

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

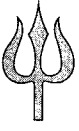


SAKTHI SUGARS LIMITED

ANNUAL REPORT 2009

इश्वरवकारयोगोत्पल कुरीया इश्वरुी

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 Ltd
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

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

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)

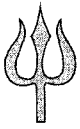
Smt S USHA (Nominee of IDBI)
Directors

Sri S BASKAR
Senior Vice President - Finance &
Company Secretary



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NOTICE TO MEMBERS

Notice is hereby given that the 48th Annual General Meeting of the Company will be held at its Registered Office at Sakthinagar – 638 315, Bhavani Taluk, Erode District, Tamilnadu, on Wednesday the 16th June 2010 at 3.00 PM to transact the following business:

1. To consider and adopt the audited Profit & Loss Account for the year ended 31st December 2009 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 Srinivaasan, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in the place of Sri S S Muthuvelappan, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in the place of Sri N K Vijayan, 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 a Special Resolution:
"RESOLVED that a remuneration by way of commission calculated upto 1% on the net profits of the Company computed in the manner laid down in the Companies Act, 1956, be paid to Dr.N Mahalingam, Chairman of the Board of Directors of the Company, for each year from 1.7.2010 to 30.6.2015 for giving guidance and counseling to the Company, on matters relating to the corporate affairs and management of the Company."
7. To consider and, if thought fit, to pass with or without modifications, the following resolutions as Ordinary Resolutions:
 - A. "RESOLVED that the period of appointment of Sri M. Balasubramaniam as Joint Managing Director-Finance made by the Board of Directors of the Company on 23.1.2009 and by the Members at their Annual General Meeting held on 31.3.2009 be restricted upto 31.3.2010."
 - B. "RESOLVED that pursuant to Sections 198, 269, 309 and 316 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, Sri M Balasubramaniam be and is hereby appointed as Joint Managing Director-Finance for the period from 1.4.2010 to 22.1.2014 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 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 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 modifications, the following resolutions as Ordinary Resolutions:

A. "RESOLVED that the period of appointment of Sri M Srinivaasan as Joint Managing Director-Technical made by the Board of Directors of the Company on 23.1.2009 and by the Members at their Annual General Meeting held on 31.3.2009 be restricted upto 31.3.2010."

B. "RESOLVED that pursuant to Sections 198, 269, 309 and 316 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, Sri M Srinivaasan be and is hereby appointed as Joint Managing Director-Technical for the period from 1.4.2010 to 22.1.2014 and that Sri M Srinivaasan 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. 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 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 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."

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 whole of the immovable and movable properties of the Company (except the assets exclusively mortgaged/charged), 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 the Security Trustee, to secure the Banks/Financial Institution for the financial assistance availed/restructured under the Corporate Debt Restructuring Scheme to the extent of Rs.986.26 crores by the Company; and

(ii) to authorise the Board of Directors of the Company for agreeing with the Security Trustee the terms and conditions to reserve a right to take over the management of the whole of the undertakings of the Company or any part thereof 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."



NOTICE TO MEMBERS

B. "RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to finalise with the Security 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 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 on exclusive second charge basis the whole of the immovable and movable properties relating to Sugar and Co-generation plants situate at Sivaganga, Sivaganga District, and Modakurichi, Erode District in the State of 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 the Government of India/IFCI for the financial assistance to secure the Sugar Development Fund Loans aggregating to Rs.62.17 crores; and

(ii) to authorise the Board of Directors of the Company for agreeing with the Government of India/IFCI the terms and conditions to reserve a right to take over the management of the whole of the aforesaid undertakings of the Company or any part thereof in certain events in terms of the tripartite 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 is hereby authorized to finalise with the Government of India/IFCI 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 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 relating to the Beverage Plant of the Company situate at Sivaganga, Sivaganga District in 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 the Debenture Trustee to secure the Redeemable Non-Convertible Debentures aggregating to Rs. 20 crores issued by the Company; and

(ii) to authorise the Board of Directors of the Company for agreeing with the terms and conditions to reserve a right to take over the management of the aforesaid undertaking of the Company in certain events in terms of the Trustee Agreements/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 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."

By Order of the Board

Coimbatore
29th March 2010

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 item Nos.6 to 11 is annexed.
4. Pursuant to Clause 49 of the Listing Agreement, relevant information on the Directors seeking appointment/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 10.6.2010 to 16.6.2010 (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 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.
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 members of the Company at the 45th Annual General Meeting held on 26th December 2006 had approved payment of remuneration by way of commission calculated at 1% on the net profits of the Company in the manner laid down in the Companies Act, 1956 to Dr N Mahalingam, Chairman of the Board of Directors for a period of 5 years from 1.7.2005 as consideration for his counseling and guidance on the following matters:

- a) setting the corporate goals/objects and planning the strategy for achieving the same;
- b) expansion/diversification in all aspects;
- c) improvement in efficiency, cost reduction, induction of new technologies, modernization, etc;
- d) human resources development; and
- e) Recruitment of employees at senior levels

In view of the vast industrial experience of Dr N Mahalingam, the Board of Directors has considered it fit to continue availing his guidance and counseling and to pay commission upto 1% on the net profits as referred to above for a period of five years from 1.7.2010 to 30.6.2015, subject to the approval of the members at the General Meeting by way of Special Resolution. Necessary Special Resolution is placed for approval of the members.



Dr N Mahalingam may be deemed to be concerned or interested in the resolution as it relates to his remuneration. Sri M Manickam, Vice Chairman & Managing Director, Sri M Balasubramaniam, Joint Managing Director-Finance and Sri M Srinivaasan, Joint Managing Director-Technical are interested as his relatives.

Item No. 7

At the Annual General Meeting of the Company held on 31.3.2009, the members of the Company had approved appointment of Sri M Balasubramaniam as Joint Managing Director-Finance of the Company for five years from 23.1.2009 and payment of remuneration to him, subject to the approval of the Central Government since the Company did not have profit in the financial year 2007-08 and did not satisfy one of the conditions prescribed in Schedule XIII to the Companies Act. The Company is yet to receive the approval from the Central Government.

In view of the profitable working results for the year ended 31.12.2009 and also the conditions prescribed in Schedule XIII to the Companies Act stand satisfied, the Board of Directors has restricted the validity of the above appointment upto 31.3.2010 and has again appointed Sri M Balasubramaniam as Joint Managing Director-Finance for the period from 1.4.2010 to 22.1.2014 on the terms contained in the resolution set out in the Notice, subject to the approval of the members at the Annual General Meeting. The terms of appointment and payment of remuneration are the same as that of the appointment made last year. Sri M Balasubramaniam is the Managing Director of Sakthi Finance Limited.

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

Item No.8

At the Annual General Meeting of the Company held on 31.3.2009, the members of the Company had approved appointment of Sri M Srinivaasan as Joint Managing Director-Technical of the Company for five years from 23.1.2009 and payment of remuneration to him, subject to the approval of the Central Government since the Company did not have profit in the financial year 2007-08 and did not satisfy one of the conditions prescribed in Schedule XIII to the Companies Act. The Company is yet to receive the approval from the Central Government.

In view of the profitable working results for the year ended 31.12.2009 and also the conditions prescribed in Schedule XIII to the Companies Act stand satisfied, the Board of Directors has restricted the validity of the above appointment upto 31.3.2010 and has again appointed Sri M Srinivaasan as Joint Managing Director - Technical for the period from 1.4.2010 to 22.1.2014 on the terms contained in the resolution set out in the Notice, subject to the approval of the members at the Annual General Meeting. The terms of appointment and payment of remuneration are the same as that of the appointment made last year. Sri M Srinivaasan is the Managing Director of Sri Chamundeswari Sugars Limited.

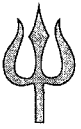
Necessary resolutions are placed before the members for approval.

Sri M Srinivaasan may be deemed to be concerned or interested in the resolution as it relates to his remuneration. Dr.N Mahalingam, Chairman, Sri M Manickam, Vice Chairman & Managing Director, Sri M Balasubramaniam, Joint Managing Director-Finance are interested as his relatives.

Item No. 9

The Company has restructured the Term Loans/Working Capital Loans availed from Financial Institution/Banks under the Corporate Debt Restructuring (CDR) Scheme on the terms and conditions approved by the CDR Cell. Bank of India has been appointed as Security Trustee for the lenders. Among others, the restructured facilities have to be secured by creation of charge/mortgage in favour of the Security Trustee on the movable and immovable properties of the Company, except assets exclusively mortgaged/charged.

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.



NOTICE TO MEMBERS

Copies of letters of sanction, security trustee agreement, letter of approval of the CDR Empowered Group and other 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.

Item No. 10

The Company has been sanctioned Sugar Development Fund Loan to the extent of Rs. 62.17 crores by the Central Government acting through IFCI Limited to part finance the cost of erection of the Company's co-generation plants at Sivaganga and at Modakurichi against security by way of mortgage of the movable and immovable assets pertaining to the sugar and co-generation plants of the Company at Sivaganga and at Modakurichi on exclusive second charge basis.

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, tripartite agreements 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.11

The Company has issued Secured Non-Convertible Debentures to bodies corporate and others on private placement basis in different series to meet the working capital requirements of the Company. As per the trustee agreement entered into with the Trustee for the debentureholders, the Company has to create charge/ mortgage among others, on the movable and immovable properties of the Company's Beverage Division at Sivaganga Sugar Mill premises in favour of the Trustee.

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 trustee 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.

By Order of the Board

Coimbatore
29th March 2010

S.BASKAR
Sr.Vice President – Finance &
Company Secretary



RE-APPOINTMENT OF DIRECTORS

A brief resume of Directors proposed to be re-appointed are given in terms of Clause 49 of the Listing Agreement

1.	Name	:	Sri M Balasubramaniam
	Date of Birth & Age	:	06.5.1958 - 51 Years
	Date of Appointment - As Director	:	21.8.1989
	- As JMD-Finance	:	23.1.2009
	Qualification	:	M.Com., M.B.A (USA)
	Experience	:	Rich industrial experience and in 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 Union Bus Service 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
	Relationship with other Directors	:	Dr N Mahalingam - Father, Sri M Manickam and Sri M Srinivaasan - Brothers



RE-APPOINTMENT OF DIRECTORS

2.	Name	: Sri M Srinivaasan
	Date of Birth & Age	: 2.9.1966 – 43 Years
	Date of Appointment - As Director	: 23.8.1995
	- As JMD-Technical	: 23.1.2009
	Qualification	: B.E., M.B.A (USA)
	Experience	: Rich experience in management of sugar company
	Other Directorships	: Sri Chamundeswari Sugars Limited ABT Limited ABT Industries Limited Sakthi Finance Limited Sri Bhagavathi Textiles Limited Sakthi Management Services (Coimbatore) Limited Sri Sakthi Textiles Limited The Gounder & Company Auto Limited Graynium Information Technology Pvt. Limited ABT Foods Retailing (India) Limited Sakthi Auto Component Limited Advantra Carisol Private Limited Sakthi Reality and Infrastructure Limited ABT Foods Limited
	No.of equity shares held	: 201000 Shares
	Member of Committees	: Sri Chamundeswari Sugars Limited Shareholders/Investors Grievance Committee
	Relationship with other Directors	: Dr N Mahalingam - Father, Sri M Manickam and Sri M Balasubramaniam - Brothers

3.	Name	: Sri S S Muthuvelappan
	Date of Birth & Age	: 5.12.1941 – 69 Years
	Date of Appointment	: 18.2.1985
	Experience	: Rich experience in sugar cane cultivation
	Other Directorship	: Biomed Hitech Industries Limited
	No.of equity shares held	: 2770 Shares
	Member of Committees	: Sakthi Sugars Limited Remuneration Committee
	Relationship with other Directors	: Nil

4.	Name	: Sri N K Vijayan
	Date of Birth & Age	: 22.5.1952 - 57 Years
	Date of Appointment	: 1.1.1995
	Qualification	: M.Com.
	Experience	: Rich experience in sugar cane cultivation
	Other Directorship	: Biomed Hitech Industries Limited
	No.of equity shares held	: 1850 Shares
	Member of Committees	: Nil
	Relationship with other Directors	: Nil



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 31st December 2009.

FINANCIAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2009		(Rs. in lakhs)
Profit before interest and depreciation		20110.88
Less: Interest	4614.45	
Depreciation on Fixed Assets	3025.71	
		<u>7640.16</u>
Profit before Tax		12470.72
Less : Income Tax Expenses		
Prior Year Tax	65.16	
Deferred Tax Liability	2056.92	
		<u>2122.08</u>
Profit after Tax		10348.64
Add : Excess provision reversed	1.15	
Reversal of diminution in value of investments	2.00	
		<u>3.15</u>
Profit before Appropriation		10351.79
Less : Transfer to General Reserve		4000.00
Transfer to Debenture Redemption Reserve		630.00
		<u>5721.79</u>
Surplus carried over		

REVIEW OF OPERATIONS

SUGAR DIVISION

The quantum of sugar cane crushed and raw sugar processed at various units of the Company for the year 2009 is as under:

Name of the Units	Cane crushed (in tonnes)	Raw sugar processed (in tonnes)
Sakthinagar	1448556	63469
Sivaganga	434550	49036
Modakurichi	—	108589
Dhenkanal	162575	49968

Due to shortage of cane, Modakurichi Unit did not take up the crushing operation. Sugar cane crushed in Sakthinagar Unit includes sugar cane drawn from areas of Modakurichi Unit.

Out of the total sugar of 4.27 lakhs MT produced by the Company during the year under review, 2.39 lakhs MT of sugar was produced by processing raw sugar.

Your Directors are glad to inform that Sakthinagar Sugar Unit has been selected for State Safety Award for two consecutive years 2006 and 2007. Orissa State Government has awarded State Safety Award to Dhenkanal Sugar unit for the year 2007.



DISTILLERY DIVISION

During the year under review, 379.44 lakh litres of industrial alcohol was produced at Sakthinagar Distillery Unit and 31.10 lakh litres at Dhenkanal Distillery Unit.

The Company has not produced ethanol as the ethanol blending programme has not been implemented in the State of Tamilnadu.

SOYA DIVISION

24497 tonnes of soya beans have been crushed in the soya plant during the year under review. This division has exported products worth Rs.1703.82 lakhs to various countries.

This unit has also been awarded State Safety Award for the years 2006 and 2007 and Industrial Relation Award for the years 2005, 2006 and 2007.

CO-GENERATION DIVISION

The total power generated in the co-generation plants at Sakthinagar, Sivaganga and Modakurichi during the year was 4,094 lakh units, out of which 2,992 lakh units have been exported to Tamilnadu Electricity Board and others. The second co-generation plant with 25 MW capacity at Sakthinagar is expected to be commissioned in the current year.

FUTURE OUTLOOK

For the year 2010, the cane availability is expected to be slightly lower than in 2009 on account of overall decrease in planting of sugarcane in the command areas. The Government of Tamilnadu has allowed sale of power to third parties and with the commissioning of the second co-generation plant at Sakthinagar, higher contribution is envisaged.

The long term prices and profitability of Indian sugar companies would be dependent on domestic and international supply demand trends as well as Government policies. The performance of the Industrial Alcohol Division and Power Division of the Company are expected to be good for the current year.

The secured debts availed by the Company from Banks/Financial Institution have been restructured during the year under review on the terms contained in the Letter of Approval dated 16th June 2009 of the CDR Cell.

DEPOSITS

The Company has not accepted any deposit from the public during the year under review. At the end of the financial year, 96 deposits amounting to Rs.18.20 lakhs which were due for repayment remained unclaimed on their due dates. Of these, 20 deposits totalling to Rs. 4.58 lakhs have since been repaid.

ISSUE OF SHARES

The Company has issued and allotted 34,60,569 equity shares during the financial year by way of conversion of Foreign Currency Convertible Bonds (FCCB) of USD 15.4 million. 19,73,704 equity shares were issued and allotted after the end of the financial year 2009 until the date of the Report by converting FCCB of USD 8.7 million. These shares were allotted at the conversion price of Rs.208/Rs.190, as the case may be, in respect of Series A/ Series B Bonds in terms of the offering circular.

DIRECTORS

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

Sri M Srinivaasan
Sri S S Muthuvelappan
Sri N K Vijayan



Sri M Balasubramaniam was appointed as Joint Managing Director - Finance for a period of 5 years with effect from 23.1.2009 subject to the approval of Central Government since one of the conditions prescribed in Schedule XIII to the Companies Act, 1956 was not satisfied. Likewise the appointment of Sri M Srinivaasan as Joint Managing Director - Technical for a period of 5 years with effect from 23.1.2009 is also subject to the approval of Central Government. The approvals of the Central Government are yet to be received.

In view of the profitable working results for the year ended 31.12.2009 and also all the conditions prescribed in Schedule XIII to the Companies Act, 1956 stand satisfied, the Board of Directors have restricted the validity of the above appointments upto 31st March 2010 and have re-appointed Sri M Balasubramaniam as Joint Managing Director - Finance and Sri M Srinivaasan as Joint Managing Director - Technical for the period from 1.4.2010 to 22.1.2014, subject to the approval of the members at the General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the 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 31.12.2009 the applicable accounting standards had been followed;
- b. that the Directors had selected such accounting policies and applied them consistently and made judgments 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 Profit 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 Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d. that the Directors had prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE

The Audit Committee comprises of the following Directors, viz. Sri C Rangamani (Chairman), Sri M Balasubramaniam, Sri S Doreswamy and Smt S Usha.

SUBSIDIARY COMPANIES

India is not affected by the world recession as much as developed economies especially in automobile industry. The performance of Sakthi Auto Component Limited (SACL) and Sakthi Auto Ancillary Pvt. Limited (SAAPL) (Indian Subsidiaries) is steady and improving.

Among the European Subsidiaries Sakthi Portugal S.A., has revived registering improved production with increased volume of orders. It is expected to reach the optimum production level in the current year with good margins.

The subsidiaries in Germany except Sakthi Services GmbH, and in Sweden have been declared bankrupt and Germany foundries are under the control of the Administrator appointed by the court and foundry in Sweden has been disposed off by the Administrator.

In terms of approval granted by the Central Government under section 212(8) of the Companies Act, 1956, copies of the Balance Sheet, Profit and Loss Account, Reports of the Board and the Auditors, as the case may be, of the following subsidiary companies viz., Sakthi Auto Component Limited, Sakthi Auto Ancillary Pvt. Limited, Tilan Sugar Limited, Orlandofin BV, Sakthi Netherlands BV, Sakthi European Foreign Sales Corporation BV, Sakthi Holdings BV, Sakthi Services GmbH and Sakthi Portugal SA, have not been attached to the Balance Sheet of the Company as at 31st December 2009. As directed by the Central Government, the financial data of the subsidiaries have been separately furnished forming part of the Annual Report. The related detailed information of the accounts of the subsidiary companies will be made available to the holding and subsidiary companies' investors seeking such information at any point of time. The Annual Accounts of the subsidiary companies will also be kept for inspection by the investors at the Registered Office of the Company and that of the subsidiary companies concerned. The details of the accounts of the above subsidiary companies are also provided in the Company's website.



Since the following subsidiaries viz., Sakthi Europe Verwaltungs GmbH, Arvika Gjuteri AB, Arvinova AB, Arvika Handforming Gjuteri AB and Sakthi Sweden AB are under the control of the Administrators appointed by the respective Courts in Germany and Sweden and there is a long term restriction in the flow of cash from these subsidiaries to the holding company, these companies are not consolidated in accordance with the provisions contained in Accounting Standard.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance along with Auditor's Certificate of its compliance forms part of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as required under the Listing Agreement is given in the section on Corporate Governance.

AUDITORS

M/s P.N.Raghavendra Rao & Co., Chartered Accountants, the Statutory Auditors of the Company, retire at the conclusion of the Annual General Meeting and are eligible for re-appointment. A certificate under section 224(1B) has been obtained from them.

COST AUDIT

The Company has appointed M/s STR & Associates, Cost Accountants, to audit the cost accounts relating to Sugar units and Industrial Alcohol units for the year 2009 with the approval of the Central Government.

CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

Variable frequency drives are used for co-generation auxillary cooling water pump and for air compressor in co-generation plant and for high pressure pump drive in RO plant at Modakurichi.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

VFD for Injection pumps at sugar plant in Modakurichi Unit.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Substantial savings in power consumption.

Particulars regarding consumption of energy, research and development, technology absorption and foreign exchange earnings and outgo have been provided in Annexure 1 to the Report.

PARTICULARS OF EMPLOYEES

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975 and forming part of this Report have been provided in Annexure 2 to this Report.

AUDITORS REPORT

With reference to Auditors remarks, your Directors wish to state that as per the legal opinion obtained, the interest converted into loan under the Corporate Debt Restructuring Scheme would be accounted as and when they become payable.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation of the valuable assistance and co-operation extended by the shareholders, cane growers, banks, financial institutions and Government authorities. They also wish to appreciate the dedicated services rendered by officers, staff and workers of the Company.

On behalf of the Board of Directors

Coimbatore
30th April 2010

N MAHALINGAM
Chairman



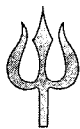
ANNEXURE - 1

**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31st DECEMBER 2009
ENERGY CONSERVATION MEASURES**

FORM A

Disclosure of particulars with respect to conservation of energy

Particulars	Current Year	Previous Year
A. POWER AND FUEL CONSUMPTION		
1. ELECTRICITY		
a) Purchased		
Units	5568396	13800045
Total Amount (Rs.in lakhs)	269.13	672.52
Rate/Unit (Rs.)	4.83	4.87
b) Own Generation		
i) Through Diesel Generator - Units	371205	929536
Diesel Oil (Ltrs)	125605	312691
Total Consumption Value	43.67	111.44
Units per Ltr of Diesel Oil	2.96	2.97
Cost/Unit (Rs.)	11.76	11.99
ii) Through Steam Turbine/Generator - Units	79958448	134141526
Units per Ltr of Fuel Oil/Gas	--	--
Cost/Unit	*	*
2. COAL		
Quantity (Tonnes)	25543.610	30580.755
Total Cost (Rs.in lakhs)	877.37	851.60
Average Rate per Tonne (Rs.)	3434.79	2784.76
3. FURNACE OIL		
Quantity (KL)	239.030	92.105
Total Cost (Rs.in lakhs)	67.15	24.27
Average Rate per Litre (Rs.)	28.09	26.35
4. FIREWOOD		
Quantity (Tonnes)	--	57.240
Total Cost (Rs.in lakhs)	--	0.90
Average Rate per Tonne (Rs.)	--	1572.33



Particulars	Current Year	Previous Year
5. OTHERS/INTERNAL GENERATION		
a) Bagasse (Tonnes)	62851	316455
Total (Cost)	**	**
Rate/Unit	--	--
b) Bio Gas		
Quantity (Cu.Mtr)	2953169	6465764
Total Cost	**	**
Rate/Unit	--	--
c) Paddy Husks		
Quantity (Tonnes)	2957.666	938.645
Total Cost (Rs.in lakhs)	64.93	20.23
Rate/Unit (Rs.)	2195.31	2155.23
d) Coconut Shell Chips & others		
Quantity (Tonnes)	--	1226.220
Total Cost (Rs.in lakhs)	--	27.41
Rate/Unit (Rs.)	--	2235.32

* Own Steam used ** Own Bagasse / Bio-gas used

B. CONSUMPTION PER UNIT OF PRODUCTION

Particulars Products (with details) Unit	Current Year			Previous Year		
	Sugar Qtl	Alcohol Ltr	Soya MT	Sugar Qtl	Alcohol Ltr	Soya MT
Electricity (Units)	16.24	0.27	184.90	29.63	0.27	219.43
Furnace Oil (Ltrs)	--	0.01	0.34	--	--	0.77
Coal (Tonnes)	--	--	0.14	--	--	0.13
Others : Bio-gas (Cu.Mtrs)	--	0.07	--	--	0.10	--

On behalf of the Board of Directors

Coimbatore
30th April 2010

N MAHALINGAM
Chairman

FORM-B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company
 - i) Mechanizing inter cultural operation with tractors and development of machineries for inter cultural operations in Sivaganga Unit.
 - ii) Demonstration on post emergency weedicide - Glyphos in Dhenkanal Unit



2. Benefits derived as a result of the above R & D

Wide adoption of roto incorporator and disc off barrer for weeding, trush incorporation and earthing up in sugar cane fields.

Weeds has been kept in control because of Glyphos spraying (post emergency).

3. Future plan of action

- i) Total mechanization with sub surface drip irrigation for cane crop in Sivaganga Unit.
- ii) Coverage majority of area by mechanization of weeding and earthing up through mini-tractor/tractor.

4. Expenditure on Research and Development

(Rs.in lakhs)

a Capital	12.96
b Recurring	111.03
c Total	123.99
d Total R&D expenditure as a percentage of total turnover	0.09

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Efforts in brief made towards technology absorption, adaptation and innovation

Adaptation of Tissue Culture Seed Material.

Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.

All the seed nursery fields are free from diseases and admixtures. Tissue Culture provides virus free seeds.

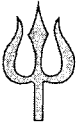
In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished.

a Technology imported	} Not Applicable
b Year of Import	
c Has technology been fully absorbed?	
d If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action	

FOREIGN EXCHANGE EARNINGS AND OUTGO

a. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:

The Company has exported refined white sugar valued at Rs.1961.51 lakhs and soya products valued at Rs.1703.82 lakhs during the year under review. Efforts are being taken to increase the volume of export.



REPORT OF THE DIRECTORS

b. Total foreign exchange earned and used :	(Rs. in lakhs)
Foreign Exchange earned during the year	1741.93
Foreign Exchange used :	
1. Outgo:	
a Subscription and Membership	0.83
b Books & Periodicals	0.63
c Foreign Travel	3.91
d Consulting Charges	86.92
e Sales Promotion Expenses	1.38
	<u>93.67</u>
2. Import:	
a Spares & Others	5.11
b Capital Goods	52.32
	<u>57.43</u>
Total	<u>151.10</u>

Coimbatore
30th April 2010

On behalf of the Board of Directors

N MAHALINGAM
Chairman

ANNEXURE 2

DIRECTORS REPORT FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

Name	Designation Nature of duties	Remuneration (Rs.in lakhs)	Qualifications	Exp. (Years)	Date of Commencement of employment	Age	Last employment held
Sri M Manickam	Vice Chairman & Managing Director (Overall management of the affairs of the Company)	65.34	M.Sc., MBA (Mich)	30	9.9.1983	54	—

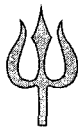
Note :

1. Sri M Manickam is related to Dr.N Mahalingam, Chairman, Sri M Balasubramaniam and Sri M Srinivaasan, Joint Managing Directors of the Company.
2. The nature of employment is contractual.
3. Remuneration comprises salary, accommodation, commission, Company's contribution to Provident Fund and other funds, monetary value of other perquisites.

On behalf of the Board of Directors

Coimbatore
30th April 2010

N MAHALINGAM
Chairman



REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY

The Company's philosophy on corporate governance endeavours attainment of the highest levels of transparency, accountability and equity in all facets of its operations and in all the interactions with its stakeholders, including shareholders, employees, cane growers, lenders and the Government.

BOARD OF DIRECTORS

a. Composition and size of the Board

The Board consists of a Non-Executive Chairman, Vice Chairman and Managing Director, two Joint Managing Directors, an Executive Director and eight Non-Executive Directors, including two Directors nominated by Financial Institution and Bank.

The Board has a Non-Executive Chairman and the number of independent directors is more than one-half of the total number of directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

The Non-Executive Chairman, Vice Chairman & Managing Director and two Joint Managing Directors are related to each other.

