

# **SAKTHI SUGARS LIMITED**



**Annual Report  
2005**

## **Sarvakaryogitvam Kriya Sakthi**

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

### **REGISTERED OFFICE**

Sakthi Nagar - 638 315  
Erode District  
Tamilnadu

### **HEAD OFFICE**

180, Race Course Road  
Coimbatore - 641 018  
Tamilnadu

## Sakthi Sugars Limited

### 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 M. BALASUBRAMANIAM

Sri N.K. VIJAYAN

Sri M. SRINIVAASAN

Sri V.K. SWAMINATHAN

Sri C. RANGAMANI (Nominee of GICI)

Sri M. PANDI (Nominee of IIBI)

Sri S. DORESWAMY (Nominee of ICICI)

Sri K. DAVIDSON (Nominee of IDBI)

Sri B. RAMAKRISHNAN (Nominee of TIDCO)

### COMPANY SECRETARY

Sri S. BASKAR

### AUDITORS

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

### MAIN BANKERS

IDBI Limited

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

ICICI Bank Ltd

Allahabad Bank

Oriental Bank of Commerce

### REGISTRAR & SHARE TRANSFER AGENTS

#### *Registered Office :*

Intime Spectrum Registry Limited

C-13, Pannalal Silk Mills Compound

L.B.S. Marg, Bhandup (West), Mumbai - 400 078

#### *Branch Office :*

Intime Spectrum Registry Limited

Surya, 35, May Flower Avenue

Behind Senthil Nagar

Sowripalayam Road, Coimbatore - 641 028

Phone & Fax : 91-0422-2314792

E-mail : coimbatore@intimespectrum.com

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## HISTORY OF THE EXISTING MANUFACTURING FACILITIES

### Sugar Units

The first Sugar Unit of the Company commenced its operation in the year 1964 with an installed crushing capacity of 1250 TCD at Sakthinagar, Erode District, The cane crushing capacity was expanded to 4000 TCD in the year 1973 and further stepped-up to 6000 TCD in the year 1999.

The second Sugar Unit is located at Padamathur Village, Sivaganga District, in the state of Tamilnadu, commenced its production in the year 1989 with an installed crushing of 2500 TCD. The cane crushing capacity was expanded to 4000 TCD in the year 2000.

The third Sugar Unit is located at Haripur Village, Dhenkanal District in the state of Orissa with an installed crushing capacity of 1500 TCD.

### Distillery Units

The first Distillery Unit is located at Sakthinagar, Erode District, Tamilnadu within the sugar factory premises. It commenced production in the year 1972 with an installed capacity of 9000 KL and expanded to 18000 KL in the year 1982 and the further expanded to 27,500 KL in the year 1992. This Distillery Unit is the largest in the State of Tamilnadu.

The second Distillery Unit is located at Haripur Village, Dhenkanal District in the state of Orissa, within the sugar factory premises. It commenced production in the year 1995 with an installed capacity of 10000 KL.

### Ethanol Plant

In the Distillery Unit at Sakthinagar, an Ethanol plant with a capacity to produce 15000 KL of Anhydrous Alcohol has been established in the year 2002.

### Co-generation Plants

A 32 MW Co-generation plant with multi-fuel boiler facility has been established in the year 2003 at Sakthinagar Sugar Unit within the factory premises. The company has entered into an agreement with Tamilnadu Newsprint and Paper Limited for receiving fuel against bagasse supply. A 2MW incidental Co-generation plant is established at Sivaganga Sugar Unit within the sugar factory premises.

### Bio-compost Units

Bio-Compost Units are located at Sakthinagar, Erode District, Tamilnadu and Dhenkanal in Orissa, wherein organic manure is produced from the press-mud, a waste generated in sugar unit.

### Soya Unit

A Soya Processing Unit is located at Marchinaickenpalayam Village, Pollachi Taluk, This unit was taken over by merger in the year 1993 and its crushing capacity is 300 Tonnes per day.



