

2012-13

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



SAKTHI SUGARS LIMITED

ANNUAL REPORT 2012-13

इश्वरकार्ययोगि च ल क्रीया इशक्ति

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



REGISTERED OFFICE

Sakthinagar - 638 315
Bhavani Taluk, Erode District
Tamilnadu

CORPORATE OFFICE

180, Race Course Road
Coimbatore - 641 018
Tamilnadu

AUDITORS

M/s P N Raghavendra Rao & Co
Coimbatore

MAIN BANKERS

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

REGISTRAR & SHARE TRANSFER AGENTS

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

DIRECTORS

Dr N MAHALINGAM
Chairman

Dr M MANICKAM
Executive Vice Chairman*

Sri M BALASUBRAMANIAM
Managing Director*

Sri M SRINIVAASAN
Joint Managing Director*

Sri V K SWAMINATHAN
Executive Director

Sri P K CHANDRAN

Sri S S MUTHUVELAPPAN

Sri N K VIJAYAN

Sri S DORESWAMY

Sri C RANGAMANI

Sri B ELANGO VAN (Nominee of TIDCO)

Sri V M MANOGARAN (Nominee of IDBI Bank)

** Effective from 28th June 2013*

Sri S BASKAR
Senior Vice President - Finance &
Company Secretary



C O N T E N T S

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Important Communication to Members

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses in respect of their holdings in demat form through their concerned Depository Participants. Members who hold shares in physical form are requested to fill in and forward the e-mail Address Registration Form given in page No.121 of this Annual Report to Link Intime India P. Ltd., Registrar & Share Transfer Agents, “Surya”, 35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641 028.



NOTICE TO MEMBERS

Notice is hereby given that the 51st Annual General Meeting of the Company will be held at its Registered Office at Sakthinagar-638 315, Bhavani Taluk, Erode District, Tamilnadu, on Monday, 30th September 2013 at 3.15 p.m. to transact the following business:

1. To consider and adopt the audited Balance Sheet as at 31st March 2013, Statement of Profit and Loss for the year ended on 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 N K Vijayan, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in the place of Sri S Doreswamy, who retires by rotation and is eligible for reappointment.
5. To appoint M/s. P N Raghavendra Rao & Co., Chartered Accountants, as Auditors of the Company for holding office upto the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED that subject to the approval of the Central Government, Banks and Financial Institutions, as may be required, and pursuant to Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, the appointment of Sri M. Balasubramaniam as Managing Director for a period of five years from 28.6.2013 be and is hereby approved and that Sri M. Balasubramaniam be paid remuneration as detailed below:

I. SALARY

Rs. 1,00,000 per month

II. PERQUISITES

In addition to the above salary, Sri M. Balasubramaniam, Managing Director, shall also be entitled for the following perquisites which shall not be included in the computation of the ceiling on remuneration :

- a) Contribution to provident fund and superannuation fund or annuity fund to the extent not taxable under the Income Tax Act, 1961.
- b) Gratuity at the rate of half a month salary for each completed year of service, and
- c) Encashment of leave at the end of the tenure as per the Rules of the Company.

The above salary and perquisites be paid as minimum remuneration even in the event of loss or inadequacy of profits in any year.

III. COMMISSION

1% Commission on the net profits of the Company, subject to the maximum ceiling specified in Section 309(3) of the Companies Act, 1956.



7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED that Article 125 of the Articles of Association of the Company be deleted and substituted with the following:

The Board of Directors, subject to the provisions of the Companies Act, 1956, and the approval of the members accorded at a General Meeting, may from time to time appoint or reappoint one or more Director or Directors to the office of the Executive Chairman/Vice Chairman, Managing Director or Managing Directors and/or Wholetime Director or Directors for such period and on such remuneration, terms and conditions as are approved by the members and/or subject to the terms of agreement, if any, entered into with such Executive Chairman/Vice Chairman or Managing Director(s) or wholetime Director(s), and/or may revoke such appointments.

The Board of Directors, subject to the provisions of the Companies Act, appoint or declare any one or more of the Chairman/Vice Chairman, Executive Chairman/Vice Chairman, Managing Director or Managing Directors or Wholetime Director or Directors as Director or Directors not liable to retire by rotation for such period as the Board may consider necessary.