None of the Directors on the Company's Board is a member of more than ten committees and chairman of more than five committees across all companies in which he is a Director. The necessary disclosures regarding committee positions have been made by the Directors.

b. Board Meetings and AGM Attendance

The Board met 9 times during the financial year 2009, on 23.1.2009, 19.2.2009, 31.3.2009, 30.4.2009, 31.7.2009, 21.10.2009, 7.11.2009, 14.11.2009 and 5.12.2009. The Board has formed Audit Committee, Remuneration Committee and Shareholders/Investors Grievance Committee. The Board is given all material information viz., budgets, review of budgets, plantwise operational review, actual production, sales and financial performance statistics compared to budget, which are incorporated in the agenda papers for facilitating meaningful discussions at the meetings. The gap between two board meetings did not exceed four months. The information as required under Annexure-1A to Clause 49 of the Listing Agreement is being made available for discussion and consideration at Board Meetings. The details of attendance of each Director at the Board Meetings and at last Annual General Meeting, number of other Directorships and Committee Chairmanship/Membership are given below:

Name of the Director	Category of Directorship	Financial Year 2009 Attendance at		As on 29.03.2010		
		Board	Last AGM	No. of Directorships (1)	Committee Position (2)	
					Chairman	Member
Dr N Mahalingam Chairman	Promoter Non-Executive	7	Yes	4		
Sri M Manickam Vice Chairman & Managing Director	Promoter Executive	9	Yes	14	1	
Sri M Balasubramaniam Joint Managing Director - Finance	Promoter Executive	7	Yes	14	1	2
Sri M Srinivaasan Joint Managing Director - Technical	Promoter Executive	6	Yes	12		1
Sri V K Swaminathan Executive Director	Non-Promoter Executive	9	No	2		2



Name of the Director	Category of Directorship	Financial Year 2009 Attendance at		As on 29.03.2010		
		Board	Last AGM	No. of Directorships (1)	Committee Position (2)	
					Chairman	Member (Other than SSL)
Sri P K Chandran	Independent Non-Executive	8	Yes	-		
Sri G G Gurusurthy	Independent Non-Executive	8	Yes	1		
Sri S S Muthuvelappan	Independent Non-Executive	9	Yes	1		
Sri N K Vijayan	Independent Non-Executive	9	Yes	1		
Sri C Rangamani	Independent Non-Executive	7	Yes	2	2	
Sri S Doreswamy	Independent Non-Executive	5	Yes	6	3	2
Sri B Elangovan Nominee of TIDCO	Independent Non-Executive	3	Yes	8		
Smt S Usha Nominee of IDBI	Independent Non-Executive	4	No	-		

- (1) Excluding directorships in private limited companies and Section 25 Company
(2) Includes only Audit and Shareholders/Investors Grievance Committees

C. Code of Conduct and Ethics

The Company has adopted a Code of Conduct for all Board Members and Senior Management Team of the Company. All Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. A declaration to this effect, duly signed by the Vice Chairman and Managing Director is annexed. The Code of Conduct has been hosted on the website of the Company.

COMMITTEES OF THE BOARD

A. Audit Committee

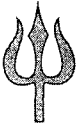
The Audit Committee at present comprises of the following directors :

- Sri C Rangamani (Chairman)
- Sri M Balasubramaniam
- Sri S Doreswamy and
- Smt S Usha

Except Sri M Balasubramaniam, other members of the Committee are Independent Non-Executive Directors.

The Audit Committee met 4 times during the financial year on 18.2.2009, 30.4.2009, 31.7.2009 and 21.10.2009 and the attendance of its members are given below:

Name of Member	No.of meetings held	No.of meetings attended
Sri C Rangamani - Chairman	4	4
Sri M Balasubramaniam	4	4
Sri S Doreswamy	4	4
Smt S Usha	4	3



All members of Audit Committee are financially literate. The minutes of the Audit Committee Meetings are placed before the meeting of the Board of Directors. The Chairman of the Audit Committee attended the last Annual General Meeting.

The role and terms of reference of the Audit Committee, inter alia, cover reviewing of the following:

1. Company's financial reporting process and the disclosure of financial information to ensure that the financial statement is correct and sufficient.
2. Quarterly/annual financial statements before submission to the Board of Directors for approval.
3. Internal audit and adequacy of the internal control systems.
4. Financial and risk management policies.
5. Statement of significant related party transactions submitted by the Management.
6. Recommending the appointment/re-appointment of statutory auditors and fixing their remuneration.
7. The appointment, removal and terms of remuneration of the internal auditor.

B. Remuneration Committee

The Remuneration Committee as reconstituted comprises of the following Non-Executive Directors.

Sri S S Muthuvelappan (Chairman)
Sri P K Chandran
Sri C Rangamani

During the year under review, a meeting of Remuneration Committee was held on 23rd January 2009 which was attended by all the then members of the Committee viz. Sri S S Muthuvelappan, Sri P K Chandran and Sri K V Ramaswamy.

The Remuneration Committee determines and recommends to the Board the remuneration including commission, perquisites and allowances payable to the Chairman, Vice Chairman and Managing Director, Joint Managing Directors / Executive Director as and when the necessity arises. The recommendation will be based on overall performance and financial results of the Company during the relevant financial year and also based on evaluation of performance on certain fixed parameters.

The details of (a) remuneration paid to Chairman, Vice Chairman & Managing Director and Executive Director, (b) sitting fee paid to non-executive directors at the rate of Rs. 5000 for each Board Meeting and Committee Meeting attended by them, and (c) the number of equity shares held by the directors are given below :

Name of the Director	Salary	Commission	Perquisites	Sitting Fees	Total	No. of Equity Shares as on 31.12.2009
Dr N Mahalingam	-	35.01	-	0.35	35.36	145100
Sri M Manickam	18.00	38.71	8.63	-	65.34	1704200
Sri M Balasubramaniam	-	-	-	-	-	337325
Sri M Srinivaasan	-	-	-	-	-	201000
Sri V K Swaminathan	5.40	-	4.38	-	9.78	1900
Sri P K Chandran	-	-	-	0.45	0.45	6424
Sri G G Gurusurthy	-	-	-	0.40	0.40	700
Sri S S Muthuvelappan	-	-	-	0.50	0.50	2770
Sri N K Vijayan	-	-	-	0.45	0.45	1850
Sri C Rangamani	-	-	-	0.55	0.55	500
Sri S Doreswamy	-	-	-	0.45	0.45	500
Sri B Elangovan	-	-	-	0.15	0.15	-
Smt S Usha	-	-	-	0.35	0.35	-
Sri K V Ramaswamy	-	-	-	0.05	0.05	-



1. Sri M Manickam, Managing Director of the Company was paid remuneration as per the terms of appointment approved by the Members of the Company. Commission paid being a percentage on the net profit is the variable component of the remuneration. The Company does not have any service contract with the Managing Director.
2. The appointments of Sri M Balasubramaniam, Joint Managing Director-Finance and Sri M Srinivaasan, Joint Managing Director-Technical are subject to the approvals of the Central Government, which are yet to be received. As such no remuneration has been paid to them during the financial year. Based on the terms of approval, the Joint Managing Directors are entitled for remuneration from 23rd January 2009, being the date of their appointments. The Company does not have any service contract with the Joint Managing Directors.
3. Sri V K Swaminathan, Executive Director, was paid remuneration as per the terms of appointment approved by the Members of the Company. There is no variable component in his remuneration. The Company does not have any service contract with the Executive Director.
4. No severance fee is payable to the Directors on termination of employment.
5. The Company has no stock option scheme either to its Directors or employees.

C. Shareholders / Investors Grievance Committee

The Committee consists of the following Directors:

Dr N Mahalingam (Chairman)
Sri M Manickam
Sri M Balasubramaniam

The Committee held 4 meetings during the financial year on 19.2.2009, 30.4.2009, 31.7.2009 and 21.10.2009 .

The Shareholders/Investors Grievance Committee is to look into the redressal of shareholders/investors complaints, if any, on transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend, etc. and also the action taken by the Company on those matters.

Sri S Baskar, Senior Vice President - Finance and Company Secretary, is functioning as Compliance Officer for the purpose of complying with various provisions of Securities & Exchange Board of India, Listing Agreements with Stock Exchanges, Registrar of Companies and for monitoring the share transfer process, etc.

The Company had received 36 complaints from the shareholders during the financial year 2009. All the complaints were redressed to the satisfaction of the shareholders. No share transfer was pending as on 31.12.2009.

Pursuant to Clause 47(f) of the Listing Agreement, the Company has designated the following exclusive e-mail Id for the convenience of investors.

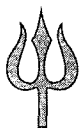
baskar_shares@sakthisugars.com

SUBSIDIARY COMPANIES

The Company has appointed an Independent Director of the Company on the Board of Directors of Sakthi Auto Component Limited, a material non-listed Indian subsidiary company. The Audit Committee reviewed the financial statements of the subsidiary companies. The minutes of the Board Meetings of the unlisted Indian subsidiary companies are placed before the Board of Directors of the Company.

INSIDER TRADING

The Company has framed a Code of Conduct for Prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 1992. This code is applicable to all Directors/officers/designated employees. The code ensures the prevention of dealing in Company's shares by persons having access to unpublished price sensitive information.

**GENERAL BODY MEETINGS**

The venue and time of the Annual General Meetings held during the last three years are as follows:

AGM	Date	Venue	Time
45 th	26.12.2006	Registered office at Sakthi Nagar Bhavani Taluk, Erode District.	2.45 p.m
46 th	19.12.2007	- do -	3.00 p.m
47 th	31.03.2009 (18 Months)	- do -	2.45 p.m

Details of Special Resolutions passed at the previous three Annual General Meetings (AGM) are given below:

Date of A G M	Special Resolutions with respect to -
26.12.2006 (45 th AGM)	Remuneration by way of commission to the Chairman upto 1% on the net profits of the Company
19.12.2007 (46 th AGM)	Nil
31.03.2009 (47 th AGM)	Nil

No special resolution was put through postal ballot during the last three years, nor is any special resolution proposed to be put through postal ballot at present.

DISCLOSURES

The details of related party transactions are given in the Notes on Accounts. Those transactions were not in conflict with the interest of the Company. These transactions are on arms length basis. The Register of Contracts containing the transaction in which the Directors are interested or concerned is placed before the Board for its consideration.

The Audit Committee is periodically briefed of related party transactions entered into by the Company in the ordinary course of business.

The Company follows Accounting Standards issued by the Central Government and in the preparation of financial statements and has not adopted a treatment different from that prescribed in the Accounting Standards.

CEO/CFO Certification

The Vice Chairman and Managing Director and the Joint Managing Director- Finance have certified to the Board in accordance with Clause 49V of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31st December 2009.

The Senior Management has made disclosures to the Board relating to all material, financial and commercial transaction stating that they did not have personal interest that may have a potential conflict with the interest of the Company at large.

There is no Whistle Blower policy. However no person has been denied access to the Audit Committee or the Management.

There are no instances of non-compliance by the Company on any matters relating to capital markets, nor have any penalty/strictures been imposed on the Company by Stock Exchanges or SEBI or any other statutory authority on any matter relating to capital markets during the last three years.

RISK MANAGEMENT

The various determined aspects of risk management and minimization are reviewed periodically and the Board is kept informed on important issues.

MEANS OF COMMUNICATION

The quarterly/half yearly/annual financial results of the Company are announced within the stipulated time and are normally published in English and Tamil Newspapers. The financial results are also accessible on the website www.corpfiling.co.in

**MANAGEMENT**

A detailed Management Discussion and Analysis Report forms part of this Annual Report.

DIRECTORS RE-APPOINTMENT

Information on Directors seeking re-appointment at the ensuing Annual General Meeting is given in the Annexure to the Notice.

GENERAL SHAREHOLDER'S INFORMATION

Annual General Meeting

Day and Date	:	Wednesday, 16th June, 2010
Time	:	3.00 PM
Venue	:	Sakthinagar - 638 315, Erode District, Tamilnadu

Financial Calendar for the financial year : From 1st January 2010 to 31st December 2010

Results for the quarter ending : Result announcement

31 st March 2010	:	Last week of April 2010
30 th June 2010	:	Last week of July 2010
30 th September 2010	:	Last week of October 2010
31 st December 2010	:	Last week of January 2011

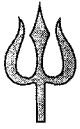
Posting of Annual Reports : On or before 22nd May 2010

Date of Book Closure for the purpose of Annual General Meeting : 10th June 2010 to 16th June 2010
(both days inclusive)

LISTING

The Company's equity shares are listed on the following stock exchanges and the Annual Listing Fee has been paid to all the stock exchanges for the financial year 2009. The Company's Stock codes are as follows:

Name of the Stock Exchanges	Stock Code
National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex Bandra (East) Mumbai 400 051	SAKHTISUG
Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai 400 001	507315
Coimbatore Stock Exchange Limited Stock Exchange Building 683-686, Trichy Road Coimbatore 641 005	21009
Madras Stock Exchange Limited Exchange Building 11, Second Line Beach PB No. 183 Chennai 600 001	SSR



As Madras Stock Exchange have informed that they are working on a turnaround plan to reactivate the trading activities and to build as an institution for regional development, the Company has withdrawn its application filed earlier for voluntary delisting of its shares from the said stock exchange.

INTERNATIONAL LISTING

Foreign Currency Convertible Bonds (FCCB) issued by the Company are listed on Singapore Stock Exchange Limited.

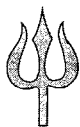
Outstanding Foreign Currency Convertible Bonds (FCCB) and impact on Equity

	Series A	Series B
No.of Bonds Issued	200	400
No. of Bonds Converted	87	67
No. of Bonds Outstanding	113	333
Date of Maturity	30.5.2009	30.5.2011
Conversion	Bondholders have the right to convert the bond at their option any time till the bonds are surrendered and redeemed at a price fixed in accordance with the terms of offering circular, but not less than Rs.177.39 per share. At present the conversion price is Rs.208 per share.	Bondholders have the right to convert the bond at their option any time till the bonds are surrendered and redeemed at a price fixed in accordance with the terms of offering circular, but not less than Rs.177.39 per share. At present the conversion price is Rs.190 per share.

MARKET PRICE DATA

The high and low quotations of the Company's shares on National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd (BSE) from January 2009 to December 2009 are given below :

Month	NSE		BSE		SENSEX (BSE)	
	High (Rupees)	Low (Rupees)	High (Rupees)	Low (Rupees)	High	Low
January 2009	49.80	31.80	49.45	32.10	10470	8632
February 2009	36.95	22.25	36.80	22.15	9725	8619
March 2009	24.00	17.95	24.00	18.10	10127	8047
April 2009	37.50	22.75	37.90	22.80	11492	9546
May 2009	49.65	34.90	50.15	34.00	14931	11621
June 2009	64.00	46.10	63.95	48.00	15600	14017
July 2009	62.45	46.55	62.90	46.35	15733	13220
August 2009	96.55	61.50	95.75	62.00	16002	14684
September 2009	100.80	83.00	100.80	83.10	17143	15357
October 2009	105.85	83.15	105.70	83.30	17493	15805
November 2009	101.05	87.35	102.00	87.35	17290	15331
December 2009	95.90	86.00	97.50	85.55	17531	16578



REGISTRARS AND SHARE TRANSFER AGENTS

Registered Office:
Link Intime India Pvt. Ltd.,
(formerly Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mill Compound
LBS Marg, Bhandup (W), Mumbai - 400 078
Phone No : 022 - 25963838
Fax No : 022 - 25946969
Email: mumbai@linkintime.co.in

Branch Office:
"Surya" 35, Mayflower Avenue
Behind Senthil Nagar, Sowripalayam Road
Coimbatore - 641 028.
Phone No : 0422 - 2314792 & 2315792
Fax No : 0422 - 2314792
Email: coimbatore@linkintime.co.in

SHARE TRANSFER SYSTEM

The shares lodged in physical form are processed, registered and returned by the Registrars and Share Transfer Agents within a period of 30 days from the date of receipt, if the documents are in order.

Distribution of Shareholding as on 31st December 2009

Shareholdings	No. of shareholders	% of shareholders	Number of Shares	% of shareholding
1 - 500	38122	90.28	4330243	12.43
501 - 1000	2078	4.92	1680929	4.83
1001 - 2000	939	2.23	1433299	4.11
2001 - 3000	363	0.86	928311	2.66
3001 - 4000	164	0.39	592875	1.70
4001 - 5000	141	0.33	659364	1.89
5001 - 10000	240	0.57	1770188	5.09
10001 & above	176	0.42	23438426	67.29
Total	42223	100.00	34833635	100.00

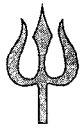
Shareholding pattern as on 31st December 2009

Category	No. of Shares held	% of shareholding
Promoters	12487237	35.85
Nationalised Banks/other Banks	40650	0.12
Financial Institutions	919099	2.64
Mutual Funds	6980	0.02
FII's/NRIs	3804574	10.92
Private Bodies Corporate	4723546	13.56
Public	12851549	36.89
Total	34833635	100.00

DEMATERIALISATION OF SHARES AND LIQUIDITY

The shares of the Company are in compulsory demat segment. The Company's shares are available for demat both with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). International Securities Identification Number (ISIN) allotted to the equity shares of the Company is INE623A01011.

As on 31st December 2009, 33129713 equity shares of the Company representing 95.11% have been dematerialized.



OTHER FACILITIES TO SHAREHOLDERS

(A) Nomination Facility

The Company is accepting nomination forms in the prescribed Form No.2B from shareholders holding shares in physical form. Any shareholder, who is desirous of making a nomination, is requested to contact the Registered Office/Corporate Office of the Company or the Registrar and Share Transfer Agents.

Shareholders holding shares in dematerialized form are requested to forward their nomination instructions to the Depository Participants (DP) concerned.

Nomination is optional and can be cancelled/varied by the shareholder at any time.

(B) Change Of Address

Shareholders are requested to send the change, if any, in their addresses to the Company's Registrars and Share Transfer Agents/Depository Participants (DP) to facilitate better service.

PLANT LOCATION

Sugar Unit , Distillery Unit, Ethanol & Co-generation plant	:	Sakthi Nagar - 638 315 Erode District, Tamilnadu
Sugar Unit & Beverage Plant and Co-generation plant	:	Padamathur Village - 630 561 Sivaganga District, Tamilnadu
Sugar Unit, Distillery Unit and Soya Extrusion Plant	:	Haripur Village, Korian Post - 759 013 Dhenkanal District, Orissa
Sugar Unit & Co-Generation plant	:	Poonthurai Semur Post - 638 115 Modakurichi, Erode District, Tamilnadu
Soya Unit	:	Marchinaickenpalayam Ambarampalayam Post - 642 103 Coimbatore District

ADDRESS FOR CORRESPONDENCE : Sakthi Sugars Limited
180, Race Course Road
Coimbatore - 641 018
Phone Nos: 0422-4322 222, 2221551
Fax Nos.: 0422-2220574 & 4322 488
E-mail : shares@sakthisugars.com

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

As stipulated in Clause 49 of the Listing Agreement, the Auditors' Certificate on compliance of conditions of corporate governance is annexed.



COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

The Company has adopted all mandatory requirements of Clause 49 of the Listing Agreement and the status of compliance in respect of non-mandatory requirements stipulated by the said clause is as under:

- Separate Office is maintained for non-executive Chairman at the Company's expense.
- The tenure of Independent Directors is not being restricted to the period of 9 years in the aggregate since the Board of Directors is unanimously of the opinion that the length of the tenure on the Board would not have any material negative impact on the performance of Independent Directors and discharge of their duties towards the Company.
- The Company has constituted a Remuneration Committee. The Chairman of the Remuneration Committee was present at the last Annual General Meeting.
- The quarterly / half yearly financial results are published in leading English newspapers and also in Tamil Newspapers circulating in the District where the Registered Office of the Company is situate and are also accessible on www.corpfiling.co.in website. Therefore, the results are not being separately circulated to the shareholders.
- The Directors are kept informed of the latest developments in laws, rules and regulations as also the various risks to which the company is exposed and the manner in which these risks are mitigated/minimized. Therefore the need for formal training on these issues is not felt necessary at present.
- The Company has not adopted a Whistle Blower Policy. However the Company recognizes the importance of reporting to the Management by an employee at any level about the unethical behaviour or suspected fraud in violation of the Company's Code of Conduct or any other point of concern.

On behalf of the Board of Directors

Coimbatore
29th March 2010

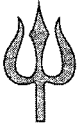
N MAHALINGAM
Chairman

Annual Declaration by Vice Chairman and Managing Director pursuant to Clause 49(1)(D)(ii) of the Listing Agreement

As required under Clause 49(1)(D)(ii) of the Listing Agreement with the Stock Exchanges, I declare that all Board Members and senior management personnel of the Company have affirmed compliance with the Company's Code of Conduct and Ethics for the year ended 31.12.2009.

Coimbatore
29th March 2010

M MANICKAM
Vice Chairman & Managing Director



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of
Sakthi Sugars Limited

We have examined the compliance of conditions of Corporate Governance by Sakthi Sugars Limited for the year ended on 31st December 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For P.N.RAGHAVENDRA RAO & Co.,
Chartered Accountants
P.R.VITTEL
Partner
Membership No.018111

Coimbatore
29th March 2010



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

An Overview

The Company's total sugarcane crushing capacity is 19,000 TCD with three sugar mills in the State of Tamilnadu at Sakthinagar, Erode District with a capacity of 9,000 TCD, Padamathur, Sivaganga District with a capacity of 4000 TCD and at Modakurichi, Erode District with a capacity of 3,500 TCD and a sugar mill at Dhenkanal in the state of Orissa with a crushing capacity of 2,500 TCD.

The Company has two Distillery units, one at Sakthinagar with 36000 KL per annum and the other at Dhenkanal with 10000 KL per annum

The Company has set up three cogeneration power plants alongside its sugar units in Tamilnadu at Sakthinagar, Modakurichi and Sivaganga with an aggregate power generation capacity of 92 MW per hour. Another cogen plant of 25 MW per hour capacity is under implementation at Sakthinagar.

The Company has an integrated Soya complex with a capacity to process 90000 TPA of Soya at Marchinaickenpalayam Pollachi Taluk, Coimbatore District.

Performance during the year under review:

During the year under review, the total cane crushed was 20.46 lakh MT with an average sugar recovery of 9.22% of sugar from the cane crushed. 2.71 lakh MT of raw sugar was processed. In Distillery Division, 410.54 lakh Litres of Industrial Alcohol were produced for the year ended 31st December 2009. The Company has sold 409392 MT of sugar valuing Rs.1036.63 crores. In the cogeneration plant 4094.44 lakh units of power were generated of which 2991.83 Lakh units were exported to the State grid of Tamilnadu Electricity Board and to third parties.

Industry structure and developments:

The Sugar Season 2008-09 ended with a Sugar production of 14.6 million tonnes. This is primarily due to lesser availability of sugarcane, resulting in a huge gap between domestic production and demand. As a consequence, the domestic sugar price went up to a considerable level. The prices of both raw sugar and refined sugar were ruling high in international market until February 2010. With the expected high production in Brazil and also improvement in the availability of sugar cane in India, the price of sugar has softened to certain extent.

The Government has estimated sugar production to be around 17 Million tonnes for the sugar season 2009-10, as against the consumption of 23 million tonnes.

The Central Government has increased the levy quota to 20% of the sugar production (as against the 10% in the sugar season 2008-09) with effect from 1st October 2009. The Government has also introduced FRP in the place of SMP.

Opportunities:

The estimated production of sugar is less than estimated consumption which may result in higher realization for sugar.

As the policy of the State Government of Tamilnadu allows sale of power generated by using coal as well as the power generated using bagasse beyond a certain level to third parties, revenue from this Division is expected to be higher.

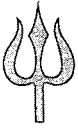
Threats:

The policy of the Central Government and a fall in price of sugar in the international market may have impact on domestic price of sugar.

Reduction in the crushing of sugarcane will result in reduced level of production of sugar and bye products viz. Molasses and bagasse. This may have negative impact on the operation of Distillery and Power plants.

Segmentwise and productwise performance

Segmentwise results are given in the accounts for the year ended 31.12.2009. Productwise performance is furnished in the Directors Report.



Financial Performance with respect to Operational Performance

The gross income for the year under review is Rs.149220.88 lakhs. The year has ended with a gross profit of Rs.20110.88 lakhs before providing for interest and depreciation. After providing Rs.4614.45 lakhs for interest, and Rs.3025.71 lakhs for depreciation, the net profit for the year before tax is Rs.12470.72 lakhs (previous year net loss Rs.8713.67 lakhs)

Internal Control System

The Company has an *in-house* internal audit control system to ensure that all activities are monitored and controlled. Adequate internal checks are built in to cover all monetary transactions. These checks and controls are reviewed for improvement periodically.

Human Resources Development

Industrial relations at all plants and offices remain cordial. The total number of employees at the end of the financial year 2009 on the rolls of the Company is 1633. Training programmes are conducted depending on the needs for updating the knowledge with respect to the developments in the industry.

On behalf of the Board of Directors

Coimbatore
29th March 2010

N MAHALINGAM
Chairman



AUDITORS' REPORT

TO

THE MEMBERS OF SAKTHI SUGARS LIMITED,

We have audited the attached Balance Sheet of Sakthi Sugars Limited as at 31st December 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

i. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we furnish below a statement on the matters specified in paragraphs 4 and 5 of the said Order.

i. In respect of its fixed assets:

- a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b. As explained to us, the fixed assets have been physically verified by the management during the year at reasonable intervals and no material discrepancies were noticed on such physical verification.
- c. The Company has not disposed off substantial part of its fixed assets during the year and the going concern status of the Company is not affected.

ii. In respect of its inventories:

- a. As explained to us, inventory has been physically verified by the management at regular intervals during the year.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company has maintained proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.

iii. The company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, clauses 4(iii)(a) to (g) of the Order are not applicable to the company.

The company has taken an interest free unsecured loan of Rs.4 Crores from a company covered in the register maintained under section 301 of the Act. The terms and conditions of the loan are prima facie not prejudicial to the interest of the company.

iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in the internal control system.



