for the purpose of meeting its working capital requirements against security among others, by way of first charge on the assets of the co-generation plant, pursuant to the terms of restructure package approved by CDR Empowered Group. The necessary resolutions are placed for approval of the Members.

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

**Item No.9**

For the purpose of financing the Co-generation project, the Company has availed a term loan of Rs.17 crores from Global Trust Bank Ltd against security, among others, by way of first charge on the assets of Co-generation plant. As per Section 293(1) (a) of the Companies Act, 1956, Members' approval is required to the Board of Directors to mortgage or charge the aforesaid assets of the Company. The necessary resolutions are placed for the approval of the Members.

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

Item No.10

The Company has availed a term loan of Rs.12 crores from Citibank N.A., for the purpose of financing the beverage plant, against security, among others, by way of first charge on the fixed assets of the Beverage Division of the Company. As per Section 293(1) (a) of the Companies Act, 1956, Members' approval is required to the Board of Directors to mortgage or charge the aforesaid assets of the Company. The necessary resolutions are placed for the approval of the Members.

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

Item No.11

At the Annual General Meeting held on 20th September 1995, the Members had authorised the Board of Directors to borrow monies for the purpose of the Company not exceeding Rs.500 crores over and above the paid-up capital and free reserves of the Company. To enable the Board of Directors to borrow additional funds for financing the capital expenditure incurred/to be incurred in connection with co-generation, beverage and ethanol projects, and to meet the requirements of additional working capital, the borrowing powers given to the Board of Directors have to be increased. Necessary resolution is placed before the Members for approval authorising the Board of Directors to borrow upto Rs.750 crores (Rupees seven hundred and fifty crores) only over and above the paid up capital and free reserves of the Company.

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

Item No.12

To meet certain charitable and social obligations, it is proposed to authorize the Board of Directors to make donations upto Rs.20 lakhs (Rupees twenty lakhs) only for the year ending 30th June 2004 subject to the approval of the Members.

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

Item No. 13

At present the Company's shares are listed with Coimbatore Stock Exchange Limited (Regional Exchange), Madras Stock Exchange Limited (MSE), Bangalore Stock Exchange Limited (BgSE), The Stock Exchange, Mumbai (BSE), and The National Stock Exchange of India Limited (NSE). The Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 permits a company to voluntarily delist its securities, without offering an exit option to its shareholders in cases where its shares continue to be listed on Stock Exchanges having nationwide trading terminals. The Company's shares are listed on BSE and NSE. As the trading volume in MSE and BgSE are nil or insignificant compared to the total volume of Company's shares traded in BSE and NSE, it is proposed to delist the shares from MSE and BgSE. Securities and Exchange Board of India (SEBI) has specified for settlement of the Company's equity shares only in dematerialised form. Further as the shares of the Company are traded through online terminals provided by BSE and NSE throughout India, delisting of shares from MSE and BgSE will not have any adverse effect on the investors. Hence as a matter of cost reduction measure and in line with SEBI guidelines for voluntary delisting of shares, the Company has proposed to delist its shares from the said two stock exchanges. The necessary special resolution is placed for the approval of the Members.

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

Coimbatore
30th September 2003

By Order of the Board
S. BASKAR
Company Secretary

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RE-APPOINTMENT OF DIRECTORS

A brief resume in respect of the proposed re-appointment of Directors is given below in terms of Clause 49 of the Listing Agreement

