

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

reportjunction.com



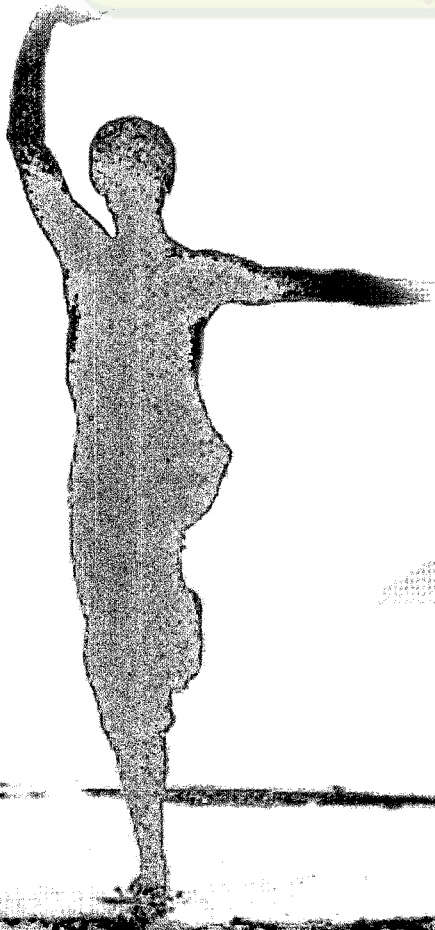
SAKTHI SUGARS LIMITED

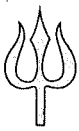
ANNUAL REPORT 2006-07

इववकरुगुतवल कुरीयु इकरुथी

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

Report  junction.com





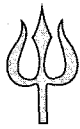
The Chairman of the Company
Dr N Mahalingam
receiving Padma Bhushan award from
Dr A P J Abdul Kalam
the President of India





Contents

Chairman's Letter	4
Existing Manufacturing Facilities	6
Notice to Members	12
Report of the Directors	18
Report on Corporate Governance	26
Management's Analytical Report	37
Auditors' Report	38
Balance Sheet	42
Profit & Loss Account	43
Schedules	45
Accounting Policies	57
Segment Information	66
Cash Flow Statement	69
Statement Relating to Subsidiaries	71
Consolidated Accounts	72

**SAKTHI SUGARS LIMITED**

Dear Shareholders,

Vanakkam

I am pleased to present the financial results for the year 2006-07 of the Company. The upswing in the sugar cycle lasted for a very short time. The very high production of sugar in India and Brazil and also the untimely ban on export of sugar in India created the current crisis in the Industry.

The above factors had an adverse effect on the results of the company. Although the level of crushing has gone up to 34.77 lakh tonnes (previous year 27.47 lakh tonnes), the year has ended with a lesser turnover at Rs.766.52 crores compared to Rs.896.02 crores and net profit at Rs.30.18 crores (previous year Rs.96.16 crores). The operations of distillery and co-generation plants were optimal and have contributed to balance out the negative results of the sugar division. I am glad to mention that the dividend is being maintained at 15% to equity shareholders.

The new sugar unit with 3500 TCD capacity and 25 MW co-generation plant at Modakurichi were commissioned in September 2007. Implementation of the other two co-generation projects at Sivaganga and Sakthinagar are in progress and are expected to go on stream in December 2007 and March 2008 respectively. The company has also expanded the distillation capacity to 120 KLPD from 90 KLPD at Sakthinagar. Availability of sugar cane continues to be sufficient to maintain optimum utilization of the capacity. With all the new capacities in operation, I am confident that the performance of the Company will be better in the years to come.

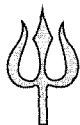
I express my sincere gratitude to the stake holders for their continued support. I thank my colleagues on the Board, cane growers, suppliers, bankers, financial institutions, Central and State Governments and all others for their continued support.

With regards,

N MAHALINGAM
Chairman



Chairman's Letter



BOARD OF DIRECTORS

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
Bank of India
Canara Bank
IDBI Bank Limited
Indian Overseas Bank
Oriental Bank of Commerce
Punjab National Bank
State Bank of India
Centurion Bank of Punjab Limited
Citibank NA

REGISTRAR & SHARE TRANSFER AGENTS

Intime Spectrum Registry Limited
Surya, 35, May Flower Avenue
Behind Senthil Nagar
Sowripalayam Road, Coimbatore - 641 028
Phone & Fax : 91-422-2314792
E-mail : coimbatore@intimespectrum.com