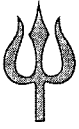
- v. In respect of transactions covered under Section 301 of the Companies Act, 1956:
 - a. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section.
 - b. In our opinion and according to the information and explanations furnished to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, in respect of the deposits accepted by the company from the public, the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Companies Act, 1956 and other relevant provisions of the Act and the rules framed there under, wherever applicable, have been complied with. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vii. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
- viii. The Central Government has prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained.
- ix. In respect of statutory dues:
 - a. According to the records of the Company, undisputed statutory dues such as Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess have been generally regularly deposited with the appropriate authorities. There are no arrears of such statutory dues outstanding for a period of more than six months as at 31st December 2009.
 - b. The disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities are as under:

Particulars	Period to which the matter pertains	Forum where dispute is pending	Rs. Crores
Income Tax	2005-06, 2006-07	Appellate Tribunal	1.28
	2002-03	Commissioner	4.88
Sales Tax	1993-94,	Sales Tax Appellate Tribunal	1.28
	2000-01, 2001-02	High Court of Madras	0.35
	1989-90 to 1992-93	High Court of Madras	8.03
	2000-01	Addl. Commissioner	0.28
Excise Duty	Excise Duty:		
	2007-08, 2008-09	Commissioner/Dy. Commissioner	0.50
	2006-07, 2008-09	CESTAT/Commissioner	19.72
	2002-2004	Commissioner	0.94
	1992-2005	High Court of Orissa, Cuttack	0.12
	Service Tax:		
	2005-06	Commissioner	0.04
	2007-08	CESTAT/Commissioner	1.43
	2005-06, 2006-07, 2007-08	Commissioner	0.15
	2007-08	CESTAT/Commissioner	0.95
2008-09	Commissioner	0.80	
2008-09	Asst. Commissioner/Dy. Commissioner	0.34	



Particulars	Period to which the matter pertains	Forum where dispute is pending	Rs. Crores
Water Charges	1964-65 to 1999-2000 and 1991-2008	High Court of Madras	5.80
	2004-05,2005-06	High Court of Orissa, Cuttack	0.06
State Administrative fee	April 2004 to June 2007	Supreme Court	4.47

- x. In our opinion, the company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- xi. According to the records of the company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to banks, financial institutions and debenture holders.
- xii. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
- xiv. The company is not dealing or trading in shares, securities, debentures and other investments.
- xv. The company has given guarantee for loan from banks taken by a foreign subsidiary and the amount of loan outstanding is Rs.268.27 Crores. The loan of Rs.268.27 Crores is under restructuring process and on completion of such restructuring, the terms and conditions of the guarantee given may not be prejudicial to the interest of the company. The company has also given guarantee for bank loans taken by Indian subsidiaries, the outstanding of which amounts to Rs.174.72 Crores and the terms and conditions of the guarantee/s given for these loans are not prejudicial to the interest of the company.
- xvi. In our opinion, the term loans have been applied for the purpose for which they were raised.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that during the year the Company has not used funds raised on short-term basis for long-term investments.
- xviii. During the year, the Company has not made any preferential allotment of shares to companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xix. In our opinion and according to the information and explanations given to us, the company has issued debentures and security or charge has been created in respect of debentures issued.
- xx. The Company has not raised any money by way of public issue during the year.
- xxi. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to be materially misstated.
- II. *In our opinion, non-provision of interest to banks and institutions under CDR which has been converted into Funded Loan/ reversal of interest which has been converted into Funded Loan amounting to Rs.88.25 Crores is not in conformity with the Accepted Accounting Principles and consequently the profit during the year is overstated by Rs.88.25 Crores.*
- III. Further to our comments under Para I and II above, we report that:
- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

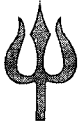


- ii. In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
- iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards, referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- v. On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified, as on 31st December 2009, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:
 - a. In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st December 2009;
 - b. In so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - c. In so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For P.N. RAGHAVENDRA RAO & Co.
Chartered Accountants

Coimbatore
29th March 2010

P.R.VITTEL
Partner
M.No.018111

**BALANCE SHEET AS AT 31.12.2009**

(Rs. in lakhs)

	Schedule No.	As at 31.12.2009	As at 31.12.2008
I. SOURCES OF FUNDS :			
(1) SHAREHOLDERS' FUNDS :			
(a) Share Capital	1	3,483.36	3,137.31
(b) Share Application Money		1,566.00	1,566.00
(c) Reserves and Surplus	2	75,548.27	60,948.13
		80,597.63	65,651.44
(2) LOAN FUNDS :			
(a) Secured loans	3	108,719.32	92,768.17
(b) Unsecured loans	4	5,826.89	10,784.28
(c) Foreign Currency Convertible Bonds		20,819.28	29,070.00
		135,365.49	132,622.45
(3) DEFERRED TAX LIABILITY			
(Refer Note 'F' in Schedule 23)		2,657.53	600.61
TOTAL of 1 to 3		218,620.65	198,874.50
II. APPLICATION OF FUNDS :			
(1) FIXED ASSETS:			
Gross Block		127,068.20	100,922.91
Less : Depreciation		7,066.27	16,128.45
		120,001.93	84,794.46
Add : Capital Work in Progress		11,662.63	10,816.42
Add : Increase in value on account of Revaluation		--	38,696.60
Net Block	5	131,664.56	134,307.48
INTANGIBLE ASSETS	5 A	20,192.43	20,594.56
(2) INVESTMENTS	6	16,733.68	16,736.68
(3) (i) CURRENT ASSETS, LOANS AND ADVANCES:			
(a) Inventories	7	18,790.40	4,352.44
(b) Sundry Debtors	8	5,974.07	2,758.07
(c) Cash and Bank balances	9	4,064.35	4,223.43
(d) Other Current Assets	10	15,694.53	6,617.70
(e) Loans and Advances	11	37,883.42	39,456.07
		82,406.77	57,407.71
Less :			
(ii) CURRENT LIABILITIES AND PROVISIONS	12	33,343.94	31,374.76
Net Current Assets (i) - (ii)		49,062.83	26,032.95
(4) MISCELLANEOUS EXPENDITURE	13	967.15	1,202.83
(to the extent not written off or adjusted)			
TOTAL of 1 to 4		218,620.65	198,874.50

Schedules 1 to 13 and Notes in Schedule 23 and 24 form part of this Balance Sheet.

Vide our report annexed
For P N RAGHAVENDRA RAO & Co
Chartered Accountants

P R VITTEL
Partner
M. No. 018111

N MAHALINGAM
Chairman

M MANICKAM
Vice Chairman & Managing Director

Coimbatore
29th March 2010

M BALASUBRAMANIAM
Joint Managing Director - Finance

S BASKAR
Senior Vice President - Finance &
Company Secretary



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.12.2009

(Rs. in lakhs)

	Schedule No.	Year Ended 31.12.2009 (12 Months)	Year Ended 31.12.2008 (18 Months)
I. INCOME:			
Sales	14	140,435.07	103,847.83
Less: Excise duty		2,963.85	1,814.27
		137,471.22	102,033.56
Dividend		3.16	6.00
Interest Gross (Refer Note 'L' in Schedule 23)		305.26	415.46
Other income	15	2,251.61	1,041.13
Stock adjustment	16	9,189.63	(3,110.52)
		149,220.88	100,385.63
II. EXPENDITURE:			
Cost of Goods Consumed / Sold	17		
Opening stock		1,413.26	2,056.76
Add : Purchases		108,764.30	52,945.32
		110,177.56	55,002.08
Less: Closing stock		6,194.90	1,413.26
		103,982.66	53,588.82
Manufacturing expenses	18	15,450.48	17,177.65
Excise Duty on stock adjustments		189.49	(282.35)
Salaries, wages and other employee benefits	19	4,425.05	5,760.32
Interest Charges	20	4,614.45	16,089.01
Selling expenses	21	752.07	2,667.88
Any other expenses	22	1,824.35	2,991.68
Intangible Asset written off		2,325.14	1,154.39
Depreciation		5,340.61	
Less: Transfer to Revaluation Reserve		2,314.90	3,025.71
		136,589.40	103,441.69
Net Profit / (Loss) before Foreign Exchange Fluctuation / Derivative Transactions (Net)		12,631.48	(3,056.06)
Foreign Exchange Fluctuation / Derivative Transactions (Net)		(160.76)	(5,657.61)
III. NET PROFIT / (LOSS) BEFORE TAX		12,470.72	(8,713.67)

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.12.2009**

(Rs. in lakhs)

	Year Ended 31.12.2009 (12 Months)	Year Ended 31.12.2008 (18 Months)
Less : Income Tax / Deferred Tax		
Current Tax	1,389.58	
MAT Credit Entitlement	(1,389.58)	--
Prior year Tax	65.16	--
Deferred Tax	2,056.92	(758.59)
Transferred from General Reserve	--	2,539.72
Less:- Deferred Tax - Previous years	--	2,539.72
		--
IV. NET PROFIT/(LOSS) AFTER TAX	10,348.64	(7,955.08)
Add:		
Surplus from previous year	--	4,448.08
Excess provision withdrawn	1.15	60.49
Reversal of Provision for Diminution in Value of Investments	2.00	--
Transferred from General Reserve	--	3,698.51
	10,351.79	252.00
APPROPRIATIONS:		
Provision for Diminution in Value of Investments	--	252.00
Transferred to General Reserve	4,000.00	--
Transferred to Debenture Redemption Reserve	630.00	--
Surplus carried over	5,721.79	--
Earning Per Share (Rs.) :		
Basic	32.62	(25.36)
Diluted	30.34	(22.93)

Schedules 14 to 22 and Notes in Schedule 23 and 24 form part of this Profit and Loss account.

Vide our report annexed
For P N RAGHAVENDRA RAO & Co
Chartered Accountants

P R VITTEL
Partner
M. No. 018111

N MAHALINGAM
Chairman

M MANICKAM
Vice Chairman & Managing Director

Coimbatore
29th March 2010

M BALASUBRAMANIAM
Joint Managing Director - Finance

S BASKAR
Senior Vice President - Finance &
Company Secretary

**SCHEDULES**

(Rs. in lakhs)

	As at 31.12.2009	As at 31.12.2008
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED:		
5,00,00,000 Equity Shares of Rs.10 each	5,000.00	5,000.00
50,00,000 Redeemable Cumulative Preference Shares of Rs.100 each	5,000.00	5,000.00
ISSUED:		
3,49,50,304 Equity Shares of Rs.10 each (Previous year 3,14,89,735 Nos)	10,000.00	10,000.00
	3,495.03	3,148.97
SUBSCRIBED AND PAID-UP:		
3,48,33,635 Equity Shares of Rs.10 each fully paid up (Previous year 3,13,73,066 Nos)	3,483.36	3,137.31
SCHEDULE - 2		
RESERVES AND SURPLUS		
CAPITAL RESERVE:		
Balance as per last Balance Sheet	625.24	625.24
REVALUATION RESERVE:		
Balance as per last Balance Sheet	52,167.62	15,170.12
Add:- Created during the year	--	38,696.60
	52,167.62	53,866.72
Less: Depreciation on Revalued Assets (Transferred from Profit and Loss account)	2,314.90	1,688.66
Less: Withdrawn on Sale of Assets	3.75	10.44
	49,848.97	52,167.62
CAPITAL REDEMPTION RESERVE:		
Balance as per last Balance Sheet	2,512.27	2,512.27
SECURITIES PREMIUM ACCOUNT:		
Balance as per last Balance Sheet	3,914.70	3,914.70
Add : Received during the year	6,567.00	--
	10,481.70	3,914.70
SUBSIDY FROM GOVERNMENT:		
Balance as per last Balance Sheet	44.23	44.23
DEBENTURE REDEMPTION RESERVE:		
Balance as per last Balance Sheet	416.00	416.00
Add: Transfer from Profit & Loss Account	630.00	--
	1,046.00	416.00



SCHEDULES

(Rs. in lakhs)

	As at 31.12.2009	As at 31.12.2008
SCHEDULE - 2 (Contd.)		
GENERAL RESERVE:		
Balance as per last Balance Sheet	1,268.07	8,505.58
Add: Amount transferred from Profit & Loss Account	4,000.00	--
	5,268.07	8,505.58
Less: Transferred to Profit and Loss Appropriation account	--	3,698.51
Less: Transferred to Deferred Tax Liability	--	2,539.72
Less: Adjustment for Employee Benefits	--	999.28
	5,268.07	1,268.07
SURPLUS:		
Balance in Profit and Loss Account	5,721.79	--
TOTAL	75,548.27	60,948.13
SCHEDULE - 3		
SECURED LOANS		
A. DEBENTURES:		
Secured Redeemable Non-convertible Debentures	4,180.32	3,657.24
Interest accrued and due on the above	33.93	48.13
	4,214.25	3,705.37
B. LOANS AND ADVANCES:		
FROM BANKS		
a) Term Loans	94,347.49	71,215.76
Interest accrued and due on the above	3.25	1,411.37
b) Hypothecation Loans for working capital	2,084.29	7,237.07
Interest accrued and due on the above	11.74	69.21
c) Bills Discounted from Banks	--	457.58
	96,446.77	80,390.99

**SCHEDULES**

(Rs. in lakhs)

	As at 31.12.2009	As at 31.12.2008
SCHEDULE - 3 (Contd.)		
FROM OTHERS		
a) Term Loans	7,928.76	8,178.29
Interest accrued and due on the above	62.23	260.68
b) Hire Purchase / Mortgage Loans from Limited companies	67.31	231.52
Interest accrued and due on the above	--	1.32
	8,058.30	8,671.81
TOTAL	108,719.32	92,768.17
SCHEDULE - 4		
UNSECURED LOANS		
Fixed Deposits	264.98	668.59
Interest accrued and due on the above	0.11	6.64
Short Term Loans and Advances:		
From Banks	--	2,125.60
Interest accrued and due on the above	--	39.39
From Others	4,716.75	3,783.05
Interest accrued and due on the above	5.85	34.86
Other Loans and Advances:		
From Banks	434.07	3,957.93
Interest accrued and due on the above	5.13	168.22
From a Body Corporate	400.00	--
TOTAL	5,826.89	10,784.28



SCHEDULE - 5

FIXED ASSETS

(Rs. in Lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON 01.01.2009	ADDITIONS	DELETIONS/ WRITTEN BACK	AS ON 31.12.2009	UPTO 31.12.2008	FOR THE YEAR	WITHDRAWN	UPTO 31.12.2009	AS ON 31.12.2008	AS ON 31.12.2009
1. Land	13979.04	39.35	-	14018.39	-	-	-	-	13979.04	14018.39
2. Buildings	19927.30	227.49	-	20154.79	-	521.56	-	521.56	19927.30	19633.23
3. Plant and Machinery	79092.48	1246.89	21.23	80318.14	-	4181.50	-	4181.50	79092.48	76136.64
4. Electrical Installations	9414.13	113.67	5.94	9521.86	-	449.52	0.20	449.32	9414.13	9072.54
5. Office Equipments & Furniture and Fixtures	1367.41	76.86	4.40	1439.87	816.87	100.29	1.31	915.85	550.54	524.02
6. Development of Property- eco friendly trees	23.60	-	-	23.60	-	-	-	-	23.60	23.60
7. Motor Vehicles	1433.24	188.47	30.16	1591.55	929.27	87.74	18.97	998.04	503.97	593.51
Total	125237.20	1892.73	61.73	127068.20	1746.14	5340.61	20.48	7066.27	123491.06	120001.93
8. Work in Progress	10816.42	1074.95	228.74	11662.63	-	-	-	-	10816.42	11662.63
TOTAL FOR THE YEAR	136053.62	2967.68	290.47	138730.83	1746.14	5340.61	20.48	7066.27	134307.48	131664.56
TOTAL FOR THE PREVIOUS YEAR	91376.04	70176.41 #	25498.83	136053.62	10242.73	5982.95	14479.54 #	1746.14	81133.31	134307.48

Note: 1) Land, buildings, plant & machinery and electrical installations have been revalued as on 31.12.2008. The difference between revalued figures and original cost is Rs. 42675.33 lakhs.

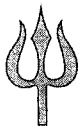
2) # Includes Rs.38696.60 lakhs increase in gross block as a result of revaluation and Rs.14382.31 lakhs in depreciation withdrawn on account of revaluation.

SCHEDULE - 5 A

INTANGIBLE ASSETS

(Rs. in Lakhs)

PARTICULARS	GROSS BLOCK			AMORTISATION				NET BLOCK	
	AS ON 01.01.2009	ADDITIONS	DELETIONS	AS ON 31.12.2009	UPTO 31.12.2008	FOR THE YEAR	UPTO 31.12.2009	AS ON 31.12.2008	AS ON 31.12.2009
GOODWILL	23251.43	1923.01	-	25174.44	2656.87	2325.14	4982.01	20594.56	20192.43
TOTAL FOR THE YEAR	23251.43	1923.01	-	25174.44	2656.87	2325.14	4982.01	20594.56	20192.43
TOTAL FOR THE PREVIOUS YEAR	7695.96	15555.47	-	23251.43	1502.48	1154.39	2656.87	6193.48	20594.56



SCHEDULES

(Rs. in lakhs)

	As at 31.12.2009	As at 31.12.2008
SCHEDULE - 6		
INVESTMENTS - LONG TERM at cost		
1) Investment in Govt. Securities	1.26	1.26
2) Investment in Shares:-		
A. Quoted:		
In fully paid Equity Shares:		
a) Sri Chamundeswari Sugars Limited 5,10,862 Shares of Rs.10 each	117.88	117.88
b) Sri Bhagavathi Textiles Limited 5,000 Shares of Rs.100 each	--	5.00
c) Sakthi Finance Limited 10,40,000 Shares of Rs.10 each	282.00	282.00
d) ICICI Bank Ltd 441 Shares of Rs.10 each	0.24	0.24
e) NIIT Ltd. 2527 Shares of Rs. 2 each	0.06	0.06
f) NIIT Technologies Ltd. 759 Shares of Rs. 10 each	0.09	0.09
g) Kovai Medical Centre and Hospital Ltd. 2,00,000 Shares of Rs.10 each	20.00	20.00
h) K G Denim Limited 16,129 Shares of Rs.10 each	2.74	2.74
i) IFCI Ltd 100 Shares of Rs.10 each	0.04	0.04
j) The Industrial Development Bank of India Ltd 1360 Shares of Rs.10 each	1.10	1.10
k) The South Indian Bank Limited 16,500 Shares of Rs.10 Each	4.22	4.22
Aggregate of Quoted Investments	428.37	433.37
B. Unquoted:		
In fully paid Equity Shares:		
a) The ABT Co-operative Stores Ltd. 1,000 Shares of Rs. 10 each	0.10	0.10
b) Sakthi Sugars Co-operative Stores Ltd. 760 Shares of Rs.10 each	0.08	0.08
c) Angul Central Co-op Bank Ltd. 100 Shares of Rs.100 each	0.10	0.10
d) Shamrao Vithal Co-op Bank Limited 25 Shares of Rs.25 each	0.01	0.01
	0.29	0.29
In Preference Shares:		
8,95,900 5% Redeemable Non-Convertible Cumulative Preference Shares of Rs.100 each in Sri Chamundeswari Sugars Ltd	895.90	895.90
	896.19	896.19
Total of 2	1,324.56	1,329.56

**SCHEDULES**

(Rs. in lakhs)

As at 31.12.2009**As at 31.12.2008****SCHEDULE - 6 (Contd.)****3) Investment in Subsidiaries**

In fully paid Equity Shares:		
a) Sakthi Auto Component Limited 4,38,60,000 Shares of Rs.10 each (Wholly owned subsidiary)	13,157.86	13,157.86
Tilan Sugar Ltd 73,37,300 Shares of Rs.10 each (Wholly owned subsidiary)	500.00	500.00
	13,657.86	13,657.86
In Preference Shares: 20,00,000 15% Participatory Cumulative Optionally Convertible Preference Shares of Rs.100 each in Sakthi Auto Component Ltd	2,000.00	2,000.00
Total of 3	15,657.86	15,657.86
Total Investments (1 to 3)	16,983.68	16,988.68
Less: Provision for Diminution in value of Investments	250.00	252.00
TOTAL	16,733.68	16,736.68

Note : 1) Market Value of quoted Investments as on 31st December, 2009 is Rs. 459.14 lakhs (Rs. 246.35 lakhs).

2) Government securities of the total face value of Rs. 0.22 lakhs are deposited with Panchayat and Public Works Department as road contract work deposits and of the value of Rs. 1.04 lakhs are deposited with State Commercial Tax Department.

SCHEDULE - 7**INVENTORIES**

Stores and spares	2,515.72	2,045.51
Standing crop	7.91	11.44
STOCK-IN-TRADE:		
i) Finished goods:		
Sugar	5,009.48	59.80
Molasses - Sugar Unit	1,291.95	83.64
Industrial Alcohol	1,300.42	183.67
Ethanol	0.64	0.64
Soya Products	734.85	310.53
Bio-Earth	1.69	1.68
Fusel Oil	2.03	1.34
	8,341.06	641.30


SCHEDULES

(Rs. in lakhs)

	As at 31.12.2009	As at 31.12.2008
SCHEDULE - 7 (Contd.)		
ii) Raw materials:		
Molasses - Distillery Unit	492.59	58.51
Raw Sugar	3,306.54	--
Soyabeans	2,158.05	1,221.05
Soya Flour	61.73	15.74
	6,018.91	1,295.30
iii) Other stocks:		
News print paper	1.65	0.45
Chemicals, Fertilisers & Others	174.34	117.51
Bagasse	0.07	--
	176.06	117.96
iv) Stock-in-process:		
Sugar	1,583.53	204.77
Molasses	147.21	36.16
	1,730.74	240.93
TOTAL	18,790.40	4,352.44
SCHEDULE - 8		
SUNDRY DEBTORS		
Unsecured - considered good:		
i) Debts outstanding for a period exceeding six months	229.44	407.08
ii) Other debts	5,744.63	2,350.99
TOTAL	5,974.07	2,758.07
SCHEDULE - 9		
CASH AND BANK BALANCES		
i) Cash on hand	58.69	85.71
ii) Bank Balances:		
Scheduled Banks:		
Current Accounts	1,680.98	1,794.90
Deposit Accounts	260.46	737.28
	1,941.44	2,532.18
Non Scheduled Banks: (Refer Note 'I' in Schedule 23)		
Current Accounts	1.50	0.43
	1,942.94	2,532.61
iii) Deposit with Government Bodies	2,062.72	1,605.11
TOTAL	4,064.35	4,223.43
SCHEDULE - 10		
OTHER CURRENT ASSETS		
Outstanding income and interest receivable	1,859.26	2,253.52
Funded Interest	12,444.69	4,363.82
MAT Credit Entitlement	1,389.58	--
Stock of stamps and hundi papers	1.00	0.36
TOTAL	15,694.53	6,617.70

**SCHEDULES**

(Rs. in lakhs)

As at 31.12.2009**As at 31.12.2008****SCHEDULE - 11****LOANS AND ADVANCES**

Unsecured: (Considered good)

Advance to Subsidiary Company	13,619.57	11,179.10
Advance for purchase and others	15,957.10	22,316.37
Advance for capital expenditure	1,534.20	958.95
Income-tax payments	1,684.71	688.78
Prepaid expenses	1,173.38	141.59
Deposit with Central Excise, Electricity Department, etc.	3,914.46	4,171.28

TOTAL**37,883.42****39,456.07****SCHEDULE - 12****CURRENT LIABILITIES AND PROVISIONS****Current Liabilities:****Sundry Creditors:**

Liabilities for purchases, expenses & others	26,225.70	23,664.32
Liabilities for capital expenditure	3,425.96	5,141.15
Loans and advances from Subsidiaries	501.83	540.88

Investor Education and Protection Fund shall be credited by the following and not due:

Unclaimed dividends	34.90	35.45
Unclaimed matured Deposits	18.20	141.80
Unclaimed matured Debentures	127.06	12.16
Interest accrued and due on the above	13.49	16.53

Interest accrued but not due**202.97**

392.79

30,550.11**29,945.08****Provisions:**

Provision for Taxation	1,389.58	--
Provision for Fringe Benefit Tax	10.00	10.00
Provision for Provident Fund	21.62	18.82
Provision for Employee Benefits	1,372.63	1,400.86

TOTAL**33,343.94****31,374.76**


SCHEDULES

(Rs. in lakhs)

	As at 31.12.2009	As at 31.12.2008
SCHEDULE - 13		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or not adjusted)		
Deferred Revenue Expenditure	967.15	1,198.27
Soyabean Development Expenses	--	4.56
TOTAL	967.15	1,202.83
	Year Ended 31.12.2009 (12 Months)	Year Ended 31.12.2008 (18 Months)
SCHEDULE - 14		
SALES *		
Sugar	103,663.27	60,561.74
Industrial Alcohol	13,932.52	19,031.52
Power	13,735.25	9,900.97
Soya Products	7,812.36	12,899.19
Molasses	105.38	142.39
Fertilisers & Chemicals	437.49	869.91
Seeds	17.67	17.85
Bio Earth	171.99	272.75
Magazines	13.09	15.54
Bagasse	--	94.26
Raw Sugar	522.60	--
Others	23.45	41.71
TOTAL	140,435.07	103,847.83
* Inclusive of Excise duty.		
SCHEDULE - 15		
OTHER INCOME		
Rent Receipts	68.52	82.05
Profit on sale of Fixed Assets	2.20	0.53
Profit on sale of used materials	23.00	74.15
Interest reversed as per CDR Scheme/Capitalised	1,913.01	--
Income from Job Process	2.27	752.29
Miscellaneous Income	136.22	128.25
Sundry balances written off	106.39	3.86
TOTAL	2,251.61	1,041.13
SCHEDULE - 16		
STOCK ADJUSTMENT		
(A) OPENING STOCK		
Sugar	59.80	2,926.87
Molasses	83.64	407.15
Industrial Alcohol	183.67	178.81
Ethanol	0.64	1.59
Soya Products	310.53	238.29
Bagasse	--	5.93
Bio Earth	1.68	7.17
Fusel Oil	1.34	0.01
Stock-in-process	240.93	226.93
TOTAL	882.23	3,992.75



SCHEDULES

(Rs. in lakhs)

Year Ended 31.12.2009
(12 Months)

Year Ended 31.12.2008
(18 Months)

SCHEDULE - 16 (Contd.)