Name	: Sri M Balasubramaniam
Date of birth & age	: 6.5.1958 – 45 years
Date of Appointment	: 21.8.1989
Qualification	: M.Com.,M.B.A.(Notredame, USA)
Experience	: Has got rich experience in Finance & Business Administration
Other Directorships	: ABT Limited Sakthi Auto Component Limited Sri Sakthi Textiles Limited Sri Bhagavathi Textiles Limited Sri Chamundeswari Sugars Ltd Sakthi Finance Limited ABT Industries Limited ABT Finance Limited The Union Bus Service (P) Ltd Sakthi Management Services (Coimbatore) Limited Sakthi Properties (Coimbatore) Ltd Sakthi Logistic Services Limited The Gounder and Company Auto Ltd
Member of Committees	
i. Sakthi Sugars Limited	: Audit Committee Shareholders / Investors Grievance Committee
ii. Sakthi Finance Limited	: Shareholders / Investors Grievance Committee
Name	: Sri D Periyasamy
Date of birth & age	: 15.7.1915 – 88 years
Date of Appointment	: 27.11.1991
Experience	: He has rich experience in Business Administration
Other Directorships	: NIL
Name	: Sri P K Chandran
Date of birth & age	: 6.9.1948 – 55 years
Date of Appointment	: 14.11.1977
Experience	: He has rich experience in Sugarcane cultivation
Other Directorships	: NIL
Member of Committees	: Audit Committee
(Sakthi Sugars Limited)	: Remuneration Committee
Name	: Sri M Srinivaasan
Date of birth & age	: 2.9.1966 – 37 years
Date of Appointment	: 23.8.1995
Qualification	: B.E.,M.B.A. (Pennsylvania, USA)
Experience	: He has rich experience in Sugar Technology and Business Management
Other Directorships	: ABT Limited Sakthi Auto Component Limited Sri Sakthi Textiles Limited Sri Bhagavathi Textiles Limited Sri Chamundeswari Sugars Ltd Sakthi Finance Limited ABT Industries Limited Chamundeswari Enterprises P.Ltd Sakthi Synthetic Gems Limited Sakthi Management Services (Coimbatore) Limited The Gounder and Company Auto Ltd



REPORT OF THE DIRECTORS

To the Members

Your Directors present their Annual Report together with the audited financial accounts of the Company for the year ended 30th June 2003.

FINANCIAL RESULTS FOR THE YEAR ENDED 30TH JUNE 2003

	(Rs. in lakhs)
Profit before interest and depreciation	1002.76
Less: Interest charges	4971.04
Depreciation on Fixed Assets	1347.49
Prior year adjustments (Net)	114.99
	<u>6433.52</u>
	- 5430.76
Add : Previous year's credit balance in Profit and Loss Account B/F	52.55
Excess provision reversed	1.32
Reversal of provision for diminution value of investments	15.57
Deferred tax - current year	518.48
Transfer from Storage Reserve	15.83
	<u>603.75</u>
Surplus/Deficit carried over	- 4827.01

The market price for sugar has been very low for the last couple of years and it had reached the lowest level during the year under review. On account of this the Company has to pass through a stressful year. The loans, debentures and other credit facilities, availed by the Company from majority of Financial Institutions and banks have been restructured under the Corporate Debt Restructuring Scheme announced by the Reserve Bank of India. Preference Shares subscribed by Banks have also been brought under the CDR Scheme and restructured.

DIVIDEND

In view of the loss incurred by the Company no dividend was recommended by the Directors.

REVIEW OF OPERATIONS SUGAR DIVISION

Crushing of sugarcane at various units of the Company for the year 2002-2003 is as under:

Sakthi Nagar Unit	—	7,13,389 tonnes
Sivaganga Unit	—	5,34,283 tonnes
Dhenkanal	—	1,18,234 tonnes
Baramba Unit	—	1,06,641 tonnes

The free sale/levy sale ratio remained at 90 : 10.

During the year 1,44,241 tonnes of sugar was manufactured out of cane and 48,264 tonnes of sugar was manufactured out of imported raw sugar. 57,733 tonnes of sugar was exported directly and 18,582 tonnes of sugar was exported out of sugar procured from other factories. It is expected that the current year's crushing will be less than the previous year on account of deficiency in rainfall. However, the company is planning to augment sugar production by refining imported raw sugar.