## HIGHLIGHTS

Vast cane area. Modern scientific cultivation methods

Crushing capacity maximization and utilization

High level of safety and hygiene within the factory premises

Production of high quality sugar, distillery and other products

Pioneer in refining raw sugar. Adoption of unique technology for handling raw sugar at ports

Highest production of industrial alcohol in the State of Tamil Nadu

Excellent employer-employee relationship for decades



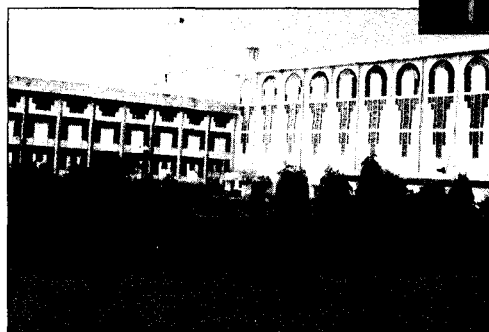
Sugar Unit - I (Sakthi Nagar)



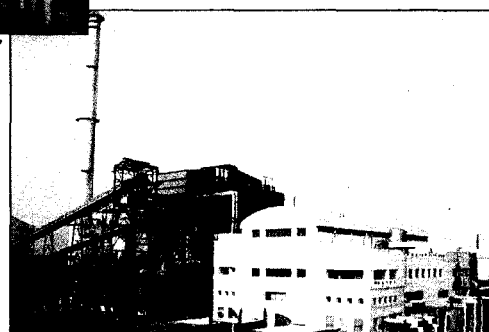
Sugar Unit - II (Sivaganga)



Corporate Office  
(Coimbatore)



Sugar Unit - III (Dhenkanal)



Co-generation Plant (Sakthi Nagar)



## CHAIRMAN'S LETTER

My dear Shareholders,

Vanakkam,

The financial results of the company for the year 2004-05 are with you. The turnover for the financial year 2004-05 has doubled to Rs. 639.42 crores compared to the previous year of Rs. 303.13 crores. The net profit of the Company is Rs. 28.14 crores which clearly indicates that the Company is on the road to recovery.

The total cane crush was 8.48 lakh tonnes and the Company has processed 2.13 lakh tonnes of raw sugar and the total sugar produced was 25.76 lakh quintals. Cost effective Co-generation plant was functioning at optimum levels and the Company had exported 2164.35 lakh units of power to the State Grid. The Distillery plants at Sakthinagar and at Dhenkanal produced in aggregate 317.40 lakh litres of industrial alcohol.

Due to good monsoon in the years 2004 and 2005, the registration of sugarcane at Appakudal has been very encouraging. With the valuable support of ryots, the registered area under sugarcane cultivation at Sakthinagar has been the highest since inception of the Company. A record cane crush is expected in the current year. The increased availability of bye-products would ensure high production in the Distillery, Co-generation plant, etc. The economical prices for sugar, distillery products, etc. are expected to continue for the foreseeable future.