(B) CLOSING STOCK

Sugar	5,009.48	59.80
Molasses	1,291.95	83.64
Industrial Alcohol	1,300.42	183.67
Ethanol	0.64	0.64
Soya Products	734.85	310.53
Bagasse	0.07	--
Bio Earth	1.69	1.68
Fusel Oil	2.03	1.34
Stock-in-process	1,730.73	240.93
	10,071.86	882.23
(B) - (A):	9,189.63	(3,110.52)

SCHEDULE - 17

COST OF GOODS CONSUMED/SOLD

(A) OPENING STOCK

Molasses	58.51	176.05
Fertilisers & Chemicals	117.51	69.68
Newsprint paper	0.45	1.07
Soyabean seeds & others	1,221.05	1,809.96
Soya Flour	15.74	--
	1,413.26	2,056.76

(B) ADD : PURCHASES

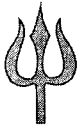
Sugarcane	35,580.63	41,862.76
Molasses	1,299.49	1,283.72
Raw Sugar	64,075.95	--
Fertilisers & Chemicals	470.74	896.39
Newsprint paper	20.85	24.57
Soyabean seeds & others	7,274.21	8,847.47
Soya Products	42.43	30.41
	108,764.30	52,945.32

(C) LESS : CLOSING STOCK

Molasses	492.59	58.51
Raw Sugar	3,306.54	--
Fertilisers & Chemicals	174.34	117.51
Newsprint paper	1.65	0.45
Soyabean Seeds	2,158.05	1,221.05
Soya Flour	61.73	15.74
	6,194.90	1,413.26

(D) CONSUMPTION (A+B-C)

	103,982.66	53,588.82
--	-------------------	------------------

**SCHEDULES**

(Rs. in lakhs)

SCHEDULE - 18**MANUFACTURING EXPENSES**

	Year Ended 31.12.2009 (12 Months)	Year Ended 31.12.2008 (18 Months)
Consumption of Stores & Spares and Packing materials	3,657.24	3,723.56
Power and Fuel	7,983.21	7,480.13
Water charges	58.72	45.10
Printing and Publication charges	24.17	31.14
Rent	43.76	99.80
Rates and Taxes	270.24	338.88
Insurance	110.07	198.83
Repairs and Maintenance:		
Building	189.87	313.22
Machinery and Electrical	1,778.39	3,042.69
Vehicles	143.87	257.35
Others	110.20	124.18
Effluent disposal expenses	275.31	492.72
State Administrative Service Fees	189.79	285.65
Subsidy and Crop development expenses	615.37	744.40
Tools and implements written off	0.27	--
TOTAL	15,450.48	17,177.65

SCHEDULE - 19**SALARIES, WAGES AND OTHER EMPLOYEE BENEFITS**

Salaries and Wages, Bonus, etc.,	3,699.84	4,806.57
Contribution to P.F. and other funds	299.92	380.58
Workmen and Staff Welfare expenses	425.29	573.17
TOTAL	4,425.05	5,760.32

SCHEDULE - 20**INTEREST CHARGES**

Term Loans	791.59	9,499.67
Debentures	547.58	259.73
Working capital loans	186.82	1,293.84
Payment to Cane Growers/Banks	457.19	106.87
Finance Charges & Others	2,631.27	4,928.90
TOTAL	4,614.45	16,089.01

**SCHEDULES**

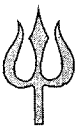
(Rs. in lakhs)

Year Ended 31.12.2009
(12 Months)**Year Ended 31.12.2008**
(18 Months)**SCHEDULE - 21****SELLING EXPENSES**

Selling and Distribution expenses	693.55	2,637.44
Commission and brokerage: On sale of magazines	2.27	3.20
Others	56.25	27.24
TOTAL	752.07	2,667.88

SCHEDULE - 22**ANY OTHER EXPENSES**

Travelling expenses	467.59	445.52
Freight and Transport	27.59	29.89
Administrative and other expenses	245.12	319.71
Bank Charges	135.77	173.07
Printing, Postage, Telephone & Telex	142.78	224.16
Donations	33.72	78.48
Effluent on soil/crop - R & D expenses	13.96	60.29
Data processing charges	28.25	42.96
Legal and Professional charges	165.47	96.53
Managerial remuneration	110.13	55.93
Directors Sitting Fees	3.70	5.60
Auditors Remuneration	24.81	21.76
Loss on sale of Fixed Assets	2.00	13.49
Loss on sale of used materials	0.33	--
Loss on Sale of Investments	--	2.00
Funded Interest Written off	--	872.77
Deferred Revenue Expenditure written off	259.03	322.29
Soyabean Development Expenses	4.56	24.87
Irrecoverable advances written off	159.54	202.36
TOTAL	1,824.35	2,991.68



SIGNIFICANT ACCOUNTING POLICIES

1. **Basis of Preparation:**

The accompanying Financial Statements have been prepared on a going concern basis under the historical cost convention on the accrual basis of accounting in conformity with Generally Accepted Accounting Principles in India ("India GAAP").
2. **Valuation of Inventories:**

Inventories of raw materials, work-in-progress, stores, finished products and stock-in-trade are valued at the lower of cost or net realizable value. Cost is ascertained on seasonal weighted average for sugar and yearly average for stores and soya products. Soya Bean, Stock-in-trade of fertilizer and newsprint cost ascertained on FIFO basis. By-products are valued at Net realizable value. Standing crops are valued at net realizable value.
3. **Fixed Assets:**
 - a) Fixed Assets are shown at cost/re-valued figures, less accumulated depreciation. Fixed assets added during the year are valued at cost net of CENVAT but includes all direct expenses like freight, erection charges, pre-operative expenses and borrowing costs.
 - b) Expenditure including borrowing cost incurred on projects under implementation is shown under "Work-in-Progress" pending allocation to the assets.
4. **Intangible Assets:**

The payments made towards goodwill to cane ryots in excess of statutory obligations and to employees as per wage board settlement, is amortized over a period of 10 years in accordance with AS-26.
5. **Borrowing Costs:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets.
6. **Depreciation:**

Depreciation is provided under Straight Line Method at the rates / notes prescribed in Schedule XIV to the Companies Act, 1956, on revalued/original cost of assets as the case may be. The additional depreciation relating to increased value of revalued assets is adjusted against Revaluation Reserve.
7. **Long term Investments** are accounted at Cost. The diminution, if any, in value of long term investments is provided if such decline is other than temporary.
8. **Miscellaneous Expenditure:**

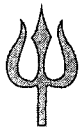
Research & Development expenses, technical know-how, crop development expenses, soya product launching expenses are written off over a period of ten years. Voluntary Retirement Scheme payments are written off over a period of five years. Loan processing fee, syndication fee and ancillary cost incurred upto 31st December 2008 are written off over the repayment period of respective loans.
9. a) **Revenue Recognition:**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer and is stated net of trade discounts, excise duty and sales return.

 - i. Gross turnover includes excise duty but excludes sales tax.
 - ii. Dividend income is accounted for in the year it is declared.
 - iii. All other incomes are accounted for on accrual basis.
 - iv. The excise duty on sale of finished goods is deducted from the turnover to arrive at the net sales as shown in the profit and loss account.
 - v. Inter segmental transfer price is not recognised.



- b) Expenditure Recognition:
- i. The cane price is written off on the basis of determination of statutory price and agreed price over and above statutory price.
 - ii. Interest charges which have been converted as Funded Interest Term Loan as per CDR are recognised as expenditure in the period in which such loan instalments become due.
 - iii. The excise duty appearing in the profit and loss account as an expenditure represents excise duty provision for difference between opening and closing stock of finished goods.
10. Foreign currency transactions:
Foreign currency transactions are accounted at the exchange rate ruling on the date of the transactions. Foreign currency monetary items as at the date of balance sheet are restated using the closing exchange rate or at the rate that is likely to be realized from/required to disburse.
11. Retirement Benefits:
Contribution payable by the Company under defined contribution schemes towards provident fund, gratuity, employees state insurance and superannuation fund for the year are charged to profit and loss account.
- The Company has opted for Life Insurance Corporation of India Group Gratuity Scheme. For calculating gratuity liability, the premium ascertained by LIC has been taken into account.
- Provision for liability in respect of leave encashment benefits are made based on actuarial valuation made by an independent actuary as at 31.12.2009.
12. The segment reporting is in line with the accounting policies of the Company. Inter segment transactions have been accounted for based on the price which has been arrived at considering cost for utilities and net realizable value for by-products. Revenue and expenses that are directly identifiable with or allocable to segments are considered for determining the segment results. Segment assets and liabilities include those directly identifiable with the respective segments. Business segments are identified on the basis of the nature of products, the risk/return profile of the individual business, the organizational structure and the internal reporting system of the Company.
13. Deferred tax is recognized on timing difference between accounting income and the taxable income for the period and reversal of timing differences of earlier periods and quantified using the tax rates and laws that have been enacted / substantively enacted as at the balance sheet date. The deferred tax assets are recognized and carried forward to the extent that there is reasonable certainty that these would be realized in future.
14. Earning per share:
Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.
- For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.
15. Impairment of Assets:
Impairment, if any, is recognized in accordance with the Accounting Standard 28.
16. Provisions, Contingent Liabilities and Contingent Assets:
Provision is recognized only when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.



SCHEDULE - 23

NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2009

A. DEBENTURES:

Sl. No.	Series	Particulars	No. of Debentures Outstanding	Amount Outstanding (including Interest) (Rs.in lakhs)	Series Maturity Date	Security
1	XII	12% - Non-Cumulative Debentures	4,90,500	497.64	21.5.2010	Paripassu first mortgage/ charge on the Company's movable and fixed assets relating to the Beverage Division at the Sugar Mill premises in Sivaganga.
2	XIII	12% - Cumulative Debentures	86,790	86.79	13.2.2010	
3	XIV	12% - Cumulative Debentures	8,89,810	889.81	22.07.2010	Paripassu second charge on the Company's Corporate Office building at Coimbatore
4	XV	12%-Non-Cumulative Debentures	7,94,990	808.84	16.10.2010	
5	XVI	12%-Non-Cumulative Debentures	4,95,230	503.96	23.12.2010	Paripassu first mortgage/ charge on the Company's immovable property situated at St.Mary Road,Chennai-18
6	XVII	12% - Cumulative Debentures	4,85,430	485.43	5.10.2010	
7	XVIII	12%-Non-Cumulative Debentures	4,40,000	444.21	30.03.2011	Paripassu first mortgage/ charge on the Company's movable and fixed assets relating to the Beverage Division at the Sugar Mill premises in Sivaganga.
8	XIX	12% - Cumulative Debentures	4,97,570	497.57	30.12.2010	

B. SECURED LOANS:

A. LOANS UNDER CDR:

I. FROM BANKS :

- a) The amount outstanding under Secured Loans from Banks includes Term Loans, Working Capital Term Loans and Funded Interest Term Loans aggregating to Rs.78,930.05 lakhs (including interest) from Axis Bank Ltd, Bank of India, Canara Bank, HDFC Bank, IDBI Bank, Indian Overseas Bank, Oriental Bank of Commerce, Punjab National Bank and State Bank of India. These Loans are secured/ to be secured by -
- Pari passu first charge on the entire movable and immovable properties of the Company except the assets charged on exclusive basis;
 - Pari passu second charge on the current assets of the Company;
 - Pledge of entire shareholdings of the promoters in the Company;
 - Personal Guarantees of Chairman, Vice Chairman & Managing Director, Joint Managing Director-Finance and Joint Managing Director-Technical; and
 - Collateral security and Corporate Guarantee provided by a promoter company upto a limit of Rs.180 crores in favour of lenders under CDR.

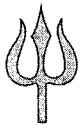


- b) The amount outstanding under Secured Loans from Banks includes Term Loans and Funded Interest Term Loans aggregating to Rs.7,474.83 lakhs from Allahabad Bank. These Loans are secured/ to be secured by -
- Pari passu first charge on the entire movable and immovable properties of the Company except the assets charged on exclusive basis;
 - First charge on the assets pertaining to Co-generation Plant I at Sakthinagar ranking pari passu with TIIC;
 - Pari passu second charge on the current assets of the Company;
 - Pledge of entire shareholdings of the promoters in the Company;
 - Personal Guarantees of Chairman, Vice Chairman & Managing Director, Joint Managing Director-Finance and Joint Managing Director-Technical; and
 - Collateral security and Corporate Guarantee provided by a promoter company.
- c) The amount outstanding under Secured Loans from Banks includes Term Loan of Rs.2779.75 lakhs from State Bank of India. This loan is secured/to be secured by -
- Residual charge on the entire fixed assets of the Company. The residual charge on the fixed assets pertaining to sugar units rank pari passu with Bank of India, Canara Bank, HDFC Bank and Indian Overseas Bank;
 - Residual charge on the current assets of the Company;
 - Pledge of entire shareholdings of the promoters in the Company;
 - Personal Guarantees of Chairman, Vice Chairman & Managing Director, Joint Managing Director-Finance and Joint Managing Director-Technical; and
 - Collateral security and Corporate Guarantee provided by a promoter company.
- d) The amount outstanding under Hypothecation loans from Banks includes Working Capital facilities of Rs.1396.56 lakhs (including interest) from Bank of India, HDFC Bank and Indian Overseas Bank which are secured by -
- First charge by way of hypothecation of the current assets of the Company ranking pari passu with Citibank;
 - Pari passu second charge on the entire movable and immovable properties of the Company except Sivaganga Sugar and Co-generation Units;
 - Pledge of entire shareholdings of the promoters in the Company;
 - Personal Guarantees of Chairman, Vice Chairman & Managing Director, Joint Managing Director-Finance and Joint Managing Director-Technical; and
 - Collateral security and Corporate Guarantee provided by a promoter company.

II. FROM OTHERS:

The amount outstanding under Secured Loans from Others includes Term Loan and Funded Interest Term Loan aggregating to Rs.4,604.85 lakhs (including interest) from Infrastructure Development Finance Company Limited (IDFC). This loan is secured/to be secured by -

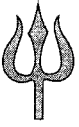
- Pari passu first charge on the entire movable and immovable properties of the Company except the assets charged on exclusive basis;
- Pari passu second charge on the current assets of the Company;
- Pledge of entire shareholdings of the promoters in the Company;
- Personal Guarantees of Chairman, Vice Chairman & Managing Director, Joint Managing Director-Finance and Joint Managing Director-Technical; and
- Collateral security and Corporate Guarantee provided by a promoter company.

**B. LOANS OUTSIDE CDR:****I. FROM BANKS:**

- a) The amount outstanding under Secured Loans from Banks includes Interest Free Excise Duty Term Loans aggregating to Rs.5166.11 lakhs from Bank of India, Canara Bank, HDFC Bank and Indian Overseas Bank. These Loans are secured by -
 - i) Residual charge on the fixed assets of the Sugar Units of the Company ranking pari passu with State Bank of India; and
 - ii) Personal Guarantees of Chairman and Vice Chairman & Managing Director.
- b) The amount outstanding under Hypothecation Loans from Banks includes Working Capital facility of Rs.699.47 lakhs (including interest) from Citibank which is secured by -
 - i) First charge by way of hypothecation of finished goods, raw Materials, stock in process, stores and spares, book debts of the Company's sugar (except Modakurichi), distillery & soya units ranking pari passu with Bank of India, HDFC Bank and Indian Overseas Bank;
 - ii) Second charge on the immovable & movable assets of the Company's Sugar (except Sivaganga & Modakurichi), Distillery & Soya units; and
 - iii) Personal guarantees of Chairman and Vice Chairman & Managing Director.

II. FROM OTHERS:

- 1) The amount outstanding under Secured Loans from Others includes Term Loan of Rs.3120.73 lakhs (including interest) from Tamilnadu Industrial Investment Corporation Limited (TIIC). This loan is secured by:-
 - i) First Charge on the movable and immovable assets of the Company's Cogen Plant-I at Sakthinagar Sugar Unit on pari passu basis with Allahabad Bank;
 - ii) Escrow of the receivable on evacuation of power to Tamil Nadu Electricity Board (TNEB) from the Co-gen plant-I at Sakthinagar on pari passu basis with Allahabad Bank;
 - iii) Escrow of receivable on sale of ethanol from the Company's distillery unit at Sakthinagar;
 - iv) Personal Guarantees of Chairman and Vice-Chairman & Managing Director; and
 - v) Collateral security provided by a promoter company.
- 2) The amount outstanding under Secured Loans from Others includes Corporate Loan of Rs.26.08 lakhs availed by the Company from Housing Development Finance Corporation Ltd (HDFC). This loan is secured by a mortgage of Company's property at New Delhi.
- 3) The amount outstanding under Secured Loans from Others includes Term Loan of Rs.197.84 lakhs availed by the Company from Sugar Development Fund (SDF) of Government of India. This loan is secured by pari passu first charge on the fixed assets of the Company's sugar units at Sakthinagar, Sivaganga and Dhenkanal.
- 4) The amount outstanding under Secured Loans from Others includes interest amounting to Rs.41.49 lakhs on the Term Loan availed by the Company from Technology Information Forecasting and Assessment Council (TIFAC). This loan is secured by exclusive first charge on the assets acquired under the Scheme. This loan is further secured by personal guarantee of Vice Chairman & Managing Director.
- 5) The amount outstanding under Hire Purchase Loans aggregating to Rs.67.31 lakhs represents the amount availed by the Company from public limited companies and is secured by hypothecation of the vehicles so financed.



C. FIXED DEPOSITS:

The aggregate amount of fixed deposits guaranteed by Vice-Chairman & Managing Director is Rs.25.94 lakhs.

D. FOREIGN CURRENCY CONVERTIBLE BONDS:

The Company had issued during May 2006, Zero coupon - Foreign Currency Convertible Bonds in two series aggregating to US\$ 60 Million (Series A - US\$ 20 million and Series B - US\$ 40 million). These Bonds are convertible at the option of the holders into fully paid Equity shares at such conversion price as determined in accordance with the Offer Circular, but not less than Rs.177.39 per share. As on 31.12.2009, Bonds of value aggregating to US\$15.40 Million have been converted into 34,60,569 fully paid Equity shares at the conversion price of Rs.208 and Rs.190 per share for Series A and Series B respectively. Subsequently Bonds of value aggregating to US\$ 8.70 Million have been converted in to 19,73,704 fully paid Equity shares on the same pricing terms during the months of January and March 2010.

E. SEGMENT INFORMATION FOR THE YEAR ENDED 31.12.2009 :

(Rs. in Lakhs)

REVENUE:-	SUGAR		INDUSTRIAL ALCOHOL		SOYA PRODUCTS		POWER		TOTAL	
	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08
PRIMARY:-										
External Sales	101800.32	59953.18	14106.54	19268.19	7829.11	12912.75	13735.25	9899.44	137471.22	102033.56
Inter Segment Sales	9581.47	6757.07	1.10	0.96	--	--	6355.64	7369.33	15938.21	14127.36
Operating Income	1719.36	214.34	19.12	62.02	42.75	764.54	470.38	0.22	2251.61	1041.13
Total Revenue	113101.15	66924.59	14126.76	19331.17	7871.86	13677.29	20561.27	17268.99	155661.04	117202.05
Segment Results	2778.47	-5227.64	4554.04	11769.63	249.19	973.85	9677.86	5184.11	17259.56	12699.95
Unallocated Corporate Expenses/ Income (Net)									318.91	82.46
Operating Profit									16940.67	12617.49
Interest Expenses									4614.45	16089.01
Interest Income									305.26	415.46
Profit / Loss from Ordinary activities									12631.48	-3056.06
Foreign Exchange Fluctuation/Derivative transactions (Net)									-160.76	-5657.61
Net Profit/Loss before Tax									12470.72	-8713.67
Less: Income-tax : Prior Year Tax Deferred Tax									65.16 2056.92	-- -758.59
Net Profit/Loss after Tax									10348.64	-7955.08



E. SEGMENT INFORMATION FOR THE YEAR ENDED 31.12.2009 (Contd.)

(Rs. in Lakhs)

REVENUE:-	SUGAR		INDUSTRIAL ALCOHOL		SOYA PRODUCTS		POWER		TOTAL	
	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08
OTHER INFORMATION:										
Segment Assets	135339.67	113554.36	14782.78	13062.86	8627.81	7493.27	36534.36	35735.49	195284.62	169845.98
Unallocated Corporate Assets									19663.06	18651.00
Total Assets									214947.68	188496.98
Segment Liabilities									132659.64	123448.85
Deferred Tax Liability									2657.53	600.61
Total Liabilities									135317.17	124049.46
Capital Expenditure	1809.16	6268.92	69.38	1821.18	48.69	472.81	811.71	12198.98	2738.94	20761.89
Depreciation	1504.43	2298.06	259.47	338.63	116.84	205.76	1144.97	1451.84	3025.71	4294.29
SECONDARY:-										
Revenue by Geographical Market										
India	111139.64	44335.76	14126.76	19331.17	6168.04	10609.87	20561.27	17268.99	151995.71	91545.79
Outside India	1961.51	22588.83	--	--	1703.82	3067.42	--	--	3665.33	25656.25

Inter segment revenues are recognised at less than prevailing market price as on the date of transaction.

F. DEFERRED TAX

(Rs. in Lakhs)

Particulars	31.12.2009	31.12.2008
A- Deferred Tax Liability:-		
Arising out of depreciation of Fixed Assets(Net)	9733.45	10525.86
Difference in treatment of expenses/income (Net)	6254.05	2065.10
Total	15987.50	12590.96
B- Deferred Tax Asset:-		
Carried forward losses/Unabsorbed depreciation	13329.97	11990.35
Net Deferred Tax Liability	2657.53	600.61

G. Borrowing Cost capitalized during the year is Rs. 630.92 lakhs (Previous year Rs.2783.25 lakhs).

H. The Company has pledged 4,38,59,394 equity shares held in SACL, the wholly owned subsidiary, to secure the loan and obligation in relation to SACL.

**I. Bank balance with Non Scheduled Banks aggregating to Rs.1.50 lakhs (Previous year Rs.0.43 lakhs)**

The closing balance with Non Scheduled Bank as detailed below:-

(Rs. in Lakhs)

Name of the Bank	Balance as on 31.12.2009	Maximum Balance during the year 2009	Balance as on 31.12.2008	Maximum Balance during the year 2008
Cuttack Gramya Bank, Sajuanpur	0.04	0.04	0.03	0.04
Cuttack Gramya Bank, Dihasahi	0.08	0.08	0.08	0.08
Dhenkanal Gramya Bank, Dhenkanal	0.96	0.96	0.01	0.77
Dhenkanal Gramya Bank, Kabera	0.05	0.13	0.08	0.14
Dhenkanal Gramya Bank, Pingua	0.02	0.02	0.02	0.11
Puri Gramya Bank, Chari Chhak	0.10	0.12	0.08	0.32
Kalinga Gramya Bank, Sundaragram	0.25	0.52	0.13	0.93
Total	1.50		0.43	

(Rs. In lakhs)

31.12.2009 31.12.2008

J. Amount due from Directors to be adjusted against cane supply	0.62	4.73
Maximum amount due from Directors during the year	5.36	4.86
K. Advance due from Officers (Senior Executives) of the Company	72.38	38.55
Maximum amount due from officers (Senior Executives) of the Company during the year	78.98	52.71

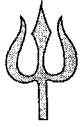
L. TAX DEDUCTED AT SOURCE :

(Rs. in Lakhs)

	2009 (12 Months)	2008 (18 Months)
i) On Interest Receipts	32.17	73.83
ii) On Other Income	12.50	40.02
Total	44.67	113.85

M. RELATED PARTIES DISCLOSURE**I. RELATED PARTIES****A. SUBSIDIARY COMPANIES**

Sakthi Auto Component Limited
Sakthi Auto Ancillary Private Limited
Tilan Sugar Limited
Orlandofin B.V.
Sakthi Netherlands B.V.
Sakthi European Foreign Sales Corporation B.V.
Sakthi Holdings B.V.
Sakthi Service GMBH
Sakthi Portugal SA



B. KEY MANAGERIAL PERSONNEL

Dr. N Mahalingam, Chairman
 Sri M Manickam, Vice Chairman and Managing Director
 Sri M Balasubramaniam, Joint Managing Director-Finance
 Sri M Srinivaasan, Joint Managing Director-Technical
 Sri V K Swaminathan, Executive Director

C. RELATIVES OF KEY MANAGERIAL PERSONNEL

There have been no transactions with relatives of key managerial personnel.

D. ENTERPRISES WHERE CONTROL EXIST

ABT Limited
 ABT Industries Limited
 ABT Info Systems Pvt. Ltd
 Anamallais Bus Transport Pvt. Ltd
 Sakthi Finance Limited
 Sakthi Logistic Services Ltd.
 Sri Chamundeswari Sugars Limited (SCSL)
 Nachimuthu Industrial Association

E. ENTERPRISES IN WHICH KEY MANAGERIAL PERSONNEL/RELATIVES OF KEY MANAGERIAL PERSONNEL HAVE SIGNIFICANT INFLUENCE

ARC Petroleum Services
 N.Mahalingam & Company
 Sakthi Automobiles
 Sakthi Coffee Estates (P) Ltd.

II. RELATED PARTY TRANSACTIONS :

(Rs. in lakhs)

	Subsidiary Company	Key Managerial Personnel	Enterprises	Total for the Year 2009	Previous Year 2007-08
Sale of materials	1.71			1.71	22.73
Sale of Power	144.95			144.95	--
Purchase of materials	13.70			13.70	16.91
Interest Payments	53.82			53.82	--
Commission to Chairman		35.01		35.01	--
Remuneration to Vice Chairman & Managing Director		65.34		65.34	40.95
Remuneration to Executive Director		9.78		9.78	14.98
Sitting Fees		0.35		0.35	1.25
Raw sugar Sales to SCSL			533.05	533.05	--
Rent Receipts			12.60	12.60	18.90
Other Receipts			3.05	3.05	3.24
Transport Charges			258.01	258.01	330.75
Vehicle Purchase/Maintenance			16.73	16.73	41.49
Purchase of Milk			2.96	2.96	8.54
Management Fee			237.13	237.13	263.07
Electricity charges			0.52	0.52	0.26



II. RELATED PARTY TRANSACTIONS : (Contd.)

(Rs. in lakhs)

	Subsidiary Company	Key Managerial Personnel	Enterprises	Total for the Year 2009	Previous Year 2007-08
Purchase of Computer consumables			19.08	19.08	2.34
Courier charges			0.07	0.07	0.13
Rent Payments			15.60	15.60	23.76
Interest charges			--	--	858.26
Water charges receipts			10.75	10.75	15.70
Technical charges receipts			1.44	1.44	1.67
Purchase of fuel			40.43	40.43	59.92
Advertisement Receipts			3.86	3.86	5.86
Printing Charges			16.82	16.82	19.53
Promoter Contribution			400.00	400.00	--
				Outstanding Amount 31.12.2009	Outstanding Amount 31.12.2008
Dues from Enterprises				365.96	73.92
Dues to Enterprises				4499.88	4074.15
Dues from Subsidiary Company				13619.57	11179.10
Dues to Subsidiary Company				501.83	540.88
Dues to Key Managerial Personnel				111.42	68.49

(Rs. In lakhs)

31.12.2009

31.12.2008

N. Estimated amount of contracts remaining to be executed on capital account and not provided for :

2583.82

1966.71

O. Particulars of Commission, Remuneration and Perquisites to Managerial personnel :

(Rs. In lakhs)

	31.12.2009 (12 Months)	31.12.2008 (18 Months)
Salary	23.40	35.10
P.F. Contribution	2.80	4.21
Gratuity	0.61	2.22
Perquisites	9.60	14.40
Commission on Profit	73.72	--
Total	110.13	55.93



Calculation of Net Profit for the purpose of payment of commission to Managerial personnel :

(Rs. in Lakhs)

Particulars	Amount	Amount
Net Profit as per Profit and Loss account		12470.72
Add : Managerial remuneration	36.41	
Commission to Managerial Personnel	73.72	
Sitting Fees	3.70	
Depreciation charged in Books	3025.71	
		3139.54
Less : Depreciation as per Section 350		15610.26
Excess of Expenditure over income for the Previous Year		3025.71
		8713.67
Net Profit as per Section 349		3870.88
Commission to Chairman		35.01
Commission to Vice Chairman & Managing Director		38.71

P. FEES PAID / PAYABLE TO AUDITORS :

(Rs. in Lakhs)

	31.12.2009 (12 Months)	31.12.2008 (18 Months)
As Auditors	12.00	15.00
In other Capacities:-		
i) Taxation matters	5.80	0.80
ii) Management Services	5.23	3.72
iii) Consolidated Audit Report	0.15	0.15
iv) Service Tax	1.63	2.09
Total	24.81	21.76

Q. The company has not received information from vendors regarding their status under The Micro, Small & Medium Enterprises Development Act, 2006 and hence disclosures relating to their outstanding amount and interest has not been made.

R. EMPLOYEE BENEFITS

Gratuity and Provident Fund:

Gratuity, Provident Fund and Employees State Insurance are defined Contribution Plans. The expenses recognised in the Profit and Loss Account:-

(Rs. in Lakhs)

Particulars	31.12.2009 (12 Months)	31.12.2008 (18 Months)
Gratuity	44.85	146.47
Provident Fund	261.64	316.47
Employees State Insurance	6.79	9.85

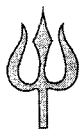


Disclosure report under Accounting Standard-15 (Revised):

Type of Plan: Long Term Compensated Absence as per Actuarial valuation

(Rs. in Lakhs)

	31.12.2009	31.12.2008
I- PRINCIPAL ACTUARIAL ASSUMPTIONS		
(Expressed as weighted average)		
Discount Rate	7.50%	6.50%
Salary escalation rate	6.50%	6.50%
Attrition rate	5.00%	2.50%
Expected rate of return on Plan Assets	-	-
II- CHANGES IN THE PRESENT VALUE OF THE OBLIGATION(PVO)-		
RECONCILIATION OF OPENING AND CLOSING BALANCES		
PVO as at the beginning of the period	439.80	355.48
Interest Cost	30.47	43.10
Current Service Cost	22.92	20.18
Past Service cost-(non vested benefits)	-	-
Past service cost-(vested benefits)	-	-
Benefits paid	(66.99)	(34.80)
Actuarial loss/ (gain) on obligation (balancing figure)	32.22	55.85
PVO as at the end of the period	458.42	439.80
III- CHANGES IN THE FAIR VALUE OF PLAN ASSETS		
-RECONCILIATION OF OPENING AND CLOSING BALANCES		
Fair value of plan assets as at the beginning of the period	-	-
Expected return on plan assets	-	-
Contributions	66.99	34.80
Benefits paid	(66.99)	(34.80)
Actuarial gain/ (loss) on obligation (balancing figure)	-	-
Fair value on plan assets as at the end of the period	-	-
IV-ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets	-	-
Actuarial gain/(loss) on plan assets	-	-
Actual return on plan assets	-	-
V- ACTUAL GAIN/ LOSS RECOGNIZED		
Actuarial gain/(loss) for the period-Obligation	(32.22)	(55.85)
Actuarial gain/(loss) for the period-Plan Assets	-	-
Total (gain)/loss for the period	32.22	55.85
Actuarial (gain) /loss recognized in the period	32.22	55.85
Unrecognized actuarial (gain)/ loss at the end of the year	-	-
VI-AMOUNTS RECOGNISED IN THE BALANCE SHEET AND		
RELATED ANALYSES		
Present value of the obligation	458.42	439.80
Fair value of plan assets	-	-
Difference	458.42	439.80
Unrecognised transitional liability	-	-
Unrecognised past service cost-non vested benefits	-	-
Liability recognized in the balance sheet	458.42	439.80



Disclosure report under Accounting Standard-15 (Revised): (Contd.)