Dr N MAHALINGAM
Chairman

Sri M MANICKAM
Vice Chairman & Managing Director

Sri V K SWAMINATHAN
Executive Director

Sri M BALASUBRAMANIAM

Sri P K CHANDRAN

Sri G G GURUMURTHY

Sri S S MUTHUVELAPPAN

Sri M SRINIVAASAN

Sri N K VIJAYAN

Sri K V RAMASWAMY

Sri S DORESWAMY

Sri C RANGAMANI (Nominee of GICI)

Sri K DAVIDSON (Nominee of IDBI)

Sri B RAMAKRISHNAN (Nominee of TIDCO)

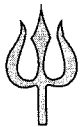
Directors

Sri S BASKAR
Vice President - Finance & Company Secretary



Sri M MANICKAM
Vice Chairman & Managing Director

Board of Directors

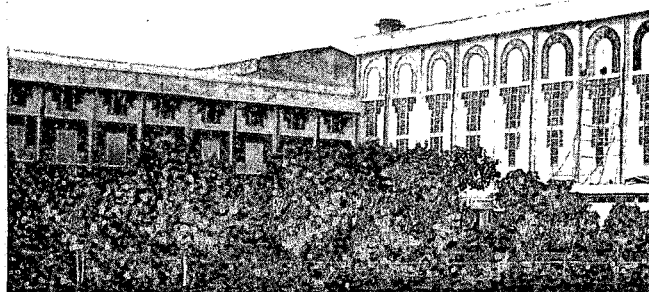
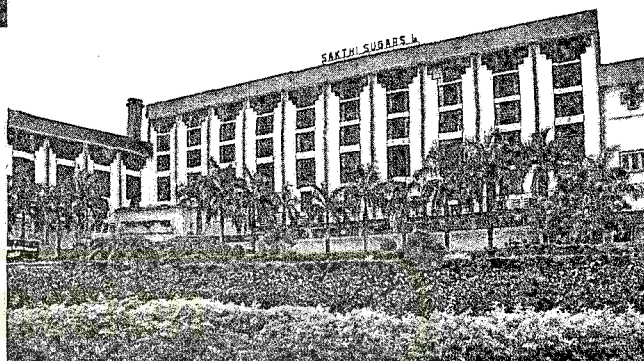


ABOUT OUR COMPANY



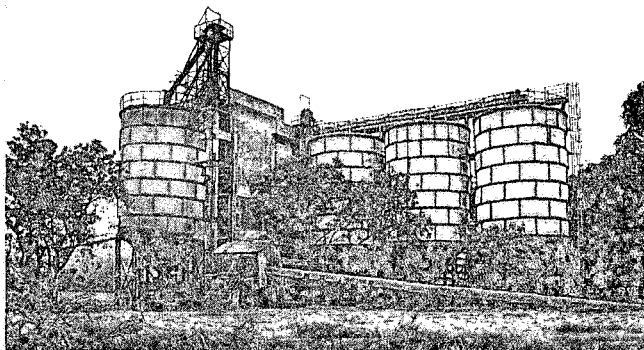
Sugar Unit at Sakthinagar, Erode District in Tamilnadu with a crushing capacity of 9000 tonnes per day. Created records in cane crushing many a times - recent being 22 lakh tonnes in the season 2006-07, a unique achievement.

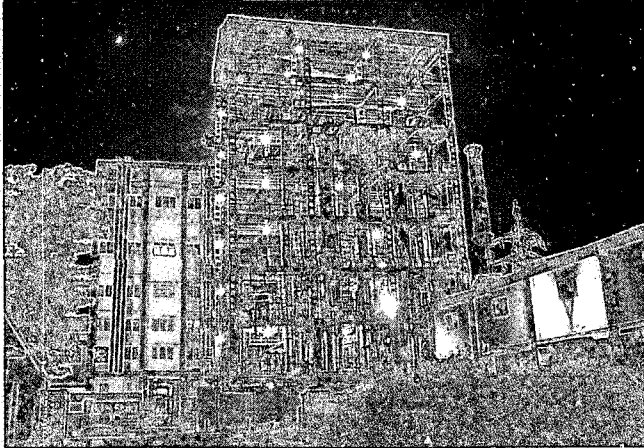
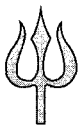
Sugar Unit at Padmathur, Sivaganga District in Tamilnadu with a crushing capacity of 4000 tonnes per day. First mill to instal auto-setting milling tandem in India.