DISTILLERY DIVISION

During the year under review, 270.13 lakh litres of industrial alcohol was produced at Sakthi Nagar Unit and 8.30 lakh litres at Dhenkanal Unit.

In the current year 302 lakh litres of industrial alcohol is expected to be produced.

In Sakthinagar Distillery, Ethanol plant has been installed with a capacity of 50000 litres per day. The trial production commenced on 4.6.2003 and supply of ethanol to oil companies is expected to commence shortly.

SOYA DIVISION

During the year under review, 16291 tonnes of soya beans have been crushed. This division has exported products worth Rs.1565.35 lakhs to various countries.

CO-GENERATION PROJECT

There has been slight delay in implementing the 32MW Co-Generation plant at Sakthi Nagar Sugar Unit and the Plant is expected to be commissioned during the fourth week of October 2003, as against the date earlier envisaged.

The 2MW Incidental Co-generation plant at Sivaganga Sugar Unit generated and transferred to the State Grid 2234160 units of power during the year under review.

BEVERAGE DIVISION

The implementation of beverage project under arrangements with Hindustan Coca-Cola Beverages Private Limited is complete and the plant is ready for operation. Necessary permission from the State Government is expected to commence commercial production.

DEPOSITS

At the end of the financial year, 629 deposits amounting to Rs.111.50 lakhs which were due for

Sakthi Sugars Limited

repayment remained unclaimed on their due dates. Of these, 263 deposits totaling Rs.77.36 lakhs have since been paid or renewed at the option of the depositors.

DIRECTORS

Your Directors regret to report the demise of Sri P N Sengodappan, Director on 7.1.2003. He was a Director of the Company since 1983. They wish to place on record the invaluable support extended by him during his tenure of office.

Smt. Smita Gune has been appointed by ICICI Bank Limited as its nominee Director in the place of Sri K Bharathan. Your Directors wish to place on record their appreciation of the services rendered by Sri K Bharathan.

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

1. Sri. M Balasubramaniam
2. Sri. D Periyasamy
3. Sri. P K Chandran
4. Sri. M Srinivaasan

The Board of Directors of the Company have, subject to the approval of the Central Government, Financial Institutions and Members, re-appointed Sri M Manickam as Managing Director for a period of 5 years effective from 9.9.2003.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to 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 30.6.2003 the applicable accounting standards had been followed;
- b) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for the year under review;
- c) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the

Company and for preventing and detecting fraud and other irregularities;

- d) that the directors had prepared the annual accounts on a going concern basis;

AUDIT COMMITTEE

The Company has re-constituted Audit Committee during the year under review and at present the Committee consists of the following Directors viz., Sri V K Swaminathan, Sri M Balasubramaniam, Sri P K Chandran and Sri M Pandi (IIBI Nominee).

SUBSIDIARY COMPANY

As required under section 212 of the Companies Act 1956, the Audited Statement of Accounts for the year ended 30.6.2003 of Sakthi Auto Component Ltd, the wholly owned subsidiary, together with the Reports of the Directors and Auditors and also the statement under the said section are annexed.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement, a Report on Corporate Governance along with Auditors Certificate of its compliance is included as part of the Annual Report.

MANAGEMENT'S ANALYTICAL REPORT

Management's Analytical Report as required under the Listing Agreement is given in the section on Corporate Governance.

AUDITORS

M/s P.N.Raghavendra Rao & Co., Auditors of the Company, retire at the conclusion of the Annual General Meeting and are eligible for re-appointment.

CONSERVATION OF ENERGY

- (a) Energy Conservation measures taken
 1. Variable frequency drives were provided for weighed juice pumps and cane carrier drives in Sivaganga Sugar Unit.
 2. An additional 300KVAR capacitor bank has been provided to improve the power factor in Badamba Sugar Unit.
 3. Steam drives in the mill/mincer are replaced with electrical drive in A Tandem in Sakthi Nagar Sugar Unit.