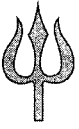
(Rs. in Lakhs)

	31.12.2009	31.12.2008
VII- EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS		
Current service cost	22.92	20.18
Interest Cost	30.47	43.10
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	32.22	55.85
Transitional Liability recognised in the year	-	-
Past service cost-non-vested benefits	-	-
Past service cost-vested benefits	-	-
Expenses recognized in the statement of profit and loss	85.61	119.13
VIII-MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET		
Opening net liability	439.80	355.48
Expenses as above	85.61	119.13
Contribution paid	(66.99)	(34.80)
Closing net liability	458.42	439.80
IX-AMOUNT FOR THE CURRENT PERIOD		
Present value of obligation	458.42	439.80
Plan Assets	-	-
Surplus(Deficit)	(458.42)	(439.80)
X MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)		
	Nil	Nil

S. EARNINGS PER SHARE:

(Rs. in Lakhs)

	2009 (12 Months)	2007-08 (18 Months)
a. Profit After Tax (Rs. in Lakhs)	10348.64	(-)7955.08
b. Less: Preference Dividend (Rs. in Lakhs)	--	--
c. Total (Rs. in Lakhs)	10348.64	(-)7955.08
d. The weighted average no of Equity Shares	31727168	31373066
e. The nominal value per Equity Share (Rs.)	10	10
f. Earnings per Share - Basic (Rs.)	32.62	(-)25.36
Diluted Earning per Share (Rs.)		
a. Profit After Tax (Rs. in Lakhs)	10348.64	(-)7955.08
b. The weighted average no of Equity Shares	34111730	34687352
c. Earnings per Share - Diluted (Rs.)	30.34	(-)22.93



T. DISCLOSURE AS REQUIRED UNDER CLAUSE 32 OF THE LISTING AGREEMENT:

Amount of loans / advances in the nature of loans outstanding from Subsidiaries and Associates during 2009

(Rs. in Lakhs)

Name of the Company	Outstanding as on 31.12.2009	Maximum amount Outstanding during the year	Investment in the share of the company No. of Shares	Investment in the share of the subsidiaries of the company No. of Shares
Subsidiary				
Sakthi Auto Component Limited	13619.57 Dr.	13633.60	--	43860000

U. DISCLOSURE PURSUANT TO AS-28 ON 'IMPAIRMENT OF ASSETS':

The Company during the year, has reviewed carrying value of the assets for finding out the impairment, if any. The review has not revealed any impairment of assets in terms of AS-28.

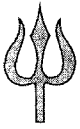
V. CONTINGENT LIABILITIES IN RESPECT OF -

(Rs. in Lakhs)

Particulars	31.12.2009	31.12.2008
Income tax matters	1168.05	708.20
Purchase tax/sales tax matters	2205.45	2250.54
Excise/service tax matters	3487.73	3018.98
Water tax	662.34	617.81
Claims against the company not acknowledged as debts	1208.70	1638.94
Note: Above matters are subject to legal proceedings in the ordinary course of business. The legal proceedings when ultimately concluded will not, in the opinion of the management, have a material effect on the results of the operations or financial position of the company.		
Guarantees issued by bankers	28.01	35.53
Corporate guarantee given for loans to subsidiaries		
a. Guarantee amount	53945.30	63408.55
b. Outstanding amount	44299.33	53268.96
Export obligation:		
Obligation for export of sugar (in lakh Mts)	1.67	1.71
Duty component to be paid in case of non fulfillment of obligation	15524.92	15866.58

W. Wherever necessary, figures for previous year have been regrouped or reclassified to conform to this year's grouping or classification.

X. Previous year's figures are not comparable with the current year figures as the current year is for a period of 12 months whereas previous year's figures were for a period of 18 months.



SCHEDULE - 24

ADDITIONAL INFORMATION PURSUANT TO PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956

PRODUCT	UNITS	LICENSED CAPACITY		INSTALLED CAPACITY	
		31.12.2009	31.12.2008	31.12.2009	31.12.2008
Sugar - Unit at Sakthinagar	Tonnes of Cane Crush / Day	Not applicable	Not applicable	9000	9000
Sugar - Unit at Sivaganga	Tonnes of Cane Crush / Day			4000	4000
Sugar - Unit at Haripur	Tonnes of Cane Crush / Day			2500	2500
Sugar - Unit at Modakurichi	Tonnes of Cane Crush / Day			3500	3500
Industrial Alcohol - Sakthinagar Unit	Kilo Litres per annum			36000	36000
Industrial Alcohol - Haripur Unit	Kilo Litres per annum			10000	10000
Co- Generation unit at Sakthinagar	MW			32	32
Co- Generation unit at Sivaganga	MW			35	35
Co- Generation unit at Modakurichi	MW			25	25
PVC Corrugated Rings	Tonnes per annum			800	800
Soyabean	Tonnes per annum	90000	90000		

RAW MATERIALS, STORES AND SPARES CONSUMED

(Rs. in Lakhs)

	Purchase Value	Consumed Value	% of Total Consumption
1) Raw Materials:-			
a) Imported	60559.83 (--)	57299.31 (--)	55.32 (--)
b) Indigenous		46269.44 (55674.25)	44.68 (100.00)
2) Spares and Components			
a) Imported C.I.F.		13.47 (16.54)	0.37 (0.44)
b) Indigenous		3643.77 (3707.02)	99.63 (99.56)
3) Value of Imports on C I F basis			
a) Stores and Components	5.11 (15.03)		
b) Capital Goods	3.04 (268.56)		
4) Earnings in Foreign Exchange			
a) FOB Value of Exports	1659.09 (22651.71)		
b) Consultancy Charges	27.98 (--)		
5) Expenditure in Foreign Exchange			
a) Subscription	0.83 (0.85)		
b) R & D Expenses	- (5.97)		
c) Travelling	3.91 (11.43)		
d) Consultancy Charges & Others	88.93 (4.80)		



STATISTICAL PARTICULARS FOR THE YEAR ENDED 31.12.2009

Sl. No.	Products and units	Opening Stock	Production	Purchases/ Transfer	Consumption	Value of Consumption (Rs.in lakhs)	Sales/ Transfer	Sales/Transfer Value (Rs. in Lakhs)	Closing Stock
RAW MATERIALS :									
1	Sugarcane Tonnes	-	-	2045681.285	2045681.285	35580.63	-	-	-
		(-)	(-)	(4416309.370)	(4416309.370)	(41862.76)	(-)	(-)	(-)
2	Raw Sugar Tonnes	-	-	286922.287	271061.923	60769.41	2750.522	522.60	13109.842
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
3	Molasses Tonnes	6074.092	144010.043	141542.330	136344.079	8444.77	128975.385	7946.08	26307.001
		(40014.267)	(220433.710)	(226626.295)	(238603.000)	(4050.87)	(242397.180)	(3417.42)	(6074.092)
4	Newsprint/Maplitho/ Glazed paper Reams	95.032	-	2948.000	2739.240	19.65	-	-	303.272
		(249.272)	(-)	(3576.000)	(3730.240)	(25.19)	(-)	(-)	(95.032)
5	Soyabean Tonnes	6528.458	-	27053.236	24496.819	6337.21	60.107	17.67	9024.768
		(10844.577)	(-)	(43642.307)	(47885.149)	(9436.38)	(73.277)	(17.85)	(6528.458)
6	Soya Flour/Flakes Tonnes	71.200	-	3480.355	3341.850	421.66	-	-	209.705
		(-)	(-)	(1421.950)	(1350.750)	(299.05)	(-)	(-)	(71.200)
FINISHED PRODUCTS:									
1	Sugar (Bagged) Quintals	3689	4272880	-	-	-	4093921	103663.27	182648
		(215712)	(4006780)	(-)	(-)	(-)	(4218803)	(60561.74)	(3689)
2	Industrial Alcohol Litres	1170450	41053954	-	-	-	37277255	13933.62	4947149
		(1465344)	(63756981)	(-)	(-)	(-)	(64051875)	(19032.48)	(1170450)
3	Ethanol Litres	5334	-	-	-	-	-	-	5334
		(19711)	(-)	(-)	(-)	(-)	(14377)	(-)	(5334)
4	Bio Earth Tonnes	599.275	53650.000	-	-	-	53766.710	171.99	482.565
		(1658.260)	(64800.00)	(-)	(-)	(-)	(65858.985)	(272.75)	(599.275)
5	Soya Products:-								
a)	Soya Oil Tonnes	250.105	4303.808	-	-	-	4051.845	1786.11	502.068
		(197.885)	(8377.574)	(2.280)	(-)	(-)	(8327.634)	(4560.25)	(250.105)
b)	Soya Meal Tonnes	-	3108.109	-	-	-	2817.490	712.12	290.619
		(25.580)	(10273.377)	(-)	(-)	(-)	(10298.957)	(1694.46)	(-)
c)	Flour and Flakes Tonnes	480.954	6686.418	-	-	-	5984.808	1597.78	1182.564
		(560.133)	(11096.090)	(-)	(-)	(-)	(11175.269)	(2373.88)	(480.954)
d)	Soya Chunks Tonnes	307.375	10973.548	-	-	-	10933.857	4007.38	347.066
		(156.615)	(14159.754)	(-)	(-)	(-)	(14008.994)	(4263.29)	(307.375)
e)	Soap, Gums and Waste Oil & Others Tonnes	24.057	1378.719	-	-	-	1314.276	134.21	88.500
		(191.393)	(3330.626)	(-)	(-)	(-)	(3497.962)	(291.69)	(24.057)
OTHERS:									
1	Magazines No. of copies Printed	2879	184000	-	-	-	176098	13.09	10781
		(5756)	(259000)	(-)	(-)	(-)	(261877)	(15.54)	(2879)
2	Fertilizers Tonnes	531.965	-	5157.700	-	-	4717.490	437.49	972.175
		(692.700)	(-)	(12557.110)	(-)	(-)	(12717.845)	(869.91)	(531.965)
3	Bagasse Tonnes	1022.338	582885.567	-	62850.894	-	520224.248	1999.80	832.763
		(1583.100)	(1116392.437)	(19800.03)	(316455.454)	(-)	(820297.775)*	(4037.17)	(1022.338)
4	Press Mud Tonnes	-	81334.970	-	-	-	81334.970	1.70	-
		(-)	(118975.020)	(-)	(-)	(-)	(118975.020)	(3.20)	(-)
5	Power Units	-	409444074	-	41764126	-	367679948	16357.60	-
		(-)	(487722240)	(-)	(53558235)\$	(-)	(434164005)	(13690.29)	(-)

Note :

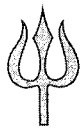
1. Industrial Alcohol Storage/conversion loss - Litres 9756 (12315)
2. Process stock molasses - Opening Stock - Tonnes 480.000 (444.000)
- Closing Stock - Tonnes 505.000 (480.000)

3. Sales / Transfer Value Includes the value of Captive Consumption

* Includes Bagasse supplied to TNPL in exchange of coal and own consumption in Co-generation.

\$ Own consumption in the Co-Generation unit.

Figures in brackets are that of the previous year



BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No	000396
-----------------	--------

State Code	18
------------	----

Balance Sheet Date	31122009
--------------------	----------

II. Capital raised during the year (Amount in Rs. thousands)

Public Issue	Nil
--------------	-----

Right Issue	Nil
-------------	-----

Bonus Issue	Nil
-------------	-----

Private Placement (FCCB Conversion)	34605
-------------------------------------	-------

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

SOURCES OF FUNDS

Total Liabilities	21862065
-------------------	----------

Total Assets	21862065
--------------	----------

Paid up Capital	348336
-----------------	--------

Share Application Money	156600
-------------------------	--------

Reserve & Surplus	7554827
-------------------	---------

Secured Loans	10871932
---------------	----------

Unsecured Loans	582689
-----------------	--------

Foreign Currency Convertible Bonds	2081928
------------------------------------	---------

Deferred Tax Liability	265753
------------------------	--------

APPLICATION OF FUNDS

Net Fixed Assets	13166456
------------------	----------

Intangible Assets	2019243
-------------------	---------

Investments	1673368
-------------	---------

Net Current Assets	4906283
--------------------	---------

Misc. Expenditure	96715
-------------------	-------

Accumulated Losses	Nil
--------------------	-----

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover	13747122
----------	----------

Total Expenditure	13658940
-------------------	----------

Profit before tax	1247072
-------------------	---------

Profit After Tax	1034864
------------------	---------

Earnings per share	32.62
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Dividend Rate %	-
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V. Generic Names of Three Principal Products / Service of the Company (as per Monetary Terms)

Item Code No. (ITC Code)	17.01
--------------------------	-------

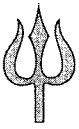
Product Description	SUGAR
---------------------	-------

Item Code No. (ITC Code)	N A
--------------------------	-----

Product Description	POWER
---------------------	-------

Item Code No. (ITC Code)	22.07
--------------------------	-------

Product Description	INDUSTRIAL ALCOHOL
---------------------	--------------------



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2009

(Rs. in lakhs)

	2009		2007 - 08	
A. Cash Flow from Operating Activities				
Profit / Loss before tax		12,631.48		(3,056.06)
Depreciation	3,025.71		4,294.29	
Interest	4,614.45		16,089.01	
Miscellaneous expenses & other exp.written off	263.59		347.16	
Intangible assets written off	2,325.14		1,154.39	
Funded interest written off	-		872.77	
Loss on sale of assets	2.00		13.49	
Loss on sale of investments	-		2.00	
Investment income :				
Dividend	(3.16)		(6.00)	
Interest	(305.26)		(415.46)	
Profit on sale of assets	(2.20)		(0.53)	
		9,920.27		22,351.12
Operating Profit before working capital changes		22,551.75		19,295.06
Adjustment for:				
Inventories	(14,437.96)		3,744.67	
Debtors	(3,216.00)		(248.66)	
Other current assets	(995.96)		(1,322.77)	
Loans and advances	5,009.05		4,238.44	
Liabilities	2,162.04		17,502.28	
Excess provision written back	1.15		60.49	
Intangible assets	(1,923.01)		(15,555.46)	
Miscellaneous expenditure paid	(27.91)		(247.13)	
		(13,428.60)		8,171.86
Net Cash from Operating Activities after extraordinary items		9,123.15		27,466.92
Foreign exchange fluctuation (net)		10.85		(139.77)
Income tax paid		(1,061.09)		(113.85)
Net Cash from operating activities		8,072.91		27,213.30
B.Cash Flow from Investing Activities				
Purchase of fixed assets	(1,995.13)		(20,761.90)	
Sale of fixed assets	37.70		325.57	
Investment income	308.42		421.46	
Advance to subsidiaries	(2,440.47)		(7,259.79)	
Sale / Purchase of investment	5.00		3.80	
Net cash used in investing activities		(4,084.48)		(27,270.86)
C.Cash Flow from Financing Activities				
Payment of dividend plus tax	-		(550.58)	
Interest paid	(6,724.89)		(13,947.22)	
Derivative transactions (net)	(1,509.28)		(897.84)	
Receipts from long term / short term borrowings	4,086.66		10,563.28	
Net cash used in Financing activities		(4,147.51)		(4,832.36)
Net increase in Cash & cash equivalents		(159.08)		(4,889.92)
Cash & cash equivalents at the beginning of the period		4,223.43		9,113.35
Cash & cash equivalents at the end of the period		4,064.35		4,223.43

Vide our report annexed
For P N RAGHAVENDRA RAO & Co
Chartered Accountants

P R VITTEL
Partner
M. No. 018111

N MAHALINGAM
Chairman

M MANICKAM
Vice Chairman & Managing Director

Coimbatore
29th March 2010

M BALASUBRAMANIAM
Joint Managing Director - Finance

S BASKAR
Senior Vice President - Finance &
Company Secretary



COMPANY'S PERFORMANCE AT A GLANCE

YEAR	SUGARCANE CRUSHED (TONNES)	SUGAR PRODUCED (TONNES)	RECOVERY %	TURNOVER (Rs. in lakhs)	PROFIT BEFORE DEPRN (Rs. in lakhs)	DEPRN (Rs. in lakhs)	PROFIT AFTER DEPRN (Rs. in lakhs)	EQUITY DIVIDEND (%)	GROSS BLOCK (Rs. in lakhs)
1966	332794	28741	8.64	328.24	18.47	11.63	6.84	6	180.66
1967	202641	16750	8.27	346.44	3.08	12.78	-9.70	-	181.33
1968	195997	17614	8.99	346.60	74.97	14.90	60.07	12	173.51
1969	332822	27955	8.40	520.65	31.09	13.74	17.35	12	179.75
1970	460457	38704	8.41	536.07	10.30	15.23	-4.93	6	312.82
1971	434862	40159	9.23	692.62	55.05	20.04	35.01	12	345.52
1972	526103	50063	9.52	1112.43	135.34	29.89	105.45	15	466.18
1973	687892	59691	8.72	1358.41	67.83	34.66	33.17	15	567.55
1974	813430	67776	8.33	1779.28	72.04	46.99	25.05	12	958.57
1975	1002544	84494	8.43	2324.35	128.52	65.61	62.91	-	1014.43
1976	311774	28025	8.98	1395.33	19.20	64.00	-44.80	-	1026.49
1977	298725	22692	7.60	653.64	-98.96	-	-98.96	-	1020.98
1978	366487	33883	9.25	706.32	-27.36	-	-27.36	-	1021.26
1979	767844	64299	8.37	1201.64	52.40	-	52.40	-	1037.86
1980	624399	54680	8.76	2323.30	303.52	58.24	245.28	12	1068.08
1981	648514	57236	8.83	2400.96	138.32	67.22	71.10	17.5	1207.00
1982 [▲]	1121964	104305	9.30	3861.03	322.10	99.89	222.21	20	1396.35
1983	803716	79295	9.87	3371.42	248.52	194.78	53.74	15	1846.66
1984	336704	34375	10.12	3063.41	109.28	108.20	1.08	15	2024.62
1985	697491	70103	10.05	3211.28	297.71	128.91	168.80	16	2122.82
1986	704626	72150	10.24	3739.00	211.46	116.05	95.41	15	2229.53
1987	496762	48791	9.82	3647.90	173.62	150.86	22.76	-	2443.58
1989 [●]	934601	96145	10.28	5087.15	849.45	249.08	600.37	30	4530.72
1990	1122219	108421	9.66	8762.84	989.65	377.09	612.56	20	6101.95
1991	1130173	107984	9.55	7474.44	801.55	394.37	407.18	20	6617.61
1992	1091843	103723	9.50	11200.64	1010.49	409.11	601.38	20	8540.39
1993	1115158	107158	9.61	11547.77	1027.03	411.07	615.96	20	11387.44
1994	956993	89163	9.36	18109.42	1521.21	489.38	1031.83	24	17649.21
1995	1724621	159199	9.28	21701.32	1859.60	782.45	1077.15	24	18638.23
1996	2345289	211267	9.00	33568.19	2953.13	857.58	2095.55	24	26042.75
1997	2106840	191940	9.11	33442.13	2022.05	1019.11	1002.94	20	30242.48
1998	1569438	143991	9.21	36753.07	2478.28	1414.47	1063.81	-	32548.89
1999 [▲]	2607462	246609	9.43	40788.52	2298.23	1860.97	437.26	-	35155.94
2000	2161594	212600	9.86	36393.04	2102.55	1485.66	616.89	-	28394.91
2001	2316874	233278	10.04	45197.53	1596.80	1272.83	323.97	-	29463.22
2002	1914453	193302	10.04	45022.47	1791.99	1309.48	482.51	-	30771.78
2003	1472547	192505	9.80	32221.35	-3968.28	1347.49	-5315.77	-	61006.09 [★]
2004	499480	124559	10.15	30313.24	-3339.32	948.67	-4287.99	-	56054.15
2005	847934	257611	9.30	63942.19	3972.94	1158.49	2814.45	-	56273.16
2006	2746916	347702	9.52	89601.78	10835.71	1218.85	9616.86	15	60637.41
2007	3477203	336996	9.56	76651.73	4358.84	1340.87	3017.97	15	91376.04
2008 [●]	4416309	400678	9.07	103847.83	-4419.38	4294.29	-8713.67	-	136053.62 [★]
2009	2045681	427288	9.22	140435.07	15496.43	3025.71	12470.72	-	138730.83

▲ 15 months period

● 18 months period

■ Includes sugar produced out of Raw Sugar

★ Including increase in value on account of revaluation of fixed assets Rs. 30045.71 lakhs

✱ Including increase in value on account of revaluation of fixed assets Rs. 38696.60 lakhs

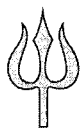


STATEMENT OF INFORMATION OF SUBSIDIARY COMPANIES

(Rs. in lakhs)

Name of the Subsidiary Company	Sakthi Auto Component Ltd	Sakthi Auto Ancillary Pvt. Ltd	Tilan Sugar Ltd	Orlandofin BV	Sakthi Netherlands BV	Sakthi European Foreign Sales Corpn. BV	Sakthi Holdings BV	Sakthi Services Gmbh	Sakthi Portugal SA
	a	b	c	d	e	f	g	h	i
Financial Year ended	31.12.2009	31.12.2009	31.12.2009	31.12.2009	31.12.2009	31.12.2009	31.12.2009	31.12.2009	31.12.2009
Share Capital	24631.00	359.13	733.73	12.07	19.79	12.21	12.17	18.11	4047.98
Reserves	14941.30	535.67	--	19996.90	64322.83	64353.54	38420.40	15473.02	7004.20
Total Assets	54760.16	4111.83	339.73	48118.06	76378.90	64415.47	44568.91	15603.59	43855.06
Total Liabilities	40186.24	1462.58	1.79	28109.09	12036.28	49.72	6136.34	130.57	32802.88
Details of Investments (except investment in subsidiaries)	1.02	--	--	--	--	--	--	--	--
Turnover	25860.49	4302.71	--	--	--	--	--	--	34060.19
Profit before taxation	241.82	116.91	--	-5398.51	330.30	9.74	15.68	-97.95	-3612.41
Provision for taxation	55.97	20.18	--	--	--	--	11.92	--	831.09
Profit after taxation	185.85	96.73	--	-5398.51	330.30	9.74	3.76	-97.95	-2781.32
Proposed dividend	--	--	--	--	--	--	--	--	--

Note: In respect of subsidiaries under d to i, the financial statements are translated at the exchange rate as on 31.12.2009 i.e. EURO 1 = Rs. 67.07



AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF SAKTHI SUGARS LIMITED.

We have audited the attached Consolidated Balance Sheet of Sakthi Sugars Limited and its subsidiaries as at 31st December 2009, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of eight of the subsidiaries viz Sakthi Auto Ancillary P Ltd, Tilan Sugar Ltd, Sakthi Portugal SA, Orlandofin BV, Sakthi Netherlands BV, Sakthi European Foreign Sales Corporation BV, Sakthi Holding BV and Sakthi Service GmbH whose financial statements reflect total assets of Rs. 882.08 Crores as at 31st December 2009, total revenue of Rs. 400.45 Crores and net cash flow of Rs. 5.48 Crores.

With respect to three of the subsidiaries viz Sakthi Auto Ancillary P Ltd, Tilan Sugar Ltd and Sakthi Portugal the financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors. With respect to five of the subsidiaries viz Orlandofin BV, Sakthi Netherlands BV, Sakthi European Foreign Sales Corporation BV, Sakthi Holding BV and Sakthi Service GmbH, the financials are unaudited as the respective country's statute does not require audit of these entities and we have relied upon the management certificate of these entities.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

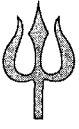
Based on our audit and on consolidation of reports of the other auditors on separate financial statements and on the other financial information of the subsidiary companies and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India; subject to the following observations:

In Sakthi Sugars Ltd:

In our opinion, non-provision of interest to banks and institutions under CDR which has been converted into Funded Loan/reversal of interest which has been converted into Funded Loan amounting to Rs.88.25 Crores is not in conformity with the Accepted Accounting Principles and consequently the profit during the year is overstated by Rs.88.25 Crores.

In Sakthi Auto Components Limited :

- a. *The company does not have under its employment a qualified company secretary as required under section 383A of the Companies Act 1956.*
- b. *A sum of Rs.30.82 Crores paid as interim dividend without adequate profit for the year ended 31.12.2008 is still remaining outstanding. In our opinion, the interim dividend paid is contravention of section 205 of the Companies Act 1956 and requires to be recovered.*



AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENT

- c. *In Orlandofin B.V., Netherlands, a wholly owned subsidiary, an Investment of Rs.273.02 Crores has been made and loan of Rs.9.36 Crores has been provided. Considering bankruptcy of some of the step down subsidiaries and erosion of networth, in our view, there is a diminution in the value of investments, the quantum of which we are unable to determine. No provision has been made for diminution in the value of investments as per Accounting Standard 13.*

Subject to the above we are of the opinion that the consolidated financial statements give a true and fair view in conformity with accounting principles generally accepted in India:

- i) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Sakthi Sugars Limited and its subsidiaries as at 31.12.2009,
- ii) In the case of the Consolidated Profit and Loss account, the consolidated profit of Sakthi Sugars Limited and its subsidiaries the Profit for the year ended on that date and
- iii) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Sakthi Sugars Limited and its subsidiaries for the year ended on that date.

For P.N. RAGHAVENDRA RAO & Co.
Chartered Accountants

Coimbatore
29th March 2010

P.R.VITTEL
Partner
M.No.018111

**CONSOLIDATED BALANCE SHEET AS AT 31.12.2009**

(Rs. in lakhs)

	Schedule No.	As at 31.12.2009	As at 31.12.2008
I. SOURCES OF FUNDS :			
(1) SHAREHOLDERS' FUNDS :			
(a) Share Capital	1	21,728.36	21,382.31
(b) Share Application Money		1,566.00	1,566.00
(c) Reserves and Surplus	2	81,090.83	86,596.72
		104,385.19	109,545.03
(2) MINORITY INTEREST		307.93	261.34
(3) LOAN FUNDS :			
(a) Secured loans	3	158,037.60	144,038.08
(b) Unsecured loans	4	22,336.05	25,412.89
(c) Foreign Currency Convertible Bonds		20,819.28	29,070.00
		201,192.93	198,520.97
(4) DEFERRED TAX LIABILITY (Refer Note 'H' in Schedule 23)		1,092.13	--
TOTAL of 1 to 4		306,978.18	308,327.34
II. APPLICATION OF FUNDS :			
(1) FIXED ASSETS:			
Gross Block		205,689.84	163,568.68
Less : Depreciation		30,800.01	42,937.57
		174,889.83	120,631.11
Add : Capital Work in Progress		12,590.06	23,139.66
Add : Increase in value on account of revaluation		--	48,085.76
Net Block	5	187,479.89	191,856.53
INTANGIBLE ASSETS	5 A	22,225.34	22,699.97
(2) INVESTMENTS	6	45,641.53	50,026.80
(3) DEFERRED TAX ASSET		--	225.75
(4) (i) CURRENT ASSETS, LOANS AND ADVANCES:			
(a) Inventories	7	34,510.42	21,855.38
(b) Sundry Debtors	8	16,305.02	11,872.88
(c) Cash and Bank balances	9	6,108.75	6,026.64
(d) Other Current Assets	10	16,048.28	6,937.40
(e) Loans and Advances	11	31,843.84	55,117.08
		104,816.31	101,809.38
Less :			
(ii) CURRENT LIABILITIES AND PROVISIONS	12	54,611.07	60,048.77
Net Current Assets (i) - (ii)		50,205.24	41,760.61
(5) MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	13	1,426.18	1,757.68
TOTAL of 1 to 5		306,978.18	308,327.34

Schedules 1 to 13 and Notes in Schedule 23 form part of this Balance Sheet.

