

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

इश्वरवक्तृयोगीश्वर कृया 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 50th Annual General Meeting of the Company will be held at its Registered Office at Sakthinagar - 638 315, Bhavani Taluk, Erode District, Tamilnadu, on Thursday, 20th 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 31st 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
30th 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 24th 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 25th 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
30th 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