The Wholetime Director or Directors shall, subject to the supervision and control of the Board, exercise such powers and authorities and perform such duties as are entrusted to them by the Managing Director/s from time to time.

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 293(1)(e) of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorized to donate and contribute a sum/sums not exceeding in the aggregate Rs.75 lakhs (Rupees seventy five lakhs only) from out of the funds of the Company for deserving causes and institutions during the financial year ending 31st March 2014.

By Order of the Board

S.BASKAR

Sr.Vice President - Finance &
Company Secretary

Coimbatore
28th June 2013

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 atleast forty eight hours before the commencement of the meeting at the Registered Office of the Company at Sakthinagar – 638 315, Bhavani Taluk, Erode District or at the Corporate Office at 180, Race Course Road, Coimbatore - 641 018.
3. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business under items No.6 to 8 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 23.9.2013 to 30.9.2013 (both days inclusive).



6. The Company had transferred all unclaimed dividends declared upto the 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 years 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

Sri M.Balasubramaniam is the Joint Managing Director-Finance of the Company with effect from 23.1.2009. He has rich experience in finance and sugar industries. His appointment as Managing Director will be beneficial to the Company. Sri M.Balasubramaniam is the Managing Director of Sakthi Finance Limited. The Board of Directors at its meeting held on 28.6.2013 has appointed Sri M.Balasubramaniam as Managing Director of the Company subject to the approval of the Members of the Company, Central Government and of the Banks and Financial Institution, as may be required.

Necessary resolution is set out in the Notice for approval of the Members of the Company.

The terms of appointment mentioned in the resolution may be treated as abstract under Section 302 of the Companies Act, 1956.

Sri M.Balasubramaniam is deemed to be interested in the resolution as it relates to his appointment. Dr.N.Mahalingam, Dr.M.Manickam, and Sri M.Srinivaasan, Directors, are interested in the resolution as relatives of Sri M.Balasubramaniam.

Item No.7

The Article 125 of the Articles of Association, inter alia, stipulates that Managing Director and Wholetime Director need not retire by rotation. It is proposed that the Board of Directors can determine the non-retirement of Chairman/Vice Chairman, Executive Chairman/Vice Chairman and Managing/Wholetime Directors, subject to the provisions of the Companies Act, 1956.

Necessary resolution is set out in the Notice for the approval of the members.

No Director of the Company is concerned or interested in the proposed resolution.

Item No. 8

To meet certain charitable and social obligations, it is proposed to authorize the Board of Directors to make donations upto Rs.75 lakhs (Rupees seventy five lakhs only) for the year ending 31st March 2014. Necessary resolution is set out in the notice for members approval.

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

By Order of the Board

S.BASKAR

Sr.Vice President - Finance &
Company Secretary

Coimbatore
28th June 2013



APPOINTMENT / RE-APPOINTMENT OF DIRECTORS

Details of Directors proposed to be appointed / re-appointed is given in terms of Clause 49 of the Listing Agreement:

| | | | |
|---|-----------------------------------|---|---|
| 1 | Name | : | Sri M Balasubramaniam |
| | Date of Birth and Age | : | 06.5.1958 - 55 Years |
| | Date of Appointment as | : | |
| | Director | : | 21.8.1989 |
| | Joint Managing Director - Finance | : | 23.1.2009 |
| | Managing Director | : | 28.6.2013 |
| | Qualification | : | M.Com., M.B.A (USA) |
| | Experience | : | Rich experience in finance and sugar industries |
| | Other Directorships | : | Sakthi Finance Limited ABT Industries Limited ABT Limited Sri Chamundeswari Sugars Limited ABT Finance Limited Sakthi Management Services (Coimbatore) Limited The Gounder & Company Auto Limited Sakthi Auto Component Limited ABT Foods Retailing (India) Limited Sakthifinance Financial Services Limited Sakthifinance Commercial Vehicle and Infrastructure Limited ABT Foundation Limited ABT Foods Limited |
| | No.of Equity Shares held | : | 337325 Shares |
| | Member of Committees | : | 1. Sri Chamundeswari Sugars Limited Audit Committee Shareholders/Investors Grievance Committee 2. Sakthi Sugars Limited Audit Committee Shareholders/Investors Grievance Committee 3. Sakthi Finance Limited Shareholders/Investors Grievance Committee 4. ABT Industries Limited Audit Committee 5. Sakthi Auto Component Limited Audit Committee |
| | Relationship with other Directors | : | Dr.N Mahalingam - Father, Dr.M Manickam and Sri M Srinivaasan - Brothers |