Vide our report annexed
For P N RAGHAVENDRA RAO & Co
Chartered Accountants

P R VITTEL
Partner
M. No. 018111

N MAHALINGAM
Chairman

M MANICKAM
Vice Chairman & Managing Director

Coimbatore
29th March 2010

M BALASUBRAMANIAM
Joint Managing Director - Finance

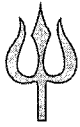
S BASKAR
Senior Vice President - Finance &
Company Secretary



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.12.2009

(Rs. in lakhs)

	Schedule No.	Year Ended 31.12.2009 (12 Months)	Year Ended 31.12.2008 (18 Months)
I. INCOME:			
Sales	14	205,138.41	192,926.10
Less: Excise duty		5,356.35	7,732.83
		199,782.06	185,193.27
Dividend		3.31	6.76
Interest Gross (Refer Note 'T' in Schedule 23)		887.72	1,332.24
Other income	15	4,221.45	4,619.75
Stock adjustment	16	8,031.55	(754.29)
		212,926.09	190,397.73
II. EXPENDITURE:			
Cost of Goods Consumed / Sold	17		
Opening stock		5,966.06	6,307.43
Add : Purchases		129,421.36	85,211.03
		135,387.42	91,518.46
Less: Closing stock		10,529.06	6,031.92
		124,858.36	85,486.54
Manufacturing expenses	18	38,351.45	47,989.20
Excise Duty on stock adjustments		(32.34)	(224.48)
Salaries, wages and other employee benefits	19	13,840.99	17,589.21
Interest charges	20	10,135.87	23,057.71
Selling expenses	21	2,727.33	5,637.06
Any other expenses	22	9,421.28	6,998.37
Intangible Asset Written off		2,606.44	1,459.34
Depreciation		9,548.40	
Less: Transfer to Revaluation Reserve		2,641.73	6,906.67
		208,816.05	197,133.00
Net Profit / (Loss) before Foreign Exchange Fluctuation / Derivative Transactions (Net)		4,110.04	(6,735.27)
Prior year adjustments		-	(90.78)
Foreign Exchange Flutuaton / Derivative Transactions (Net)		(33.72)	(6,492.26)
III. NET PROFIT / (LOSS) BEFORE TAX		4,076.32	(13,318.31)

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.12.2009**

(Rs. in lakhs)

	Year Ended 31.12.2009 (12 Months)	Year Ended 31.12.2008 (18 Months)
Less : Income Tax / Deferred Tax Expenses		
Current Tax	1,425.82	
MAT Credit Entitlement	1,404.38	6.89
Prior year Tax	65.16	--
Deferred Tax	1,292.46	(1,083.35)
Fringe Benefit Tax	--	3.58
Transferred from General Reserve	--	2,539.72
Less: Deferred Tax - Previous years	--	2,539.72
		--
IV. NET PROFIT AFTER TAX before adjustment of Minority Interest	2,697.26	(12,245.43)
Less : Minority Interest	46.60	49.00
IV. NET PROFIT/(LOSS) AFTER TAX after adjustment of Minority Interest	2,650.66	(12,294.43)
Add:		
Surplus from previous year	(7,808.90)	997.53
Excess provision withdrawn	12.50	60.49
Reversal of Provision for Diminution in Value of Investments	2.00	--
Transferred from General Reserve	--	3,698.51
	(5,143.74)	(7,537.90)
APPROPRIATIONS:		
Provision for Diminution in Value of Investments	--	252.00
Transferred to General Reserve	4,000.00	--
Transferred to Pref.Share Redemption Reserve	19.00	19.00
Transferred to Debenture Redemption Reserve	630.00	--
Surplus/(Deficit) carried over	(9,792.74)	(7,808.90)

Schedules 14 to 22 and Notes in Schedule 23 form part of this Profit and Loss account.

Vide our report annexed
For P N RAGHAVENDRA RAO & Co
Chartered Accountants

P R VITTEL
Partner
M. No. 018111

N MAHALINGAM
Chairman

M MANICKAM
Vice Chairman & Managing Director

Coimbatore
29th March 2010

M BALASUBRAMANIAM
Joint Managing Director - Finance

S BASKAR
Senior Vice President - Finance &
Company Secretary

As at 31.12.2009 **As at 31.12.2008**

SCHEDULE - 1

SHARE CAPITAL

AUTHORISED:

5,00,00,000 Equity Shares of Rs.10 each **5,000.00** 5,000.00

50,00,000 Redeemable Cumulative
Preference Shares of Rs.100 each **5,000.00** 5,000.00

10,000.00 10,000.00

ISSUED:

3,49,50,304 Equity Shares of Rs.10 each fully paid up
(Previous year 3,14,89,735 Nos) **3,495.03** 3,148.97

SUBSCRIBED AND PAID-UP:

3,48,33,635 Equity Shares of Rs.10 each
fully paid up (Previous year 3,13,73,066 Nos) **3,483.36** 3,137.31

Issued by Subsidiary Company:

60,82,500 Series A 15% Participatory Cumulative optionally Convertible
Preference Shares of Rs. 100 each **6,082.50** 6,082.50

1,01,37,500 Series B 15% participatory Cumulative optionally Convertible
Preference Shares of Rs. 100 each **10,137.50** 10,137.50

12,15,000 Series I 15% Participatory Cumulative Convertible
Preference Shares of Rs. 100 each **1,215.00** 1,215.00

8,10,000 Series II 15% Participatory Cumulative Convertible
Preference Shares of Rs. 100 each **810.00** 810.00

21,728.36 21,382.31

SCHEDULE - 2

RESERVES AND SURPLUS

CAPITAL RESERVE:

Balance as per last Balance Sheet **9,389.00** 20,901.02

REVALUATION RESERVE:

Balance as per last Balance Sheet **61,790.50** 15,403.85

Add:- Created during the year **--** 48,085.75

61,790.50 63,489.60

Less: Depreciation on Revalued Assets
(Transferred from Profit and Loss account) **2,641.73** 1,688.66

Less: Withdrawn on Sale of Assets **3.75** 10.44

59,145.02 61,790.50


SCHEDULES

(Rs. in lakhs)

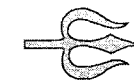
	As at 31.12.2009	As at 31.12.2008
SCHEDULE - 2 (Contd.)		
CAPITAL REDEMPTION RESERVE:		
Balance as per last Balance Sheet	2,512.27	2,512.27
SECURITY PREMIUM ACCOUNT:		
Balance as per last Balance Sheet	3,914.70	3,914.70
Add : Received during the year	6,567.00	--
	10,481.70	3,914.70
SUBSIDY FROM GOVERNMENT:		
Balance as per last Balance Sheet	44.23	44.23
DEBENTURE REDEMPTION RESERVE:		
Balance as per last Balance Sheet	416.00	416.00
Add: Transferred from Profit & Loss Account	630.00	--
	1,046.00	416.00
GENERAL RESERVE:		
Balance as per last Balance Sheet	1,268.07	8,505.58
Add: Amount transferred from Profit & Loss Account	4,000.00	--
	5,268.07	8,505.58
Less: Transferred to Profit and Loss Appropriation account	--	3,698.51
Less: Transferred to Deferred Tax Liability	--	2,539.72
Less: Adjustment for Employee Benefits	--	999.28
	5,268.07	1,268.07
PREFERENCE SHARES REDEMPTION RESERVE:		
Balance as per last Balance Sheet	19.00	--
Transferred from Profit & Loss Account	19.00	19.00
	38.00	19.00
FOREIGN EXCHANGE FLUCTUATION RESERVE		
On account of Investment/Advances - Orlandofin B.V	2,959.28	3,539.83
SURPLUS:		
Balance in Profit and Loss Account	(9,792.74)	(7,808.90)
TOTAL	81,090.83	86,596.72



SCHEDULES

(Rs. in lakhs)

	As at 31.12.2009	As at 31.12.2008
SCHEDULE - 3		
SECURED LOANS		
A. DEBENTURES:		
Secured Redeemable Non-convertible Debentures	4,180.32	3,657.24
Interest accrued and due on the above	33.93	48.13
	4,214.25	3,705.37
B. LOANS AND ADVANCES:		
FROM BANKS		
a) Term Loans	134,628.98	108,081.59
Interest accrued and due on the above	1,455.61	1,767.13
b) Hypothecation Loans for working capital	6,049.83	11,972.15
Interest accrued and due on the above	52.55	116.62
c) Bills Discounted/Letter of Credit/Overdraft from Banks	3,538.10	4,816.63
Interest accrued and due on the above	4.34	--
	145,729.41	126,754.12
FROM OTHERS		
a) Term Loans	7,928.76	12,969.95
Interest accrued and due on the above	62.23	344.61
b) Hire Purchase / Mortgage Loans from Limited companies	102.89	262.68
Interest accrued and due on the above	0.06	1.35
	8,093.94	13,578.59
TOTAL	158,037.60	144,038.08
SCHEDULE - 4		
UNSECURED LOANS		
Fixed Deposits	264.99	668.60
Interest accrued and due on the above	0.12	6.65
Short Term Loans and Advances:		
a) From Banks	9,063.21	14,980.33
Interest accrued and due on the above	--	39.39
b) From Others	5,553.13	4,718.09
Interest accrued and due on the above	11.15	35.72
Other Loans and Advances:		
a) From Banks	1,775.47	3,957.93
Interest accrued and due on the above	5.13	168.22
b) From Body Corporate / Others	5,662.85	837.96
TOTAL	22,336.05	25,412.89



SCHEDULE - 5

FIXED ASSETS

(Rs. in Lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON 01.01.2009	ADDITIONS	DELETIONS / WRITTEN BACK	AS ON 31.12.2009	UPTO 01.01.2009	FOR THE YEAR	WITHDRAWN	UPTO 31.12.2009	AS ON 31.12.2008	AS ON 31.12.2009
1. Goodwill	278.72	-	-	278.72	-	-	-	-	278.72	278.72
2. Land	18853.70	39.35	-	18893.05	-	-	-	-	18853.70	18893.05
3. Buildings	28859.09	1675.31	-	30534.40	1775.22	957.43	-	2732.65	27083.87	27801.75
4. Plant and Machinery	127497.09	12941.59	29.45	140409.23	16979.82	7449.82	1.14	24428.50	110517.27	115980.73
5. Electrical Installations	10645.16	332.96	5.94	10972.18	30.34	518.41	0.20	548.55	10614.82	10423.63
6. Office Equipment & Furniture and fixtures	2598.24	190.65	4.40	2784.49	1873.16	159.37	1.30	2031.22	725.08	753.27
7. Development of Property- eco friendly trees	23.60	-	-	23.60	-	-	-	-	23.60	23.60
8. Motor Vehicles	1593.50	230.83	30.16	1794.17	973.56	104.48	18.96	1059.09	619.91	735.08
TOTAL	190349.10	15410.69	69.95	205689.84	21632.10	9189.50	21.60	30800.01	168717.00	174889.83
9. Work in Progress	23139.53	2826.64	13376.10	12590.06	-	-	-	-	23139.53	12590.06
TOTAL FOR THE YEAR	213488.63	18237.33	13446.05	218279.90	21632.10	9189.50	21.60	30800.01	191856.53	187479.89
TOTAL FOR THE PREVIOUS YEAR	147616.26	92486.29	26613.92	213488.63	32378.18	10816.36	21562.44	21632.10	115238.08	191856.53

Note: 1) Land, buildings, plant & machinery and electrical installations have been revalued as on 31.12.2008. The difference between revalued figures and original cost is Rs.52064.49 lakhs.

The net increase on revaluation amounting to Rs.52064.49 lakhs has been credited to Revaluation Reserve.

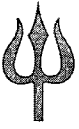
2) # Includes Rs.48085.76 lakhs increase in gross block as a result of revaluation and Rs.21305.47 lakhs in depreciation withdrawn on account of revaluation

SCHEDULE - 5 A

INTANGIBLE ASSETS

(Rs. in Lakhs)

PARTICULARS	GROSS BLOCK			AMORTISATION				NET BLOCK	
	AS ON 01.01.2009	ADDITIONS	DELETIONS	AS ON 31.12.2009	UPTO 31.12.2008	FOR THE YEAR	UPTO 31.12.2009	AS ON 31.12.2008	AS ON 31.12.2009
GOODWILL	23251.43	1923.01	-	25174.44	2656.87	2325.14	4982.01	20594.56	20192.43
PRODUCT DEVELOPMENT	2877.67	208.80	-	3086.47	772.26	281.30	1053.56	2105.41	2032.91
TOTAL FOR THE YEAR	26129.10	2131.81	-	28260.91	3429.13	2606.44	6035.57	22699.97	22225.34
TOTAL FOR THE PREVIOUS YEAR	9728.94	16400.16	-	26129.10	1969.79	1459.34	3429.13	7759.15	22699.97



SCHEDULES

(Rs. in lakhs)

As at 31.12.2009

As at 31.12.2008

SCHEDULE - 6

INVESTMENTS - LONG TERM at cost

1) Investment in Govt. Securities

1.28

1.28

2) Investment in Shares:

A. Quoted:

In fully paid Equity Shares:

a) Sri Chamundeswari Sugars Limited 5,10,862 Shares of Rs.10 each	117.88	117.88
b) Sri Bhagavathi Textiles Limited 5,000 Shares of Rs.100 each	--	5.00
c) Sakthi Finance Limited 10,40,000 Shares of Rs.10 each	282.00	282.00
d) ICICI Bank Ltd 441 Shares of Rs.10 each	0.24	0.24
e) NIIT Ltd 759 Shares of Rs. 10 each	0.06	0.06
f) NIIT Technologies Ltd 2527 Shares of Rs. 2 each	0.09	0.09
g) Kovai Medical Centre and Hospital Ltd 2,00,000 Shares of Rs.10 each	20.00	20.00
h) K G Denim Limited 16,129 Shares of Rs.10 each	2.74	2.74
i) The Industrial Finance Corporation of India Ltd 100 Shares of Rs.10 each	0.04	0.04
j) The Industrial Development Bank of India Ltd 1360 Shares of Rs.10 each	1.10	1.10
k) The South Indian Bank Limited 16,500 Shares of Rs.10 Each	4.22	4.22

Aggregate of Quoted Investments

428.37

433.37

B. Unquoted:

In fully paid Equity Shares:

a) The ABT Co-operative Stores Ltd 1,000 Shares of Rs. 10 each	0.10	0.10
b) Sakthi Sugars Co-operative Stores Ltd 760 Shares of Rs.10 each	0.08	0.08
c) Angul Central Co-op Bank Ltd 100 Shares of Rs.100 each	0.10	0.10
d) The Shamrao Vithal Co-op Bank Ltd 4025 Shares of Rs.25 each	1.01	1.00
	1.29	1.28

In Preference Shares:

8,95,900 5% Redeemable Non-Convertible Cumulative Preference Shares of Rs.100 each in Sri Chamundeswari Sugars Ltd	895.90	895.90
---	--------	--------

897.19

897.18

Total of 2

1,325.56

1,330.55

**SCHEDULES**

(Rs. in lakhs)

As at 31.12.2009**As at 31.12.2008****SCHEDULE - 6 (Contd.)****3) Investment in Subsidiaries :**

Sakthi Europe Verwaltungs GmbH, Germany	20.26	20.60
Sakthi Sweden 4734 Shares of 1000 SEK	--	3,618.17
Total of 3	20.26	3,638.77

4) Investment in the Capital of Partnership Firms :

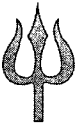
Sakthi Europe GmbH & Co Germany	44,544.43	45,308.20
Total of Long Term Investments (1 to 4)	45,891.53	50,278.80
Less: Provision for Diminution in value of Investments	250.00	252.00
TOTAL	45,641.53	50,026.80

Note : 1) Market Value of quoted Investments as on 31st December, 2009 is Rs. 459.14 lakhs (Rs. 246.35 lakhs).

2) Government securities of the total face value of Rs. 0.22 lakhs are deposited with Panchayat and Public Works Department as road contract work deposits and of the value of Rs. 1.06 lakhs are deposited with State Commercial Tax Department.

SCHEDULE - 7**INVENTORIES**

Stores and spares	3,270.44	2,715.51
Standing crop	7.91	11.44
STOCK-IN-TRADE:		
i) Finished goods:		
Sugar	5,009.48	59.80
Molasses - Sugar Unit	1,291.95	83.64
Industrial Alcohol	1,300.42	183.67
Ethanol	0.64	0.64
Soya Products	734.85	310.53
Bio-Earth	1.69	1.68
Fusel Oil	2.03	1.34
Iron Castings	8,505.85	10,041.35
Industrial Valves	23.31	19.66
	16,870.22	10,702.31



SCHEDULES

(Rs. in lakhs)

As at 31.12.2009 As at 31.12.2008

SCHEDULE - 7 (Contd.)

ii) Raw materials:

Molasses - Distillery Unit	492.59	58.51
Raw Sugar	3,306.54	--
Soyabeans & others	2,158.05	1,221.05
Steel scrap, pig iron and others	4,334.15	4,618.70
Soya Flour	61.73	15.74
	10,353.06	5,914.00

iii) Other stocks:

News print paper	1.65	0.45
Chemicals, Fertilisers & Others	174.34	117.51
Bagasse	0.07	--
	176.06	117.96

iv) Stock-in-process:

Sugar	1,583.53	204.77
Molasses	147.21	36.15
Iron Casting in Process	2,066.54	2,113.98
Industrial Valve in Process	35.45	39.26
	3,832.73	2,394.16

TOTAL

34,510.42 **21,855.38**

SCHEDULE - 8

SUNDRY DEBTORS

Unsecured - considered good:

i) Debts outstanding for a period exceeding six months	445.89	608.25
ii) Other debts	15,859.13	11,264.63
	16,305.02	11,872.88

TOTAL

16,305.02 **11,872.88**

SCHEDULE - 9

CASH AND BANK BALANCES

i) Cash on hand	68.49	101.63
ii) Bank Balances :		

Scheduled Banks:

Current Accounts	2,442.57	1,880.00
Deposit Accounts	1,533.47	2,303.72
	3,976.04	4,183.72

Non Scheduled Banks:

(Refer Note 'K' in Schedule 23)

Current Accounts	1.50	0.43
	3,977.54	4,184.15

iii) Deposit with Government Bodies / Others

2,062.72 **1,740.86**

TOTAL

6,108.75 **6,026.64**

**SCHEDULES**

(Rs. in lakhs)

As at 31.12.2009**As at 31.12.2008****SCHEDULE - 10****OTHER CURRENT ASSETS**

Outstanding income and interest receivable	2,213.01	2,573.22
Funded Interest	12,444.69	4,363.82
MAT Credit Entitlement	1,389.58	--
Stock of stamps and hundi papers	1.00	0.36
TOTAL	16,048.28	6,937.40

SCHEDULE - 11**LOANS AND ADVANCES**

Unsecured: (Considered Good)

Advance for Purchases & Others	21,387.41	46,913.51
Advance for Capital Expenditure	1,620.17	1,138.03
Income-tax payments	1,894.58	773.30
Prepaid Expenses	1,335.10	326.87
Deposit with Central Excise, Electricity Department, etc.	5,606.58	5,965.37
TOTAL	31,843.84	55,117.08

SCHEDULE - 12**CURRENT LIABILITIES AND PROVISIONS****A. Current Liabilities:****Sundry Creditors and others:**

Liabilities for purchases, Expenses & Others	39,934.42	46,478.88
Liabilities for Capital Expenditure	11,240.39	11,360.48

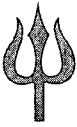
Investor Education and Protection Fund shall be credited by the following and not due:

Unclaimed dividends	34.90	35.45
Unclaimed matured Deposits	18.20	144.20
Unclaimed matured Debentures	127.06	12.74
Interest accrued and due on the above	13.76	16.53
Interest accrued but not due	202.97	392.79

51,571.70 58,441.07**B. Provisions:**

Provision for Taxation	1,404.38	--
Provision of Fringe Benefit Tax	13.00	16.58
Provision for Provident Fund	29.27	25.44
Provision for Employee Benefits	1,592.72	1,565.68

TOTAL**54,611.07** 60,048.77



SCHEDULES

(Rs. in lakhs)

As at 31.12.2009 As at 31.12.2008

SCHEDULE - 13

MISCELLANEOUS EXPENDITURE

(To the extent not written off or not adjusted)

Deferred Revenue Expenditure	1,088.52	1,415.49
Pre-operative expenses	337.66	337.63
Soyabean Development Expenses	--	4.56
TOTAL	1,426.18	1,757.68

Year Ended 31.12.2009 (12 Months) Year Ended 31.12.2008 (18 Months)

SCHEDULE 14

SALES *

Sugar	103,663.27	60,561.74
Industrial Alcohol	13,932.52	19,031.52
Power	13,590.30	9,900.97
Soya products	7,812.36	12,899.19
Molasses	105.38	142.39
Iron Castings	64,504.93	88,452.69
Pattern sales	150.65	165.18
Industrial valve	192.71	460.40
Fertilisers & Chemicals	437.49	869.91
Seeds	17.67	17.85
Bio Earth	171.99	272.75
Magazines	13.09	15.54
Bagasse	--	94.26
Raw Sugar	522.60	--
Others	23.45	41.71
TOTAL	205,138.41	192,926.10

* Inclusive of Excise duty

SCHEDULE - 15

OTHER INCOME

Rent Receipts	72.42	88.39
Profit on sale of fixed assets	2.21	2.01
Profit on sale of used materials	377.88	244.34
Profit on sale of DEPB	--	2.89
Profit on sale of investments	--	59.79
Interest Reversed as per CDR Scheme/Capitalised	1,913.01	--
Income from Services rendered - European Subsidiaries	502.23	695.04
Income from Job Process	2.27	803.12
Extra Ordinary Income/Gains - European Subsidiaries	281.58	1,043.32
Own Work Capitalised - European Subsidiaries	--	1,152.85
Miscellaneous income	226.09	524.02
Sundry balances written off/Excess provision written back	843.76	3.98
TOTAL	4,221.45	4,619.75



SCHEDULES

(Rs. in lakhs)

Year Ended 31.12.2009
(12 Months)

Year Ended 31.12.2008
(18 Months)

SCHEDULE - 16

STOCK ADJUSTMENT

(A) OPENING STOCK

Sugar	59.80	2,926.87
Molasses	83.64	407.15
Industrial Alcohol	183.67	178.81
Ethanol	0.64	1.59
Soya products	310.53	238.29
Bagasse	--	5.93
Bio Earth	1.68	7.17
Fusel Oil	1.34	0.01
Iron Castings	9,798.87	7,703.98
Stock-in-process	2,361.10	2,203.30
	12,801.27	13,673.10

(B) CLOSING STOCK

Sugar	5,009.48	59.80
Molasses	1,291.95	83.64
Industrial Alcohol	1,300.42	183.67
Ethanol	0.64	0.64
Soya products	734.85	310.53
Bagasse	0.07	--
Bio Earth	1.69	1.68
Fusel Oil	2.03	1.34
Iron Castings	8,658.95	9,883.34
Stock-in-process	3,832.74	2,394.17
	20,832.82	12,918.81
(B) - (A)	8,031.55	(754.29)

SCHEDULE - 17

COST OF GOODS CONSUMED/SOLD

(A) OPENING STOCK

Molasses	58.51	176.05
Fertilisers & Chemicals	117.51	69.68
Newsprint paper	0.45	1.07
Soyabean seeds & others	1,221.05	1,809.96
Soya Flour	15.74	--
Steel scrap and pig iron & others	4,552.80	4,250.67
	5,966.06	6,307.43

(B) ADD : PURCHASES

Sugarcane	35,580.63	41,862.76
Molasses	1,299.49	658.31
Raw Sugar	64,075.95	--
Fertilisers & Chemicals	470.74	896.39
Newsprint paper	20.85	24.57
Soyabean seeds & others	7,274.21	8,847.47
Steel scrap and pig iron & others	20,657.06	32,891.13
Soya Flour	42.43	30.40
	129,421.36	85,211.03

**SCHEDULES**

(Rs. in lakhs)

Year Ended 31.12.2009
(12 Months)

Year Ended 31.12.2008
(18 Months)

SCHEDULE - 17 (Contd.)**(C) LESS : CLOSING STOCK**

Molasses	492.59	58.51
Raw Sugar	3,306.54	--
Fertilisers & Chemicals	174.34	117.51
Newsprint paper	1.65	0.45
Soyabean seeds & others	2,158.05	1,221.05
Steel scrap and pig iron & others	4,334.16	4,618.66
Soya Flour	61.73	15.74

10,529.06

6,031.92

(D) CONSUMPTION (A+B-C)

124,858.36

85,486.54

SCHEDULE - 18**MANUFACTURING EXPENSES**

Consumption of Stores & Spares and Packing materials	13,209.72	18,486.06
Power and fuel	15,185.91	16,091.44
Water charges	88.98	75.59
Printing and publication charges	24.17	31.14
Fettling charges	1,396.68	2,077.33
Rent	387.19	497.01
Lease rentals	68.50	6.29
Rates and taxes	453.91	720.24
Insurance	371.85	494.59
Repairs and Maintenance:		
Building	239.70	403.63
Machinery & Electrical	3,438.14	5,016.03
Vehicles	184.38	300.99
Others	135.22	166.32
Effluent disposal expenses	275.31	492.72
Royalty	12.59	--
State administrative service fees	189.79	285.65
Subsidy and crop development expenses	615.37	744.41
Other Operating Expenses - European Subsidiaries	2,073.77	2,099.76
Tools and implements written off	0.27	--

TOTAL

38,351.45

47,989.20

SCHEDULE - 19**SALARIES, WAGES AND OTHER EMPLOYEE BENEFITS**

Salaries and wages, bonus, etc.,	10,572.20	13,651.38
Contribution to P.F. and other funds	1,809.41	2,227.98
Workmen and staff welfare expenses	1,459.38	1,709.85

TOTAL

13,840.99

17,589.21



SCHEDULES

(Rs. in lakhs)

SCHEDULE - 20

INTEREST CHARGES

	Year Ended 31.12.2009 (12 Months)	Year Ended 31.12.2008 (18 Months)
Term Loans	3,837.71	13,499.08
Debentures	547.58	259.73
Working capital loans	2,596.39	3,411.22
Payment to Cane Growers/Banks	457.19	106.87
Finance Charges/Others	2,697.00	5,780.81
TOTAL	10,135.87	23,057.71

SCHEDULE - 21

SELLING EXPENSES

Selling and distribution expenses	943.42	3,923.18
Packing materials	790.63	151.27
Transport on castings	934.76	1,532.17
Commission and brokerage:		
On sale of magazines	2.27	3.20
Others	56.25	27.24
TOTAL	2,727.33	5,637.06

SCHEDULE - 22

ANY OTHER EXPENSES

Travelling expenses	745.26	829.40
Freight and transport	1,374.82	1,389.09
Administrative and other expenses	479.38	1,096.79
Bank charges	323.05	383.11
Printing, postage, telephone & telex	190.37	303.69
Donations	33.72	78.78
Effluent on soil/crop - R & D expenses	13.96	60.29
Data processing charges	30.01	50.86
Legal and professional charges	509.97	417.83
Managerial remuneration	123.33	96.89
Directors sitting fees	4.35	6.16
Auditors remuneration	35.76	34.47
Loss on sale of fixed assets	2.00	17.13
Loss on sale of used materials	0.33	--
Loss on sale of investments	--	2.00
Funded interest written off	--	872.77
Deferred revenue expenditure written off	354.88	466.08
Soyabean development expenses	4.56	24.87
Product development written off	--	70.00
Irrecoverable advances written off	339.38	202.45
Provisions for Bad Debts/ Obsolete stock written off	564.06	394.02
Investment Written off - Sweden Subsidiary	3,433.24	--
Extra-ordinary Cost/Expenses - European Subsidiaries	858.85	201.69
TOTAL	9,421.28	6,998.37



SIGNIFICANT ACCOUNTING POLICIES (Consolidated)

1. **Basis of Preparation:**

The accompanying Financial Statements have been prepared on a going concern basis under the historical cost convention on the accrual basis of accounting in conformity with Generally Accepted Accounting Principles.
2. **Valuation of Inventories:**
 - I) **Parent company:**

Inventories of raw materials, work-in-progress, stores, finished products and stock-in-trade are valued at the lower of cost or net realizable value. Cost is ascertained on seasonal weighted average for sugar and yearly average for stores and soya products. Soya Bean, Stock-in-trade of fertilizer and newsprint cost ascertained on FIFO basis. By-products are valued at Net realizable value. Standing crops are valued at net realizable value.
 - II) **Subsidiary Companies in India:**

Inventories are valued at cost or the net realizable value whichever is lower increased by excise duty thereon wherever applicable. The cost is computed on weighted average basis. The Cost for the finished goods and process stock is inclusive of cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition.
 - III) **Subsidiary Company in Portugal:**

Stocks are valued at the lowest of cost or net realisable values as follows:

Raw and subsidiary materials – at Cost of latest purchase price including all expenses incurred until arrival at the warehouse.

