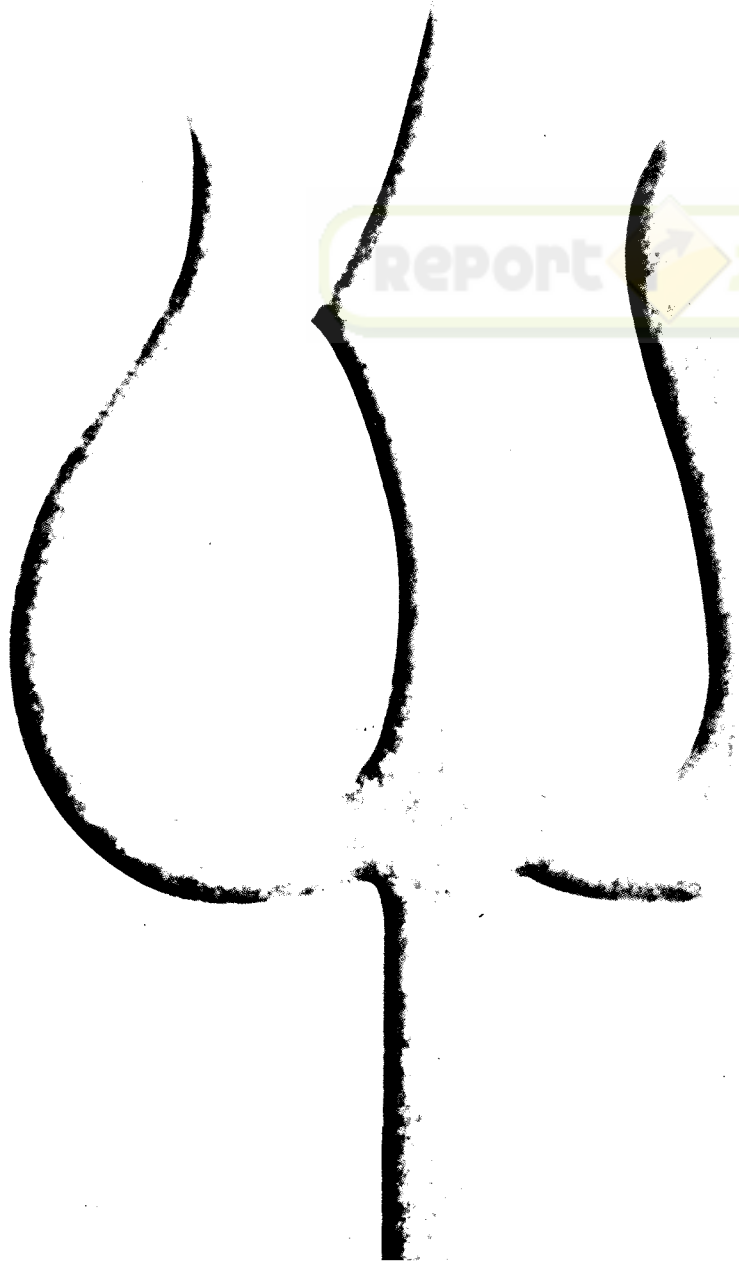


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SAKTHI SUGARS LIMITED

ANNUAL REPORT 2007-08

इकारवकारपुण्ड्रित्वात् क्रिया शक्तिर्हि

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

BOARD OF DIRECTORS



Dr N MAHALINGAM
Chairman

Sri 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 G G GURUMURTHY

Sri S S MUTHUVELAPPAN

Sri N K VIJAYAN

Sri S DORESWAMY

Sri C RANGAMANI

Sri B ELANGO VAN (Nominee of TIDCO)

Smt S USHA (Nominee of IDBI)

Directors

Sri S BASKAR
Vice President - Finance & Company Secretary

REGISTERED OFFICE

Sakthinagar - 638 315
Bhavani Taluk, Erode District
Tamilnadu

CORPORATE OFFICE

180, Race Course Road
Coimbatore - 641 018
Tamilnadu

AUDITORS

M/s P N Raghavendra Rao & Co
Coimbatore

MAIN BANKERS

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

REGISTRARS & SHARE TRANSFER AGENTS

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





Notice to Members	4
Report of the Directors	11
Report on Corporate Governance	20
Management Discussion & Analysis Report	31
Auditors' Report	33
Balance Sheet	38
Profit & Loss Account	39
Schedules	41
Significant Accounting Policies	53
Cash Flow Statement	73
Consolidated Accounts	75