| | | | |
|---|--|---|---|
| 2 | Name | : | Sri M Srinivaasan |
| | Date of Birth and Age | : | 02.9.1966 - 47 Years |
| | Date of Appointment as Director | : | 23.8.1995 |
| | Joint Managing Director - Technical | : | 23.1.2009 |
| | Qualification | : | B.E., M.B.A (USA) |
| | Experience | : | Rich experience in management of sugar companies |
| | Other Directorships | : | Sri Chamundeswari Sugars Limited ABT Limited ABT Industries Limited Sakthi Finance Limited ABT Energy Pvt Limited Sakthi Management Services (Coimbatore) Limited Sakthi Properties Coimbatore Limited The Gounder & Company Auto Limited ABT Foods Retailing (India) Limited Sakthi Auto Component Limited Nachimuthu Industrial Association Sakthi Realty and Infrastructure Limited ABT Foods Limited Indian Sugar Exim Corporation Limited |
| | No.of Equity Shares held | : | 201000 Shares |
| | Member of Committees | : | 1. Sri Chamundeswari Sugars Limited Shareholders/Investors Grievance Committee 2. Sakthi Finance Limited Audit Committee |
| | Relationship with other Directors | : | Dr. N Mahalingam - Father, Dr. M Manickam and Sri M Balasubramaniam - Brothers |



| | | | |
|---|-----------------------------------|---|--|
| 3 | Name | : | Sri N K Vijayan |
| | Date of Birth and Age | : | 22.5.1952 - 61 years |
| | Date of Appointment | : | 1.1.1995 |
| | Qualification | : | M.Com |
| | Experience | : | Rich experience in sugar cane cultivation |
| | Other Directorships | : | Nil |
| | No. of Equity Shares held | : | 1850 Shares |
| | Member of Committees | : | Sakthi Sugars Limited Audit Committee |
| | Relationship with other Directors | : | Nil |
| 4 | Name | : | Sri S Doreswamy |
| | Date of Birth and Age | : | 30.9.1937 - 75 Years |
| | Date of Appointment | : | 26.4.2007 |
| | Qualification | : | B.Sc., B.L. |
| | Experience | : | Rich experience in Banking Sector |
| | Other Directorship | : | CEAT Limited Pantaloon Retail (India) Limited Caliber Point Business Solutions Limited DSP Black Rock Trustee Company P Limited Hexaware Technologies Limited |
| | No.of Equity Shares held | : | 500 Shares |
| | Member of Committees | : | 1. Sakthi Sugars Limited Audit Committee 2. CEAT Limited Audit Committee Shareholders/Investors Grievance Committee 3. Pantaloon Retail (India) Limited Audit Committee Shareholders/Investors Grievance Committee 4. Hexaware Technologies Limited Audit Committee Shareholders/Investors Grievance Committee 5. Caliber Point Business Solutions Limited Audit Committee |
| | Relationship with other Directors | : | Nil |



REPORT OF THE DIRECTORS

To the Members

Your Directors present their Annual Report together with the audited financial statements of the Company for the year ended 31st March 2013.

| FINANCIAL RESULTS FOR THE YEAR ENDED 31st MARCH 2013 | | (Rs.in lakhs) |
|--|----------------|----------------------|
| Profit before finance cost and depreciation & amortization expense | | 8530.95 |
| Less: Finance cost | 13680.63 | |
| Depreciation & amortization expense | <u>6598.08</u> | |
| | | <u>20278.71</u> |
| Profit/Loss before Tax | | -11747.76 |
| Less: Income Tax expenses: | | |
| Deferred Tax | | <u>-3005.37</u> |
| Profit /Loss after Tax | | -8742.39 |
| Surplus from last year | | <u>-2721.69</u> |
| Closing balance | | <u>-11464.08</u> |

REVIEW OF OPERATIONS

SUGAR DIVISION

The quantum of sugarcane crushed at various units of the Company during the year 2012-13 is as under:

| Name of the Units | Cane crushed (in tonnes) |
|--------------------------|-------------------------------------|
| Sakthinagar | : 1519411 |
| Sivaganga | : 587973 |
| Modakurichi | : 610715 |
| Dhenkanal | : 338222 |

During the year under review, 2.86 lakhs MT of sugar was produced by the Company. This is marginally higher than the production level for the previous year.