Finished and semi-finished goods – At production cost, which includes raw materials, direct labour and factory overheads.

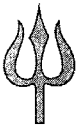
Work in progress - At production cost, which includes raw materials, direct labour and factory overheads, adjusted as per completion phase of production.
3. **Fixed Assets:**
 - a) Fixed Assets are shown at cost/re-valued figures, less accumulated depreciation. Fixed assets added during the year are valued at cost net of duty taken on credit but includes all direct expenses like freight, erection charges, pre operative expenses and borrowing costs.
 - b) Expenditure including borrowing cost incurred on projects under implementation is shown under "Work-in-Progress" pending allocation to the assets.
4. **Intangible Assets:**
 - I) **Parent company:**

The payment made towards goodwill for cane ryots in excess of statutory obligations and to employees as per wage board settlement, is amortized over a period of 10 years in accordance with AS-26.
 - II) **Subsidiary Companies in India:**

Product Development expenses being intangible assets is amortized over a period of 10 years in accordance with AS-26.
 - III) **Subsidiary Company in Portugal:**

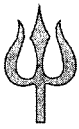
Incorporation expenses incurred with the Company's incorporation and studies and projects, research development expenses of new projects are recorded at acquisition cost less accumulated depreciation thereon. Depreciation is calculated on a straight line method duodecimal basis over estimated useful life in accordance with the depreciation rates accepted by the tax authorities as per "Decreto Regulamentar" 2/90.
5. **Borrowing Costs:**

Parent Company and Indian Subsidiaries:
Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets.



SIGNIFICANT ACCOUNTING POLICIES (Consolidated)

6. Depreciation:
- I) Parent Company and Indian Subsidiaries:
Depreciation is provided under Straight Line Method at the rates/notes prescribed in Schedule XIV to the Companies Act, 1956, on revalued/original cost of assets as the case may be. The additional depreciation relating to increased value of revalued assets is adjusted against Revaluation Reserve.
 - II) Subsidiary Company in Portugal:
Depreciation is calculated on a straight line method duodecimal basis over estimated useful life in accordance with the depreciation rates accepted by the tax authorities as per "Decreto Regulamentar" 2/90.
7. Investments:
Long term Investments are accounted at cost. The diminution, if any, in value of long term investments is provided if such decline is other than temporary.
8. Miscellaneous Expenditure:
Parent Company and Indian Subsidiaries:
Research & Development expenses, Technical know-how, Crop development Expenses, soya product launching expenses are written off over a period of ten years. Voluntary Retirement Scheme payments are written off over a period of five years. Loan processing fee, syndication fee and ancillary cost incurred upto 31st December 2008 are written off over the repayment period of respective loans.
9. a) Revenue Recognition:
Parent Company and Indian Subsidiaries:
Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer and is stated net of trade discounts, excise duty, sales return.
- i) Gross turnover includes excise duty but exclude sales tax.
 - ii) Dividend income is accounted for in the year it is declared.
 - iii) All other incomes are accounted for on accrual basis.
 - iv) The Excise duty on sale of finished goods is deducted from the turnover to arrive at the net sales as shown in the Profit and loss account.
 - v) Inter segmental transfer price is not recognised.
- b) Expenditure Recognition:
Parent Company:
- i. The cane price is written off on the basis of determination of statutory price and agreed price over and above statutory price.
 - ii. Interest charges which have been converted as Funded Interest Term Loan as per CDR are recognised as expenditure in the period in which such loan instalments become due.
 - iii. The Excise duty appearing in the Profit and loss account as an income represents excise duty provision for difference between opening and closing stock of finished goods.
10. Foreign currency transactions:
Foreign currency transactions are accounted at the exchange rate ruling on the date of transactions. Foreign currency monetary items as at the Balance Sheet date are restated using the closing exchange rates or at the rate that is likely to be realised from/required to disburse. Exchange difference arising on the actual payments/realisations and year end restatements are dealt with in the Profit and Loss account.
11. Retirement Benefits:
Parent Company and Indian Subsidiaries:
Contribution payable by the Company under defined contribution schemes towards Provident fund, Gratuity, Employees State Insurance and Superannuation fund for the year are charged to profit and loss account.



SIGNIFICANT ACCOUNTING POLICIES (Consolidated)

The Company has opted for Life Insurance Corporation of India for Group Gratuity Scheme. For calculating gratuity liability, the premium ascertained by LIC has been taken into account except Sakthi Auto Ancillary Pvt. Ltd (SAAPL). SAAPL accounts its gratuity liability for future gratuity benefits based on the actuarial valuation as at the balance sheet date using the "Projected Unit Credit method". The actuarial gains or losses are recognized immediately in the Profit and loss account.

Provision for liability in respect of Leave encashment benefits are made based on actuarial valuation made by an independent actuary as at 31.12.2009 except SAAPL, wherein the leave encashment is paid on yearly basis to eligible employees.

12. Segment Reporting:

The segment reporting is inline with the accounting policies of the company. Inter segment transactions have been accounted for based on the price which has been arrived at considering cost for utilities and net realizable value for by-products. Revenue and expenses that are directly identifiable with or allocable to segments are considered for determining the segment results. Segment assets and liabilities include those directly identifiable with the respective segments. Business segments are identified on the basis of the nature of products, the risk/return profile of the individual business, the organizational structure and the internal reporting system of the company.

13. Deferred tax:

Deferred tax is recognized on timing difference between accounting income and the taxable income for the period and reversal of timing differences of earlier periods and quantified using the tax rates and laws that have been enacted / substantively enacted as at the balance sheet date. The deferred tax assets are recognized and carried forward to the extent that there is reasonable certainty that these would be realized in future.

14. Earning per share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

15. Impairment of Assets:

Impairment, if any, is recognized in accordance with the applicable Accounting Standard.

16. Provisions, Contingent Liabilities and Contingent Assets:

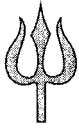
Provision is recognized only when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

17. Leases:

The Company's significant leasing arrangements are operating leases and are cancelable in nature. The lease rentals paid or received under such arrangements are accounted in the profit and loss account.

18. Basis of Consolidation:

The Consolidated Financial Statements include the Financial Statements of Sakthi Sugars Limited, its Subsidiaries, namely, Sakthi Auto Component Limited, Sakthi Auto Ancillary P Ltd, Tilan Sugar Limited, Orlandofin B.V., Sakthi Netherlands B.V., Sakthi European Foreign Sales Corporation B.V., Sakthi Holdings B.V., Sakthi Service GmbH and Sakthi Portugal SA.



SIGNIFICANT ACCOUNTING POLICIES (Consolidated)

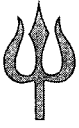
Name of the Subsidiary	Country of Incorporation	Proportion of ownership Interest (%)
Sakthi Auto Component Limited	India	100.00
Sakthi Auto Ancillary P Ltd	India	51.83
Tilan Sugar Limited	India	100.00
Orlandofin B.V.	Netherlands	100.00
Sakthi Netherlands B.V.	Netherlands	100.00
Sakthi Service GmbH	Germany	100.00
Sakthi Portugal SA	Portugal	100.00
Sakthi European Foreign Sales Corporation BV	Netherlands	100.00
Sakthi Holdings BV	Netherlands	100.00

The following step down subsidiaries viz. Sakthi Europe Verwaltungs-GmbH, Arvika Gjuteri AB, Arvinorna AB, Arvika Handforming Gjuteri AB and Sakthi Sweden AB have been declared bankrupt by the Court in the respective countries; hence accounts of these subsidiaries are not consolidated.

The Consolidated Financial Statements have been prepared on the following basis.

- I. The Financial Statements of the parent company and its Subsidiary Company have been consolidated on a line-by-line basis, by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balance and intra-group transactions resulting in unrealised profit or losses. Financials of foreign subsidiaries represented in foreign currencies have been translated using rupee conversion rate on the Balance Sheet date of the parent company.
- II. The Consolidated Financial Statements are prepared by adopting Uniform Accounting Policies. The financial statements of subsidiaries whose reporting currency are other than INR are converted into Indian Rupees on the basis of appropriate exchange rates.
- III. The excess/lower of cost of the Parent Company of its investment in the Subsidiaries over the Parent's portion of equity of the Subsidiaries at the date on which investment in the Subsidiaries are made is described in the financial statements as Goodwill/Capital Reserves.
- IV. Consolidation of financials of foreign subsidiaries has been done to the extent of information being available and the reporting period/s adopted in the respective subsidiaries.

For the year 2009, the parent Company's accounting period comprises of 12 months whereas its three foreign subsidiaries accounting period comprise of 15 months. For all the subsidiaries the accounting period end-date matches with that of parent Company.



SCHEDULE - 23

NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2009

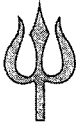
A. PREFERENCE SHARE CAPITAL:

- 60,82,500 (Series A), 1,01,37,500 (Series B) and 20,00,000 (Series C) 15% Participatory Cumulative Optionally Convertible Preference Shares of Rs.100 each allotted on 26.04.2007 are convertible at the option of the share holders on such terms as may be mutually agreed between the shareholders and the Company. In case of non-conversion, they are redeemable at the end of 5 years from the date of allotment. In the event of declaration of Equity Dividend beyond 15%, Series B Preference shares are entitled for such higher rate of dividend.
- 12,15,000 (Series I), 8,10,000 (Series II) 15% Participatory Cumulative Convertible Preference Shares of Rs.100 each allotted on 18.03.2008 are convertible at the option of the share holders on such terms as may be mutually agreed between the shareholders and the Company.
- 10,95,610 - 10% Redeemable Non-Cumulative Preference shares of Rs.10/- each are to be redeemed at par at the end of 20th year from the date of issue, i.e., February 2019. 2,00,000 1% Redeemable Non-Cumulative Preference shares of Rs.10/- each are to be redeemed at par at the end of 20th year from the date of issue, i.e., April 2019. 12,59,820 10% Redeemable Non-Cumulative Preference shares of Rs.10/- each are to be redeemed at par at the end of the 20th year from the date of issue, i.e., September 2022.

B. DEBENTURES:

SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF RS.100 EACH

Sl. No.	Series	Particulars	No. of Debentures Outstanding	Amount Outstanding (including Interest) (Rs.in lakhs)	Series Maturity Date	Security
1	XII	12% - Non-Cumulative Debentures	4,90,500	497.64	21.05.2010	Paripassu first mortgage/charge on the Company's movable and fixed assets relating to the Beverage Division at the Sugar Mill premises in Sivaganga.
2	XIII	12% - Cumulative Debentures	86,790	86.79	13.02.2010	
3	XIV	12% - Cumulative Debentures	8,89,810	889.81	22.07.2010	Paripassu second charge on the Company's Corporate Office Building at Coimbatore
4	XV	12%-Non-Cumulative Debentures	7,94,990	808.84	16.10.2010	
5	XVI	12%-Non-Cumulative Debentures	4,95,230	503.96	23.12.2010	Paripassu first mortgage/charge on the Company's immovable property situated at St.Mary Road,Chennai-18
6	XVII	12% - Cumulative Debentures	4,85,430	485.43	5.10.2010	
7	XVIII	12%-Non-Cumulative Debentures	4,40,000	444.21	30.03.2011	Paripassu first mortgage/charge on the Company's movable and fixed assets relating to the Beverage Division at the Sugar Mill premises in Sivaganga.
8	XIX	12% - Cumulative Debentures	4,97,570	497.57	30.12.2010	

**C. SECURED LOANS:****A. LOANS UNDER CDR:****I. FROM BANKS :**

- a) The amount outstanding under Secured Loans from Banks includes Term Loans, Working Capital Term Loans and Funded Interest Term Loans aggregating to Rs.78,930.05 lakhs (including interest) from Axis Bank Ltd, Bank of India, Canara Bank, HDFC Bank, IDBI Bank, Indian Overseas Bank, Oriental Bank of Commerce, Punjab National Bank and State Bank of India. These Loans are secured/ to be secured by -
- i) Pari passu first charge on the entire movable and immovable properties of the Company except the assets charged on exclusive basis;
 - ii) Pari passu second charge on the current assets of the Company;
 - iii) Pledge of entire shareholdings of the promoters in the Company;
 - iv) Personal Guarantees of Chairman, Vice Chairman & Managing Director, Joint Managing Director (Finance) and Joint Managing Director (Technical); and
 - v) Collateral security and Corporate Guarantee provided by a promoter company upto a limit of Rs.180 crores in favour of lenders under CDR.
- b) The amount outstanding under Secured Loans from Banks includes Term Loans and Funded Interest Term Loans aggregating to Rs.7,474.83 lakhs from Allahabad Bank. These Loans are secured/ to be secured by -
- i) Pari passu First charge on the entire movable and immovable properties of the Company except the assets charged on exclusive basis;
 - ii) First charge on the assets pertaining to Co-generation Plant I at Sakthi Nagar ranking pari passu with TIIC;
 - iii) Pari passu second charge on the current assets of the Company;
 - iv) Pledge of entire shareholdings of the promoters in the Company;
 - v) Personal Guarantees of Chairman, Vice Chairman & Managing Director, Joint Managing Director (Finance) and Joint Managing Director (Technical); and
 - vi) Collateral security and Corporate Guarantee provided by a promoter company.
- c) The amount outstanding under Secured Loans from Banks includes Term Loan of Rs.2779.75 lakhs from State Bank of India. This loan is secured/to be secured by -
- i) Residual charge on the entire fixed assets of the Company ranking pari passu with Bank of India, Canara Bank, HDFC Bank and Indian Overseas Bank;
 - ii) Residual charge on the current assets of the Company;
 - iii) Pledge of entire shareholdings of the promoters in the Company;
 - iv) Personal Guarantees of Chairman, Vice Chairman & Managing Director, Joint Managing Director (Finance) and Joint Managing Director (Technical); and
 - v) Collateral security and Corporate Guarantee provided by a promoter company.
- d) The amount outstanding under Hypothecation loans from Banks includes Working Capital facilities of Rs.1396.56 lakhs (including interest) from Bank of India, HDFC Bank and Indian Overseas Bank which are secured by -
- i) First charge by way of hypothecation of the current assets of the Company ranking pari passu with Citibank;
 - ii) Pari passu second charge on the entire movable and immovable properties of the Company except Sivaganga Sugar and Co-generation Units;
 - iii) Pledge of entire shareholdings of the promoters in the Company; and
 - iv) Personal Guarantees of Chairman, Vice Chairman & Managing Director, Joint Managing Director (Finance) and Joint Managing Director (Technical).
 - v) Collateral security and Corporate Guarantee provided by a promoter company.

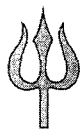
**II. FROM OTHERS:**

The amount outstanding under Secured Loans from Others includes Term Loan and Funded Interest Term Loan aggregating to Rs.4,604.85 lakhs (including interest) from Infrastructure Development Finance Company Limited (IDFC). This loan is secured/to be secured by -

- i) Pari passu first charge on the entire movable and immovable properties of the Company except the assets charged on exclusive basis;
- ii) Pari passu second charge on the current assets of the Company;
- iii) Pledge of entire shareholdings of the promoters in the Company;
- iv) Personal Guarantees of Chairman, Vice Chairman & Managing Director, Joint Managing Director (Finance) and Joint Managing Director (Technical); and
- v) Collateral security and Corporate Guarantee provided by a promoter company.

B. LOANS OUTSIDE CDR:**I. FROM BANKS:**

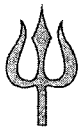
- a) The amount outstanding under Secured Loans from Banks includes Interest Free Excise Duty Term Loans aggregating to Rs.5166.11 lakhs from Bank of India, Canara Bank, HDFC Bank and Indian Overseas Bank. These Loans are secured by -
 - i) Residual charge on the fixed assets of the Sugar Units of the Company ranking pari passu with State Bank of India; and
 - ii) Personal Guarantees of Chairman and Vice Chairman & Managing Director.
- b) The amount outstanding under secured loans from Banks includes Term loan of Rs. 1265.12 lakhs (including interest) availed by Sakthi Auto Component Limited (SACL) from Axis Bank Ltd. This loan is secured by -
 - i) Equitable mortgage of the Company's immovable properties and hypothecation of the Company's movable properties (save and except current assets) including movable machinery, machinery spares, tools and accessories, both present and future, (save and except assets exclusively charged to Banks for their outstanding assistance) ranking pari passu with Indian Overseas Bank and Bank of India.
 - ii) Escrowing of receivables from Maruti ranking pari passu with Indian Overseas Bank and receivables from Honda Siel, Metaldyne & TAFE;
 - iii) Second charge on the current assets viz., stock including raw material, stock in process and other current assets, both present and future ranking pari passu with Indian Overseas Bank and Bank of India; and
 - iv) Personal guarantee by the Chairman & Managing Director of SACL.
- c) The amount outstanding under secured loans from Banks includes Term loan and Funded Term Loan of Rs.1619.11 lakhs and Rs.147.56 lakhs (including interest) respectively availed by SACL from Indian Overseas Bank. These loans are secured/to be secured by -
 - i) Equitable mortgage of the Company's immovable properties and hypothecation of the Company's movable properties including movable machinery, machinery spares, tools and accessories, both present and future, (save and except current assets and assets exclusively charged to Banks for their outstanding assistance) ranking pari passu with Axis Bank Ltd and Bank of India;
 - ii) Charge on Escrow of receivables from Maruti on pari passu basis with Axis Bank Ltd., for their Term loan;
 - iii) Second charge on the current assets viz., Stock including raw material, Stock in Process and other current assets, both present and future ranking pari passu with Axis Bank Ltd and Bank of India; and
 - iv) Personal guarantee by the Chairman & Managing Director of SACL.



- d) The amount outstanding under secured loans from Banks includes Term loan of Rs.5051.37 lakhs (including interest) availed by SACL from Indian Overseas Bank. This loan is secured by -
- Equitable mortgage of the Company's immovable properties and hypothecation of the Company's movable properties including movable machinery, machinery spares, tools and accessories, both present and future, (save and except current assets and assets exclusively charged to Banks for their outstanding assistance) ranking pari passu with Bank of India and Axis Bank Limited;
 - Escrowing of receivables from Industrial Product International Inc., U.S.A.; and
 - Personal guarantee by the Chairman & Managing Director of SACL.
- e) The amount outstanding under secured loans from Banks includes Term loan of Rs.3501.00 lakhs (including interest) availed by SACL from Bank of India, New York. This loan is secured by -
- Equitable mortgage of the Company's immovable properties and hypothecation of the Company's movable properties including movable machinery, machinery spares, tools and accessories, both present and future, (save and except current assets and assets exclusively charged to Banks for their outstanding assistance) ranking pari passu with Axis Bank Ltd and Indian Overseas Bank;
 - Second charge on the current assets ranking pari passu with Axis Bank Limited and Indian Overseas Bank; and
 - Personal guarantee by the Chairman & Managing Director of SACL.
- f) The amount outstanding under secured loans from Banks includes Term loans of Rs.321.84 lakhs (including interest) availed by SACL from The Shamrao Vithal Co-operative Bank Ltd. These loans are secured by -
- Exclusive charge on the respective Machining Lines / equipments procured out of the Term loan;
 - Personal guarantee of Dr N. Mahalingam, Chairman of the Holding Company (Sakthi Sugars Ltd); and
 - Personal guarantee of the Chairman & Managing Director of SACL.
- g) The amount outstanding under secured loans from Banks includes Term loan of Rs.486.69 lakhs (including interest) availed by SACL from Axis Bank Ltd. This loan is secured by the assets of the holding Company and Personal guarantee of the Chairman & Managing Director of SACL.
- h) The amount outstanding under secured loans from Banks includes Term loan of Rs.491.16 lakhs (including interest) availed by SACL from Axis Bank Limited. This loan is secured/to be secured by -
- Equitable mortgage of the Company's immovable properties and hypothecation of the Company's movable properties including movable machinery, machinery spares, tools and accessories, both present and future, (save and except current assets and assets exclusively charged to Banks for their outstanding assistance) ranking pari passu with Indian Overseas Bank and Bank of India;
 - Escrowing of receivables from Maruti ranking pari passu with Indian Overseas Bank and receivables from Honda Siel, Metaldyne & TAFE; and
 - Personal guarantee of the Chairman & Managing Director of SACL.
- i) The amount outstanding under secured loans from Banks includes Term loan of Rs.395.28 lakhs (including interest) availed by Sakthi Auto Ancillary Private Limited (SAAPL) from Indian Overseas Bank. This loan is secured/to be secured by -
- Equitable mortgage of the Company's immovable properties and are primarily secured by exclusive charge on the plant & machinery, equipments and other fixed assets.
 - Personal guarantee by the Managing Director and Joint Managing Director of SAAPL and corporate guarantee by the Holding Company.



- j) The amount outstanding under secured loans from Banks includes Term loan of Rs.286.40 Lakhs (including interest) availed by SAAPL from Axis Bank Limited. This loan is secured by the assets of the holding Company.
- k) The amount outstanding under secured loans from Banks includes Term Loans aggregating to Rs.26826.92 Lakhs (including interest) availed by Orlandofin BV from the overseas Branches of Barclays Bank Plc., Bank of India, Canara Bank, Indian Overseas Bank and State Bank of India. These loans are secured/to be secured by -
- Pledge/promissory pledge of shares and assets of European subsidiaries.
 - Corporate Guarantees of Indian Holding companies and Personal Guarantee of Sri M.Manickam.
- l) The amount outstanding under secured loans from Banks includes Term Loan of Rs.1341.40 Lakhs availed by Sakthi Portugal SA from Caixa Geral de Depositos which is secured by the Pledge over land and buildings of the unit.
- m) Hypothecation loans for working capital includes:
- The amount outstanding under Hypothecation Loans from Banks includes Working Capital facility of Rs.699.47 lakhs (including interest) from Citibank which is secured by -
 - First charge by way of hypothecation of finished goods, raw Materials, stock in process, stores and spares, book debts of the Company's sugar (except Modakurichi), distillery & soya units ranking pari passu with Bank of India, HDFC Bank and Indian Overseas Bank;
 - Second charge on the immovable & movable assets of the Company's sugar (except Sivaganga & Modakurichi), distillery & soya units; and
 - Personal guarantees of Chairman and Vice Chairman & Managing Director.
 - The amount outstanding under Hypothecation loans from Banks includes working capital facility of Rs.1538.02 lakhs (including interest) availed by SACL from Indian Overseas Bank which is secured by -
 - First charge by way of hypothecation of Finished Goods, Raw Materials, Stock in process and Stores and spares of the Company ranking pari passu with Axis Bank Limited;
 - second charge on the Movable and Immovable assets of the Company ranking pari passu with Axis Bank Ltd., and Bank of India;
 - Second charge on the Book Debts of the Company excluding export receivables other than IPI Inc ranking pari passu with Axis Bank Ltd. and Bank of India; and
 - Personal guarantee of the Chairman & Managing Director of SACL.
 - The amount outstanding under Hypothecation loans from Banks includes working capital facility of Rs.714.81 lakhs (including interest) availed by SAAPL from Indian Overseas Bank which is secured by exclusive charge on the entire current assets of the Company.
- n) The amount outstanding under Secured loans from Banks includes Bill Discounting limit of Rs.2500.00 lakhs availed by SACL from Axis Bank Ltd which is secured by -
- First charge on entire current assets (excluding receivables) of the Company ranking pari passu with Indian Overseas Bank; and
 - Exclusive first charge on the entire receivables from Maruti ranking pari passu with Indian Overseas Bank and receivables from Honda Siel, Metaldyne, TAFE and Sona Steering Systems.
- o) The amount outstanding under Secured loans from Banks includes Bill Discounting limit of Rs.348.75 lakhs availed by SACL from Bank of India which is secured by -
- Exclusive charge by way of first security interest on Bills drawn on General Motors, Korea;and
 - Second charge on inventory, other receivables and fixed assets of the Company ranking pari passu with Axis Bank Ltd., and Indian Overseas Bank.



- p) The amount outstanding under Letter of Credit Facility opened by Axis Bank Ltd., of Rs.489.35 lakhs availed by SACL which is secured by -
- Subservient charge on the current and movable assets of the Company;
 - Escrowing of receivables from Maruti ranking pari passu with Indian Overseas Bank and receivables from Honda Siel, Metaldyne, TAFE and Sona Steering Systems; and
 - Personal Guarantee of the Chairman & Managing Director of SACL.
- q) The amount outstanding under Secured Loans from Banks includes Overdraft Facility of Rs.204.34 lakhs (including interest) availed by SACL from Axis Bank Ltd. This loan is secured by the assets of the holding Company and Personal guarantee of the Chairman & Managing Director of SACL.
- r) The amount outstanding under secured loans from Banks includes Overdraft facility of Rs.202.19 Lakhs (including interest) availed by SAAPL from Axis Bank Limited. This loan is secured by the assets of the holding Company.
- s) The amount outstanding under secured loans from Banks includes Overdraft facility of Rs.1551.33 Lakhs availed by Sakthi Portugal SA from Caixa Geral de Depositos which is secured by the Pledge over land and buildings of the unit.