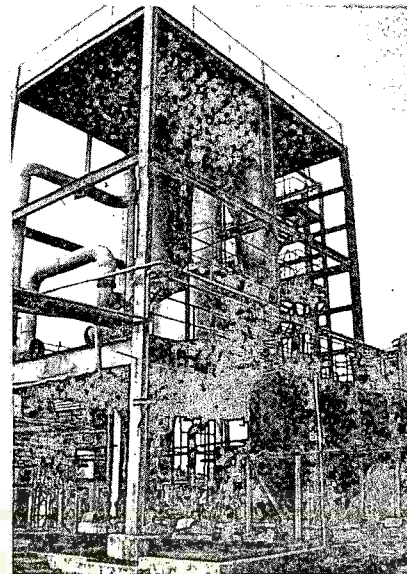
Sugar Unit at Haripur, Dhenkanal District in Orissa with a crushing capacity of 2000 tonnes per day.

Located at Marchinaickenpalayam, Coimbatore District in Tamilnadu with an intalled crushing capacity of 90000 tonnes per annum. One of the most modern integrated soya processing plants capable of producing high protein edible flours and Texturised Vegetable Protein.





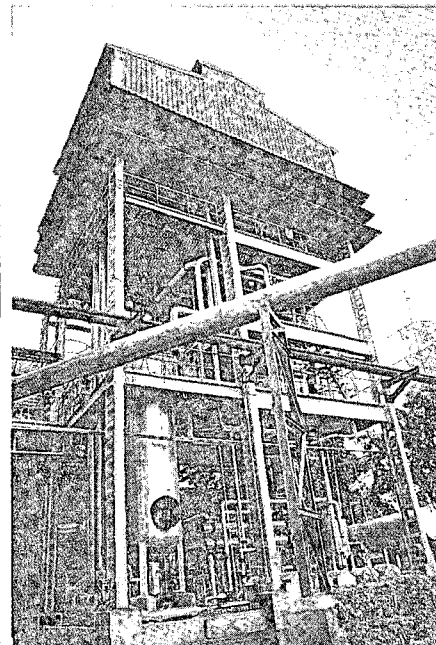
Distillery unit at Sakthinagar, Erode District in Tamilnadu with a capacity of 120 KL per day.



Distillery unit at Haripur, Dhenkanal District in Orissa with a capacity of 30 KL per day.



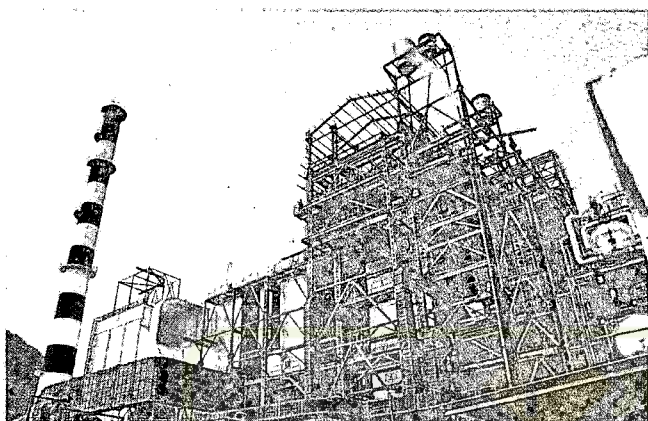
Co-generation Plant at Sakthinagar campus with a capacity to generate 32 MW of power per hour.



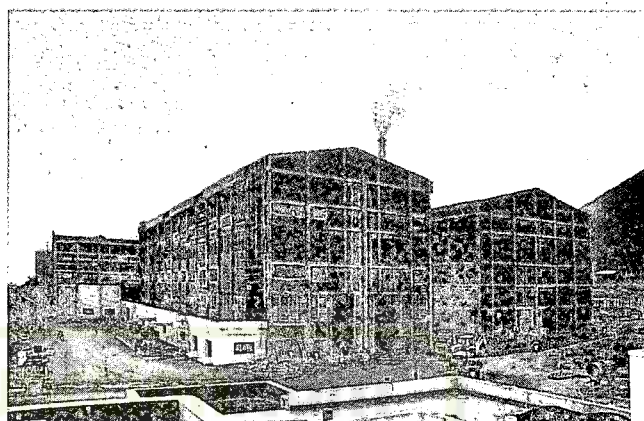
An Ethanol Plant at Sakthinagar with a capacity of 50 KL per day.



New Units



△ New co-generation plant at Modakurichi, Erode District, Tamilnadu with the capacity of 25 MW per hour. Commenced its operations from September 2007.



△ New sugar unit at Modakurichi, Erode District, Tamilnadu. with a crushing capacity of 3500 tonnes per day. Commenced its operations in September 2007.

A 25 MW co-generation plant is under implementation in the Sugar mill premises at Sakthinagar. The plant is expected to go on stream by March 2008

A 35 MW co-generation plant is under implementation in the Sugar mill premises at Sivaganga. This new plant is expected to commence its operations by December 2007