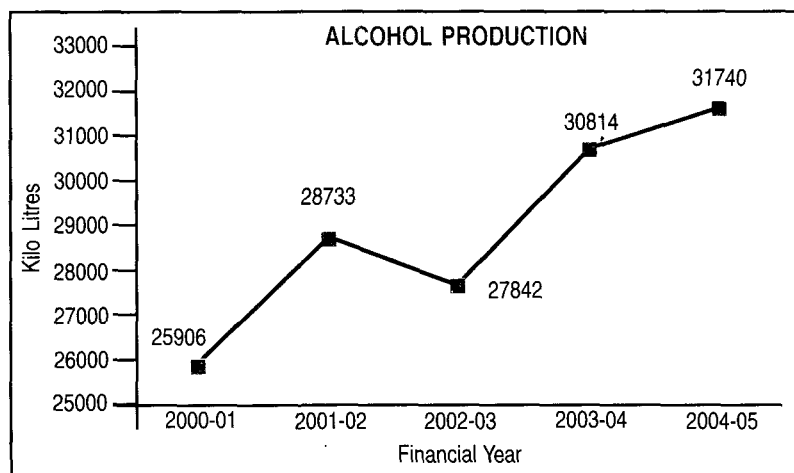
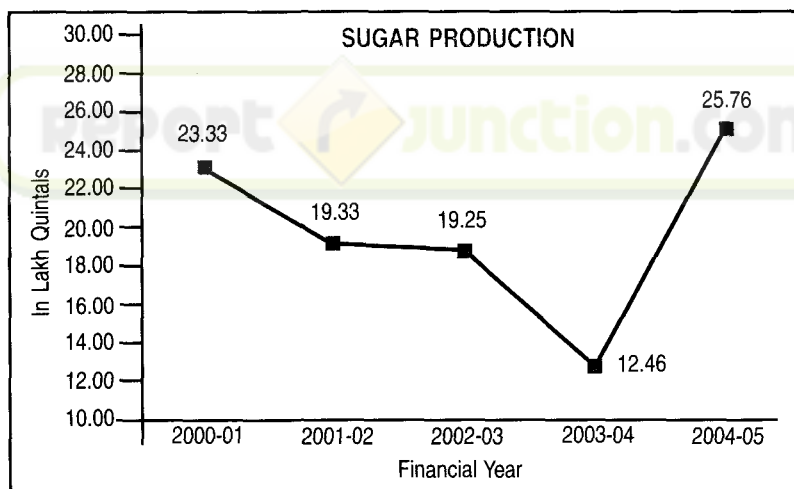
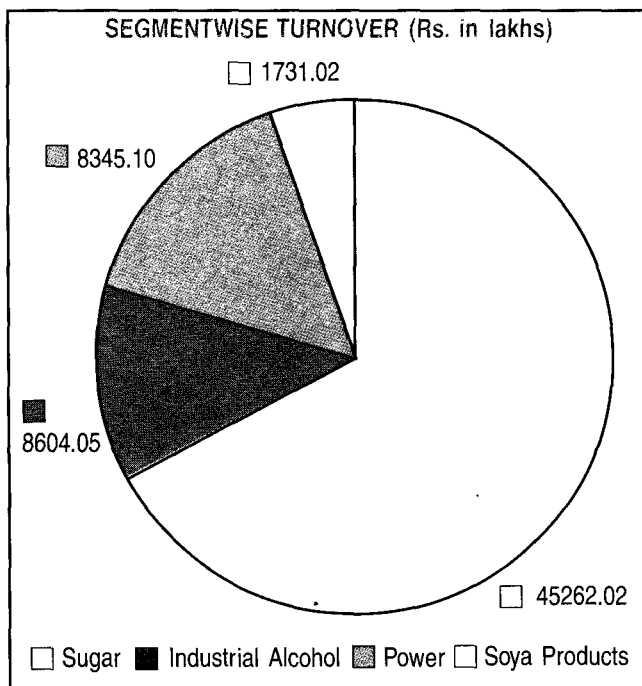
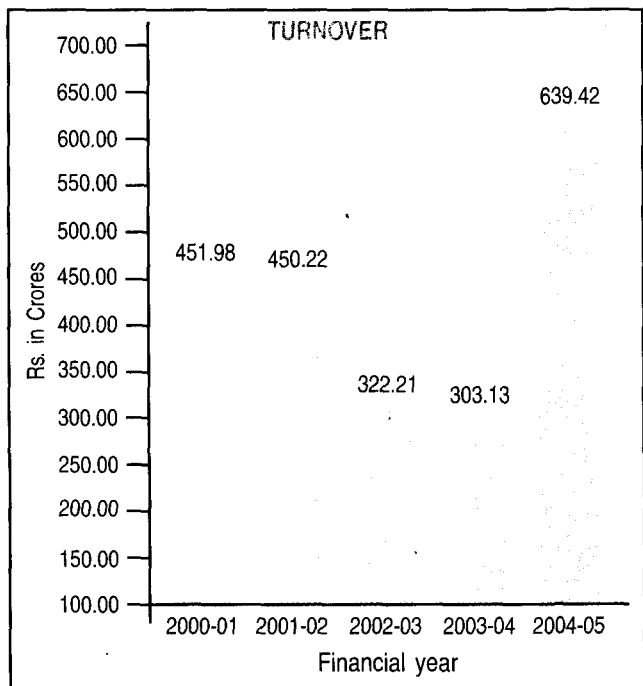
On the basis of the prevailing trend, I am confident that your Company would post an impressive working result in the current year.