II. FROM OTHERS:

- The amount outstanding under Secured Loans from Others includes Term Loan of Rs.3120.73 lakhs (including interest) from Tamilnadu Industrial Investment Corporation Limited (TIIC). This loan is secured by:-
 - First Charge on the movable and immovable assets of the Company's Cogen Plant-I at Sakthinagar on pari passu basis with Allahabad Bank;
 - Escrow of the receivable on evacuation of power to Tamil Nadu Electricity Board (TNEB) from the Cogen plant-I at Sakthinagar on pari passu basis with Allahabad Bank;
 - Escrow of receivable on sale of ethanol from the Company's distillery unit at Sakthinagar;
 - Personal Guarantees of Chairman and Vice-Chairman & Managing Director; and
 - Collateral security provided by a promoter company.
- The amount outstanding under Secured Loans from Others includes Corporate Loan of Rs.26.08 lakhs availed by the Company from Housing Development Finance Corporation Ltd (HDFC). This Loan is secured by a mortgage of Company's property at New Delhi.
- The amount outstanding under Secured Loans from Others includes Term Loan of Rs.197.84 lakhs availed by the Company from Sugar Development Fund (SDF) of Government of India. This loan is secured by pari passu first charge on the fixed assets of the Company's sugar units at Sakthinagar, Sivaganga and Dhenkanal.
- The amount outstanding under Secured Loans from Others includes interest amounting to Rs.41.49 lakhs on Term Loan availed by the Company from Technology Information Forecasting and Assessment Council (TIFAC). This loan is secured by exclusive first charge on the assets acquired under the Scheme. This loan is further secured by personal guarantee of Vice Chairman & Managing Director.
- The amount outstanding under Hire Purchase Loans aggregating to Rs.102.95 lakhs represents the amount availed by the Company from public limited companies and is secured by hypothecation of the vehicles so financed. Out of the above, the amount of Rs.25.76 lakhs and Rs.9.88 lakhs represents the hire purchase loans availed by SACL and SAAPL respectively.

D. FIXED DEPOSITS:

The aggregate amount of fixed deposits guaranteed by Vice-Chairman & Managing Director is Rs.25.94 lakhs.



E. FOREIGN CURRENCY CONVERTIBLE BONDS:

The Company had issued during May 2006, Zero coupon - Foreign Currency Convertible Bonds in two series aggregating to US\$ 60 Million (Series A - US\$ 20 million and Series B - US\$ 40 million). These Bonds are convertible at the option of the holders into fully paid Equity shares at such conversion price as determined in accordance with the Offer Circular, but not less than Rs.177.39 per share. As on 31.12.2009, Bonds for value aggregating to US\$15.40 Millions have been converted into 34,60,569 fully paid Equity shares at the conversion price of Rs.208 and Rs.190 per share for Series A and Series B respectively. Subsequently Bonds for value aggregating to US\$ 8.70 Millions has been converted in to 19,73,704 fully paid Equity shares on the same pricing terms during the month of January and March 2010.

F. FOREIGN CURRENCY EXPOSURE:

SACL's Foreign currency exposures not covered by derivative instruments or otherwise as at 31.12.09 amount to Rs.5149.31 Lakhs (31.12.2008 Rs.6027.03 Lakhs)

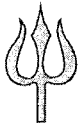
Particulars	31.12.2009		31.12.2008	
	Currency	Rs. in Lakhs	Currency	Rs. In Lakhs
United States Dollars	10393325	4851.60	11038975	5348.38
EURO	443873	297.71	994785	678.65
TOTAL		5149.31		6027.03

G. SEGMENT INFORMATION FOR THE YEAR ENDED 31.12.2009:

(Rs. in Lakhs)

	SUGAR		INDUSTRIAL ALCOHOL		SOYA PRODUCTS		POWER		IRON CASTINGS		TOTAL	
	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08	31.12.09	31.12.08
REVENUE:-												
PRIMARY:-												
External Sales	101800.32	59953.18	14106.54	19268.19	7829.11	12912.75	13590.30	9899.44	62455.79	83159.71	199782.06	185193.27
Inter Segment Sales	9581.47	6757.07	1.10	0.96	--	--	6355.64	7369.33	--	--	15938.21	14127.36
Operating Income	1719.36	214.34	19.12	62.02	42.75	764.54	470.38	0.22	1969.84	3578.63	4221.45	4619.75
	113101.15	66924.59	14126.76	19331.17	7871.86	13677.29	20416.32	17268.99	64425.63	86738.34	219941.72	203940.38
Segment Result	2778.47	-5227.64	4554.04	11769.63	249.19	973.85	9677.86	5184.11	-3582.63	2371.95	13676.93	15071.90
Unallocated Corporate Expenses/ Income (Net)											318.74	81.70
Operating Profit											13358.19	14990.20
Interest Expenses											10135.87	23057.71
Interest Income											887.72	1332.24
Profit/Loss from Ordinary activities											4110.04	-6735.27
Prior Year Adjustments											--	-90.78
Foreign Exchange Fluctuation/ Derivative Transactions (Net)											-33.72	-6492.26
Net Profit/Loss before Tax											4076.32	-13318.31
Less: Income-tax:												
Current/Prior Year Tax											86.60	10.47
Deferred Tax											1292.46	-1083.35
Minority Interest											46.60	49.00
Net Profit/Loss after Tax (after Minority Interest)											2650.67	-12294.43
OTHER INFORMATION:												
Segment Assets	135339.67	113554.36	14782.78	13062.86	8627.81	7493.27	36534.36	35735.49	84435.31	105412.20	279719.93	275258.18
Unallocated Corporate Assets											19663.06	18651.00
Total Assets											299382.99	293909.18
Segment Liabilities											195023.92	186086.24
Deferred Tax Liability											1092.13	-225.75
Total Liabilities											196116.05	185860.49
Capital Expenditure	1809.16	6268.92	69.38	1821.18	48.69	472.81	811.71	12198.98	2122.30	21373.75	4861.23	42135.64
Depreciation	1504.43	2298.06	259.47	338.63	116.84	205.76	1144.97	1451.84	3880.96	4845.76	6906.67	9140.05
SECONDARY:-												
Revenue by Geographical Market												
India	111139.64	44335.76	14126.76	19331.17	6168.04	10609.87	20561.27	17268.99	26217.35	31164.09	178213.06	122709.88
Outside India	1961.51	22588.83	--	--	1703.82	3067.42	--	--	39473.85	55574.25	43138.98	81230.50

Inter segment revenues are recognised at less than prevailing market price as on the date of transaction.



H. DEFERRED TAX

(Rs. In lakhs)

Particulars	31.12.2009	31.12.2008
For Indian Companies:		
A- Deferred Tax Liability:-		
Arising out of depreciation of Fixed Assets(Net)	11785.93	11742.58
Difference in treatment of expenses/income (Net)	6242.20	2019.89
Total	18028.13	13762.47
B- Deferred Tax Asset:-		
Carried forward losses/Unabsorbed depreciation	15595.49	13462.90
Net Deferred Tax Liability	2432.64	299.57
For Foreign Companies:		
Deferred Tax Asset:-		
Provisions not tax deductible	10.73	8.19
Corporate income tax credit	274.99	279.71
Tax losses	1054.79	237.42
Total	1340.51	525.32

- I. Borrowing Cost capitalized during the year is Rs.630.92 lakhs (Previous year - Rs.2959.76 lakhs).
- J. The Company has pledged 4,38,59,394 equity shares holding in SACL, the wholly owned subsidiary, to secure the loan and obligation in relation to SACL.
- K. Bank balance with Non Scheduled Banks aggregating to Rs.1.50 lakhs (Previous year Rs.0.43 lakhs)

The closing balance with Non Scheduled Bank as detailed below:-

(Rs. In Lakhs)

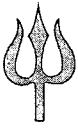
Name of the Bank	Balance as on 31.12.2009	Maximum Balance during the year 2009	Balance as on 31.12.2008	Maximum Balance during the year 2008
Cuttack Gramya Bank, Sajuanpur	0.04	0.04	0.03	0.04
Cuttack Gramya Bank, Dihasahi	0.08	0.08	0.08	0.08
Dhenkanal Gramya Bank, Dhenkanal	0.96	0.96	0.01	0.77
Dhenkanal Gramya Bank, Kabera	0.05	0.13	0.08	0.14
Dhenkanal Gramya Bank, Pingua	0.02	0.02	0.02	0.11
Puri Gramya Bank, Chari Chhak	0.10	0.12	0.08	0.32
Kalinga Gramya Bank, Sundaragram	0.25	0.52	0.13	0.93
Total	1.50		0.43	

Rs. In lakhs

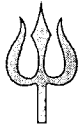
31.12.2009 31.12.2008

- L. Amount due from Directors to be adjusted Against cane supply
Maximum amount due from Directors during the year
- M. Advance due from Officers (Senior Executives) of the Company
Maximum amount due from officers (Senior Executives)
of the Company during the year
- N. **TAX DEDUCTED AT SOURCE:**

	31.12.2009 (12 Months)	31.12.2008 (18 Months)
On Interest Receipts	35.11	107.16
On Other Income	12.50	40.02
Total	47.61	147.18

**O. RELATED PARTIES DISCLOSURE:****I. RELATED PARTIES:**

- a. HOLDING COMPANY
Sakthi Sugars Limited
- b. SUBSIDIARY COMPANIES
Sakthi Auto Component Limited
Sakthi Auto Ancillary Private Limited
Tilan Sugar Limited
Orlandofin B.V.
Sakthi Netherlands B.V.
Sakthi European Foreign Sales Corporation B.V.
Sakthi Holdings B.V.
Sakthi Service GmbH
Sakthi Portugal SA
- c. KEY MANAGERIAL PERSONNEL
Dr. N Mahalingam, Chairman
Sri M Manickam, Vice Chairman and Managing Director
Sri M Balasubramaniam, Joint Managing Director (Finance)
Sri M Srinivaasan, Joint Managing Director (Technical)
Sri VK Swaminathan, Executive Director
Sri S Jeevanantham, Managing Director of SAAPL
Sri S Mohanraj, Joint Managing Director of SAAPL
Sri Jorge Filipe Vilar de Almeida Fesch, Chief Executive Officer of Sakthi Portugal, S.A.
- d. RELATIVES OF KEY MANAGERIAL PERSONNEL
There have been no transactions with relatives of key managerial personnel
- e. ENTERPRISES WHERE CONTROL EXIST
ABT Limited
ABT Industries Limited
ABT Info Systems Pvt. Ltd
Anamallais Bus Transport Pvt. Ltd
Sakthi Finance Limited
Sakthi Logistic Services Ltd
Sri Chamundeswari Sugars Limited
Nachimuthu Industrial Association
J S Auto Cast Foundry India Pvt. Ltd
- f. ENTERPRISES IN WHICH KEY MANAGERIAL PERSONNEL/RELATIVES OF KEY MANAGERIAL PERSONNEL HAVE SIGNIFICANT INFLUENCE
ARC Petroleum Services
N.Mahalingam & Company
Sakthi Automobiles
Sakthi Coffee Estates (P) Ltd.



II. RELATED PARTY TRANSACTIONS :

(Rs. in lakhs)

	Key Managerial personnel	Enterprises	Total for the Year 2009	Previous Year 2007-08
Managerial Remuneration	123.81		123.81	96.89
Sitting Fees	0.70		0.70	1.49
Raw Sugar Sales		533.05	533.05	--
Rent Receipts		12.60	12.60	18.90
Other Receipts		3.05	3.05	3.24
Transport Charges		258.01	258.01	330.75
Vehicle Purchase/Maintenance		23.77	23.77	46.84
Purchase of Milk		2.96	2.96	8.54
Management Fee		237.13	237.13	263.07
Electricity charges/Wind mill power		149.60	149.60	551.92
Purchase of Computer consumables		19.08	19.08	2.34
Courier charges		0.07	0.07	0.13
Rent Payments		15.60	15.60	23.76
Fettling charges/others		28.82	28.82	34.52
Interest charges		--	--	858.26
Water charges receipts		10.75	10.75	15.70
Technical charges receipts		1.44	1.44	1.67
Purchase of fuel		40.43	40.43	59.92
Advertisement Receipts		3.86	3.86	5.86
Purchase of goods		26.70	26.70	20.05
Sale of goods / Services rendered		7.81	7.81	12.44
Printing Charges		21.63	21.63	26.46
Promoter Contribution		400.00	400.00	--
			Outstanding Amount 31.12.2009	Outstanding Amount 31.12.2008
Dues from Enterprises			365.96	73.92
Dues to Enterprises			6062.21	5466.98
Dues to Key Managerial Personnel			112.52	70.24

P. Lease Payments:

The Lease Payments recognized in the Profit and Loss Account of SACL is Rs.2.26 Lakhs.

(Rs. In Lakhs)

31.12.2009 31.12.2008

Q. Estimated amount of contracts remaining to be executed
On capital account and not provided for :

2759.31 2125.55

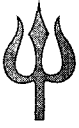
R. EMPLOYEE BENEFITS:

Gratuity and Provident Fund:

Gratuity, Provident Fund and Employees State Insurance are defined Contribution Plans.

The expenses recognised in the Profit and Loss Account:-

Particulars	31.12.2009 (12 Months)	31.12.2008 (18 Months)
Gratuity	127.39	172.45
Provident Fund	346.54	414.73
Employees State Insurance	21.60	34.09



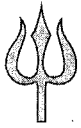
SAKTHI SUGARS LIMITED (HOLDING COMPANY)

Disclosure report under Accounting Standard-15 (Revised):

Type of Plan: Long Term Compensated Absence as per Actuarial valuation

(Rs. in Lakhs)

	31.12.2009	31.12.2008
I. PRINCIPAL ACTUARIAL ASSUMPTIONS (Expressed as weighted average)		
Discount Rate	7.50%	6.50%
Salary escalation rate	6.50%	6.50%
Attrition rate	5.00%	2.50%
Expected rate of return on Plan Assets	--	--
II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO)- RECONCILIATION OF OPENING AND CLOSING BALANCES		
PVO as at the beginning of the period	439.80	355.48
Interest Cost	30.47	43.10
Current Service Cost	22.92	20.18
Past Service cost-(non vested benefits)	--	--
Past service cost-(vested benefits)	--	--
Benefits paid	(66.99)	(34.80)
Actuarial loss/ (gain) on obligation (balancing figure)	32.22	55.85
PVO as at the end of the period	458.42	439.80
III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES		
Fair value of plan assets as at the beginning of the period	--	--
Expected return on plan assets	--	--
Contributions	66.99	34.80
Benefits paid	(66.99)	(34.80)
Actuarial gain/ (loss) on obligation (balancing figure)	--	--
Fair value on plan assets as at the end of the period	--	--
IV. ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets	--	--
Actuarial gain/(loss) on plan assets	--	--
Actual return on plan assets	--	--
V. ACTUAL GAIN/ LOSS RECOGNIZED		
Actuarial gain/(loss) for the period-Obligation	(32.22)	(55.85)
Actuarial gain/(loss) for the period-Plan Assets	--	--
Total (gain)/loss for the period	32.22	55.85
Actuarial (gain) /loss recognized in the period	32.22	55.85
Unrecognized actuarial (gain)/ loss at the end of the year	--	--
VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES		
Present value of the obligation	458.42	439.80
Fair value of plan assets	--	--
Difference	458.42	439.80
Unrecognised transitional liability	--	--
Unrecognised past service cost-non vested benefits	--	--
Liability recognized in the balance sheet	458.42	439.80


SCHEDULES

(Rs. in Lakhs)

	31.12.2009	31.12.2008
VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS		
Current service cost	22.92	20.18
Interest Cost	30.47	43.10
Expected return on plan assets	--	--
Net actuarial (gain)/loss recognised in the year	32.22	55.85
Transitional Liability recognised in the year	--	--
Past service cost-non-vested benefits	--	--
Past service cost-vested benefits	--	--
Expenses recognized in the statement of profit and loss	85.61	119.13
VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET		
Opening net liability	439.80	355.48
Expenses as above	85.61	119.13
Contribution paid	(66.99)	(34.80)
Closing net liability	458.42	439.80
IX. AMOUNT FOR THE CURRENT PERIOD		
Present value of obligation	458.42	439.80
Plan Assets	--	--
Surplus(Deficit)	(458.42)	(439.80)
X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)	Nil	Nil

SAKTHI AUTO COMPONENT LIMITED (SACL)

(Rs. in Lakhs)

	31.12.2009	31.12.2008
I. PRINCIPAL ACTUARIAL ASSUMPTIONS		
Discount Rate	7.50%	6.40%
Salary escalation rate	5.00%	5.50%
Attrition rate	5.00%	5.00%
Expected rate of return on Plan Assets	--	--
II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
PVO as at the beginning of the period	28.59	27.79
Interest Cost	1.69	2.84
Current service cost	5.25	4.24
Past service cost - (non vested benefits)	--	--
Past service cost - (vested benefits)	--	--
Benefits paid	(12.08)	(10.58)
Actuarial loss/(gain) on obligation (balancing figure)	11.52	4.31
PVO as at the end of the period	34.97	28.59
III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
Fair value of plan assets as at the beginning of the period	--	--
Expected return on plan assets	--	--
Contributions	12.08	10.58
Benefits paid	(12.08)	(10.58)
Actuarial gain/(loss) on plan assets [balancing figure]	--	--
Fair value of plan assets as at the end of the period	--	--


SCHEDULES

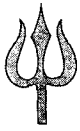
(Rs. in Lakhs)

	31.12.2009	31.12.2008
IV. ACTUARIAL GAIN / LOSS RECOGNIZED		
Actuarial gain / (loss) for the period - Obligation	11.52	(4.31)
Actuarial gain / (loss) for the period- Plan Assets	--	--
Total (gain) / loss for the period	11.52	4.31
Actuarial (gain) / loss recognized in the period	11.52	4.31
Unrecognized actuarial (gain) / loss at the end of the year	--	--
V. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES		
Present value of the obligation	34.97	28.59
Fair value of plan assets	--	--
Difference	34.97	28.59
Unrecognised transitional liability	--	--
Unrecognised past service cost - non vested benefits	--	--
Liability recognized in the balance sheet	34.97	28.59
VI. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:		
Current service cost	5.25	4.23
Interest Cost	1.69	2.84
Expected return on plan assets	--	--
Net actuarial (gain)/loss recognised in the year	11.52	4.31
Transitional Liability recognised in the year	--	--
Past service cost - non-vested benefits	--	--
Past service cost - vested benefits	--	--
Expenses recognized in the statement of profit and loss	18.46	11.38
VII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET		
Opening net liability	28.59	27.79
Expense as above	18.46	11.38
Contribution paid	(12.08)	(10.58)
Closing net liability	34.97	28.59
VIII. AMOUNT FOR THE CURRENT PERIOD		
Present Value of obligation	34.97	28.59
Plan Assets	--	--
Surplus (Deficit)	(34.97)	(28.59)

SAKTHI AUTO ANCILLARY PVT LTD

(Rs. in Lakhs)

	31.12.2009	31.12.2008
I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]		
Discount Rate	7.90%	6.00%
Salary escalation rate	6.50%	15.00%
Attrition rate	3.00%	8.79%
Expected rate of return on Plan Assets	9.00%	9.00%
II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
PVO as at the beginning of the period	39.96	20.03
Interest Cost	2.39	2.43
Current service cost	7.68	4.57
Past service cost - (non vested benefits)	-	-
Past service cost - (vested benefits)	-	-
Benefits paid	(0.26)	(1.05)
Actuarial loss/(gain) on obligation (balancing figure)	(26.62)	13.98
PVO as at the end of the period	23.14	39.96


SCHEDULES

(Rs. in Lakhs)

	31.12.2009	31.12.2008
III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:-		
Fair value of plan assets as at the beginning of the period	10.01	7.23
Expected return on plan assets	1.05	1.12
Contributions	3.45	3.16
Benefits paid	(0.26)	(1.05)
Actuarial gain/(loss) on plan assets [balancing figure]	0.08	(0.44)
Fair value of plan assets as at the end of the period	14.34	10.01
IV. ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets	1.05	1.12
Actuarial gain (loss) on plan assets	0.08	(0.44)
Actual return on plan assets	1.13	0.68
V. ACTUARIAL GAIN / LOSS RECOGNIZED		
Actuarial gain / (loss) for the period - Obligation	26.63	(13.98)
Actuarial gain / (loss) for the period- Plan Assets	0.08	(0.44)
Total (gain) / loss for the period	(26.71)	14.42
Actuarial (gain) / loss recognized in the period	(26.71)	14.42
Unrecognized actuarial (gain) / loss at the end of the year	--	--
VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES		
Present value of the obligation	23.14	39.96
Fair value of plan assets	14.34	10.01
Difference	8.80	29.94
Unrecognised transitional liability	--	--
Unrecognised past service cost - non vested benefits	--	--
Liability recognized in the balance sheet	8.80	29.94
VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:		
Current service cost	7.68	4.57
Interest Cost	2.39	2.43
Expected return on plan assets	(1.05)	(1.12)
Net actuarial (gain)/loss recognised in the year	(26.71)	14.42
Transitional Liability recognised in the year	--	--
Past service cost - non-vested benefits	--	--
Past service cost - vested benefits	--	--
Expenses recognized in the statement of profit and loss	(17.69)	20.31

S. EARNINGS PER SHARE:

(Rs. in Lakhs)

	2009 (12 Months)	2007-08 (18 Months)
a. Profit After Tax (Rs. in Lakhs)	2697.26	(-)12245.43
b. Less: Preference Dividend (Rs. in Lakhs)	--	--
c. Total (Rs. in Lakhs)	2697.26	(-)12245.43
d. The weighted average no of Equity Shares	31727168	31373066
e. The nominal value per Equity Share (Rs.)	10	10
f. Earnings per Share - Basic (Rs.)	8.50	(-)39.03
Diluted Earning per Share (Rs.)		
a. Profit After Tax (Rs. in Lakhs)	2697.26	(-)12245.43
b. The weighted average no of Equity Shares	34111730	34687352
c. Earnings per Share - Diluted (Rs.)	7.91	(-)35.30

**T. Disclosure pursuant to AS-28 on 'Impairment of Assets':**

During the year, review has been done for carrying value of the assets for finding out the impairment, if any. The review has not revealed any impairment of assets in terms of AS-28.

- U.** Interim dividend of Rs. 3081.55 lakhs declared by SACL during the year 2007-08 has become recoverable from the share holders as there was no distributable profit on account of economic meltdown faced by the Auto Industry. The management has taken up with the concerned share holders for recovery. The modus operandi of recovery is under active discussion.

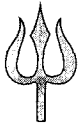
V. CONTINGENT LIABILITIES IN RESPECT OF -

(Rs. In Lakhs)

Particulars	31.12.2009	31.12.2008
Income tax matters	1199.27	809.74
Purchase tax/sales tax matters	2290.57	2335.66
Excise/service tax matters	3758.83	3281.91
Water tax	662.34	617.81
Electricity tax	26.73	8.69
Claims against the company not acknowledged as debts	1208.70	1638.94
Note: Above Matters are subject to legal proceedings in the ordinary course of business. The legal proceedings when ultimately concluded will not, in the opinion of the management, have a material effect on the results of the operations or financial position of the company		
Guarantees issued by bankers	2425.27	1752.96
Corporate guarantee given for loans to subsidiaries		
a. Guarantee amount	55407.30	64795.55
b. Outstanding amount	45405.33	54433.96
Export obligation:		
Sugar:		
Obligation for export of sugar (in lakh Mts)	1.67	1.71
Duty component to be paid in case of non fulfillment of obligation	15524.92	15866.58
Iron Castings:		
Duty component to be paid in case of non fulfillment of obligation	1393.00	1460.00

- W.** Wherever necessary, figures for previous year have been regrouped or reclassified to conform to this year's grouping or classification.

- X.** Previous year's figures are not comparable with the current year figures as the current year is for a period of 12 months, whereas previous year's figures were for a period of 18 months in the case of parent and Indian subsidiaries and 12/15 months in the case of foreign subsidiaries.



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2009

(Rs. in lakhs)

	2009		2007 - 08	
A. Cash Flow from Operating Activities				
Profit/Loss before tax		4,110.04		(6,735.27)
Depreciation	6,906.67		9,140.05	
Interest	10,135.87		23,057.71	
Miscellaneous expenses & other exp.written off	359.44		560.95	
Intangible assets written off	2,606.44		1,459.34	
Funded interest written off	-		872.77	
Loss on sale of assets	2.00		17.13	
Loss on sale of investments/written off	3,433.24		2.00	
Investment Income :				
Dividend	(3.31)		(6.76)	
Interest	(887.72)		(1,332.24)	
Profit on sale of assets	(2.21)		(2.01)	
Profit on sale of investments	-		(59.79)	
		22,550.42		33,709.15
Operating Profit Before Working Capital changes		26,660.46		26,973.88
Adjustment for:-				
Inventories	(12,655.08)		(594.47)	
Debtors	(4,432.14)		(2,233.37)	
Other current assets	(1,030.01)		(1,497.87)	
Loans and advances	12,882.48		(4,467.54)	
Liabilities	(5,245.12)		29,758.66	
Excess provision written back / Exp. relating to prior years	12.50		(30.29)	
Intangible assets	(2,131.81)		(16,382.14)	
Miscellaneous expenditure paid	(27.94)		(251.61)	
		(12,627.11)		4,301.37
Net cash from operating activities after extraordinary items		14,033.35		31,275.25
Foreign exchange fluctuation		718.45		(974.42)
Income tax paid		(1,207.88)		(143.74)
Net cash from operating activities		13,543.92		30,157.09
B. Cash Flow from Investing Activities				
Purchases of fixed assets	(5,063.20)		(40,312.51)	
Sale of fixed assets	52.31		325.57	
Investment income	891.03		1,339.00	
Sale / Purchase of investment	5.00		(3,638.77)	
Net cash from investing activities		(4,114.86)		(42,286.71)
C. Cash Flow from Financing Activities				
Issue of preference share capital (Net)	-		2,025.00	
Payment of dividend plus tax	-		(550.58)	
Interest paid	(10,838.37)		(21,673.99)	
Derivative transactions (net)	(1,509.28)		(897.84)	
Receipts from long term / short term borrowing	3,000.70		28,633.70	
Net cash used in financing activities		(9,346.95)		7,536.29
Net increase in cash & cash equivalents		82.11		(4,593.33)
Cash & cash equivalents at the beginning of the period		6,026.64		10,619.97
Cash & cash equivalents at the end of the period		6,108.75		6,026.64

Vide our report annexed
For P N RAGHAVENDRA RAO & Co
Chartered Accountants

P R VITTEL
Partner
M. No. 018111

N MAHALINGAM
Chairman

M MANICKAM
Vice Chairman & Managing Director

Coimbatore
29th March 2010

M BALASUBRAMANIAM
Joint Managing Director - Finance

S BASKAR
Senior Vice President - Finance &
Company Secretary



SAKTHI SUGARS LIMITED

REGD. OFFICE :
SAKTHINAGAR - 638 315, BHAVANI TALUK, ERODE DISTRICT

PROXY FORM

I / We.....

of.....being a Member / Members of Sakthi Sugars Limited

hereby appointof

or failing himof

or failing himof

as my / our proxy to attend and vote for me / us on my / our behalf at the 48th Annual General Meeting of the Company to be held on 16th June, 2010 and of any adjournment thereof.

Signed this day of 2010.

Folio No. :

* Client ID No. :

* DP ID No. :

Affix
15 Paise
Revenue
Stamp

Note : The Proxy form must be deposited at the Registered Office of the Company at Sakthinagar, 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.

* Applicable only in case of investors holding shares in electronic form.

→



SAKTHI SUGARS LIMITED

REGD. OFFICE :
SAKTHINAGAR - 638 315, BHAVANI TALUK, ERODE DISTRICT

ATTENDANCE SLIP

Reg. Folio :

* Client ID No. :

* DP ID No. :

Name & Address of member :

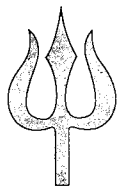
I hereby record my presence at the 48th Annual General Meeting held on 16th June, 2010 at Sakthi Nagar, Bhavani Taluk, Erode District, Tamilnadu.

.....
** Member's / Proxy's Signature

Note : Shareholder / Proxyholder must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.

* Applicable only in case of investors holding shares in Electronic Form.

** Please indicate whether Member or Proxy



SAKTHI SUGARS LIMITED

CORPORATE OFFICE
180 RACE COURSE ROAD, COIMBATORE - 641 018