NOTICE TO MEMBERS

Notice to Members

Notice is hereby given that the 47th Annual General Meeting of the Company will be held at its Registered Office at Sakthi Nagar – 638 315, Bhavani Taluk, Erode District, Tamilnadu, on Tuesday the 31st day of March 2009 at 2.45 p.m to transact the following business:

1. To consider and adopt the audited Profit and Loss Account for the year ended 31st December 2008 and audited Balance Sheet as at that date and the Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Sri V K Swaminathan, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Sri P K Chandran, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Sri G G Gurumurthy, 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 to hold 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 Sri C Rangamani, who was co-opted as an Additional Director of the Company on the Board as per Article 100 of the Articles of Association of the Company and who holds office upto the date of ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation. "
7. 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 Banks, as may be required, Sri M Balasubramaniam be and is hereby appointed as Joint Managing Director-Finance of the Company for a period of five years with effect from 23.1.2009 and that Sri M Balasubramaniam be paid remuneration as detailed below:
 - I. SALARY
Rs. 1,00,000 (Rupees one lakh only) per month.
 - II. PERQUISITES
In addition to the salary, Sri M Balasubramaniam shall also be entitled to the following perquisites:
 - (a) Contribution to Provident and Superannuation Funds to the extent not taxable under the Income Tax Act 1961.
 - (b) Gratuity at the rate of half a month's salary for each completed year of service and
 - (c) Encashment of leave at the end of tenure as per the rules of the Company.

The above salary and perquisites will be paid as minimum remuneration even in the event of loss or inadequacy of profit 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 modifications, the following resolution as an Ordinary Resolution:
"RESOLVED that subject to the approval of the Central Government and Banks as may be required, Sri M Srinivaasan be and is hereby appointed as Joint Managing Director-Technical of the Company for a period of five years with effect from 23.1.2009 and that Sri M Srinivaasan be paid remuneration as detailed below:

NOTICE TO MEMBERS



I. SALARY

Rs.1,00,000 (Rupees one lakh only) per month.

II. PERQUISITES

In addition to the salary, Sri M Srinivaasan shall also be entitled to the following perquisites:

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

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

9. 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 assets of the Company as per the terms of issue and the Trustee Agreement and / or for conferring power to enter upon and take possession of the premises / assets secured in certain events to or in favour of the Debenture Trustee in respect of Redeemable Non-Convertible Debentures aggregating to Rs. 20 crores; and
- (ii) to authorise the Board of Directors of the Company for agreeing with the said Debenture Trustee the terms and conditions to reserve a right to take over the management of the whole of the undertaking of the Company in certain events in terms of the agreement 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 the Debenture Trustee 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 resolution as an Ordinary Resolution:

"RESOLVED that pursuant to Section 293(1)(d) and other applicable provisions, if any, 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 monies (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) not exceeding Rs.1500 crores (Rupees one thousand five hundred 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."

By Order of the Board

Coimbatore
19th February 2009

S BASKAR
Vice President -Finance & Company Secretary



NOTICE TO MEMBERS

NOTES:

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. PROXY FORM MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT SAKTHI NAGAR - 638 315, BHAVANI 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.
2. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business under Item Nos.6 to 10 is annexed.
3. As required under Clause 49 (IV)(G) of the Listing Agreement, the relevant details of Directors seeking appointment / re-appointment under Item Nos 2 to 4 and 6 to 8 are annexed.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 17.03.2009 to 31.03.2009 (both days inclusive).
5. 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.
6. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, Equity dividends for the years ended 31.3.1995 to 31.3.1997 and Preference Dividends for the years ended 31.3.1995 to 30.6.1999 that remained unclaimed for a period of seven years from the date of transfer to the respective Unpaid Dividend Accounts have been transferred to Investors Education and Protection Fund established under Section 205C of the Companies Act, 1956 and hence no claim shall lie against the company or the Central Government for such unclaimed dividends.
7. The unclaimed dividend on Equity Shares for the years ended 30.6.2006 and 30.6.2007 will be transferred to the Investors 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 OF THE COMPANIES ACT 1956

Item No. 6

Sri. C Rangamani was appointed as an Additional Director of the Company by the Board of Directors with effect from 29th January 2008. Prior to his appointment as Additional Director of the Company, Sri C Rangamani was the Nominee Director of General Insurance Corporation of India (GICI). Sri C Rangamani is a Graduate in Science and in General Law and Fellow Member of the Insurance Institute of India. He has long years of experience in GICI and Life Insurance Corporation of India. He retired as General Manager of United India Insurance Company Limited.