I express my sincere gratitude to the stakeholders for their full support, especially during the stressful period. I thank my colleagues on the Board, cane growers, suppliers, bankers, financial institutions, Central and State Governments and all others for their continued support.

With regards,

A handwritten signature in black ink, appearing to read 'N. Mahalingam'.

N. MAHALINGAM  
Chairman





**NOTICE TO SHAREHOLDERS**

Notice is hereby given that the 44th Annual General Meeting of the Company will be held at its Registered Office at Sakthi Nagar - 638 315, Bhavani Taluk, Erode District, Tamilnadu, on Wednesday, the 14th day of December 2005 at 3.00 PM 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 2005 and the audited Balance Sheet as at that date and the Auditors' Report thereon.
2. To appoint a Director in the place of Sri N.K. Vijayan, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in the place of Sri V.K. Swaminathan, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in the place of Sri M. Balasubramaniam, 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 appoint Sri B. Ramakrishnan as Director of the Company.
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 pursuant to the provisions of Section 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956, approval be and is hereby accorded for the appointment of Sri V.K. Swaminathan as Executive Director of the Company for a period of 5 years from 1.11.2005 and for payment of the following remuneration and for providing the following perquisites to him:

**I. SALARY**

Rs. 45,000/- per month.

**II. PERQUISITES**

Not exceeding Rs. 30,000/- per month as may be decided by the Board of Directors of the Company from time to time.

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

- (a) Contribution to provident fund, 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.

8. 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 are hereby authorized to donate and contribute a sum/sums not exceeding in the aggregate of Rs. 50 lakhs (Rupees fifty lakhs) only from out of the funds of the Company for deserving causes and institutions during the financial year ending 30th June 2006.

By Order of the Board

S. BASKAR

Company Secretary

Coimbatore  
27.10.2005

**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. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business under item Nos. 6 to 8 is enclosed.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 1.12.2005 to 14.12.2005 (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, dividends for the years ended 31.3.1995 to 31.3.1997 that remained unclaimed for a period of seven years from the date of transfer to the respective Unpaid Dividend Accounts have been transferred to Investors Education and Protection Fund established under Section 205C of the Companies Act, 1956 and hence no claim shall lie against the Company or the Central Government for such unclaimed dividends.

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

##### Item No. 6

Tamilnadu Industrial Development Corporation Limited (TIDCO) had nominated Sri T. Willington as its Nominee on the Board of the Company in the place of Sri S. Saravanan on 24.05.2004. Subsequently, TIDCO has withdrawn Sri T. Willington and appointed Sri B. Ramakrishnan as its Nominee on the Board of the Company with effect from 10.8.2005.

As per Article 100 of the Articles of Association of the Company, Sri B. Ramakrishnan will hold office upto the date of the ensuing Annual General Meeting. A Notice under Section 257 of the Companies Act, 1956 has been received from a member of the Company, signifying his intention to propose the name of Sri B. Ramakrishnan for appointment as a Director of the Company.

None of the Directors other than Sri B. Ramakrishnan is concerned or interested in this item.

##### Item No. 7

Sri V.K. Swaminathan is a commerce graduate and a Director on the Board of the Company since 2002. He has rich experience in business. His business experience and acumen will benefit the Company. He is the Chairman of the Audit Committee of the Company. The Board of Directors at its meeting held on 27th October 2005 appointed him as Executive Director of the Company with effect from 1.11.2005, subject to the approval of the Members and the Central Government.

The necessary resolution is placed before the members for approval.

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

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

##### Item No. 8

To meet certain charitable and social obligations, it is proposed to authorize the Board of Directors to make donations upto Rs. 50 lakhs (Rupees fifty lakhs only) for the year ending 30th June 2006 subject to the approval of the Members.

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

Coimbatore  
27.10.2005

By Order of the Board  
S. BASKAR  
Company Secretary