As per Article 100 of the Company's Articles of Association, Sri C Rangamani will hold office upto the date of 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 C. Rangamani for appointment as a Director of the Company, liable to retire by rotation. Necessary resolution is placed before the members for approval.

None of the Directors other than Sri C Rangamani himself is concerned or interested in this resolution.

NOTICE TO MEMBERS



Item No.7

The activities of the Company are multi-faceted consisting of manufacture of sugar and industrial alcohol, generation of power and processing of soya beans with factories located at different places in two States. During the year under review, a green field sugar plant with a capacity of 3500 TCD has been established at Modakurichi. Two co-generation plants with a capacity to generate 25 MW and 35 MW have been established at the sugar unit premises at Modakurichi and Sivaganga respectively. An additional co-generation plant with 25 MW capacity is under implementation at Sakthinagar.

Considering the increased activities on account of the recent expansion of capacities, on the recommendation of the Remuneration Committee of Directors, the Board of Directors at its meeting held on 23rd January 2009 appointed Sri M Balasubramaniam as Joint Managing Director – Finance of the Company, on the remuneration set out in the resolution.

Sri M Balasubramaniam holds a Masters Degree in Commerce and also holds Masters degree in Business Administration from Notre Dame University, USA. He has rich experience in financial management. He is the Vice Chairman & Managing Director of Sakthi Finance Limited.

The appointment and payment of remuneration are subject to the approval of the Members of the Company, Central Government and Banks as may be necessary. Necessary resolution is placed before the Members for approval.

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

Dr.N Mahalingam, Chairman, Sri M Manickam, Vice Chairman & Managing Director and Sri M Srinivaasan, Joint Managing Director - Technical, are interested as his relatives.

Item No. 8

Considering the reasons explained in Item No. 7, on the recommendation of the Remuneration Committee of Directors, the Board of Directors at its meeting held on 23rd January 2009, appointed Sri M Srinivaasan as Joint Managing Director – Technical of the Company on the remuneration set out in the resolution.

Sri M Srinivaasan is an engineering graduate and holds a Masters Degree in Business Administration from Pennsylvania University, USA and has thorough knowledge on the technical aspects of sugar industry. He is the Managing Director of Sri Chamundeswari Sugars Limited.

The appointment and payment of remuneration are subject to the approval of Members of the Company, Central Government and Banks as may be necessary. Necessary resolution is placed before the Members for approval.

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

Dr.N Mahalingam, Chairman, Sri M Manickam, Vice Chairman & Managing Director, and Sri M Balasubramaniam, Joint Managing Director - Finance, are interested as his relatives.



NOTICE TO MEMBERS

Item No.9

To meet the working capital requirements of the Company, the Board of Directors at its meetings held on 30th April and 31st October 2008, issued 12% - Secured Redeemable Non-Convertible Cumulative/Non-Cumulative Debentures aggregating to Rs. 20 crores under different Series. The above debentures are secured, among others, by mortgage/charge on the assets of the Company created/to be created in favour of the Debenture Trustee as per the terms of the Trusteeship Agreement.

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 Trusteeship Agreement and documents creating mortgage 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.

Item No. 10

At the Extraordinary General Meeting held on 28th February 2006, the Members had authorised the Board of Directors to borrow moneys for the purpose of the Company not exceeding Rs.1000 crores over and above the paid-up capital and free reserves of the Company. To enable the Board of Directors to borrow funds for meeting additional working capital and other requirements, 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.1500 crores (Rupees One Thousand Five Hundred 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.

By Order of the Board

Coimbatore
19th February 2009

S BASKAR
Vice President -Finance & Company Secretary