DISTILLERY DIVISION

During the year under review, 360.07 lakh litres of industrial alcohol was produced at Sakthinagar Distillery Unit and 70.03 lakh litres at Dhenkanal Distillery Unit.

SOYA DIVISION

19320 tonnes of soya bean was crushed in the soya plant during the year under review. This division has exported products worth Rs. 2937.80 lakhs to various countries.



CO-GENERATION DIVISION

The total power generated in the co-generation plants during the year was 3087.36 lakh units out of which 1961.98 lakh units of power was exported to Tamilnadu Electricity Board.

Even though there is increase in quantum of sales and realization, they are not commensurate with the increase in cost of production. In view of this, the financial performance of the company is not as expected.

FUTURE OUTLOOK

The Central Government's announcement of partial decontrol of sugar industry is expected to have positive impact and will help the mills in getting better realization on sugar. The prevailing drought condition may result in reduction in availability of sugar cane.

The performance of the Distillery Division and the Co-generation Division of the Company are expected to be satisfactory for the current year.

The Company continues to be under the Corporate Debt Restructuring Scheme with respect to restructuring of its secured debts availed from Banks/Financial Institution.

DEPOSITS

The Company has not accepted any deposit from public during the year under review. At the end of the financial year, 13 deposits amounting to Rs. 3.00 lakhs (including interest) which were due for repayment remained unclaimed on their due dates.

DIRECTORS

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

1. Sri M Srinivaasan
2. Sri N K Vijayan
3. Sri S Doreswamy

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 31.3.2013, 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 were 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 loss 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 was reconstituted on 20.9.2012 and at present the Audit Committee comprises the following Directors as its members:

1. Sri C Rangamani, Chairman
2. Sri S Doreswamy
3. Sri M Balasubramaniam
4. Sri V M Manogaran and
5. Sri N K Vijayan

SUBSIDIARY COMPANIES

The performance of the auto component manufacturing units in India and in Portugal namely Sakthi Auto Component Limited, Sakthi Auto Ancillary Private Limited and Sakthi Portugal SA is satisfactory.

With a view to simplify the organisation structure in Europe and to reflect the real value, the investment in Sakthi Portugal SA has been revalued at Euro 136.55 million. The shares held by Sakthi Netherlands BV in Sakthi Services GmbH were transferred to Orlandofin BV in April 2013. As a part of the restructuring activity, the step down subsidiaries in Netherlands, viz. Sakthi Netherlands BV, Sakthi European Foreign Sales Corporation BV and Sakthi Holdings BV have proposed for liquidation outside insolvency.

Sakthi Auto Component Limited has allotted equity shares aggregating to Rs. 54.39 crores at par by converting 54,38,616 Participatory Convertible Preference Shares of Rs. 100 each to the holders of the said Preference Shares, including equity shares of nominal value of Rs. 20 crores to the Company, after the date of Balance Sheet. In view of this the shareholding percentage of the Company in Sakthi Auto Component Limited has been reduced to 65%.

Pursuant to the general direction given by the Central Government, vide general circular dated 8th February 2011, and the consent given by the Board of Directors of the Company in terms of the said circular, copies of the Balance Sheet, Statement of Profit and Loss, Reports of the Board and of the Auditors, as the case may be, of the following subsidiary companies, viz. Sakthi Auto Component Limited, Sakthi Auto Ancillary Pvt Limited, Orlandofin BV, Sakthi Netherlands BV, Sakthi European Foreign Sales Corporation BV, Sakthi Holdings BV, Sakthi Services GmbH, Sakthi Portugal SA and Sakthi Auto Mauritius Limited have not been attached to the Balance Sheet of the Company as at 31st March 2013. The consolidated financial statement and the details of the subsidiaries that are required to be provided under the said circular have been separately furnished forming part of the Annual Report. The annual accounts of the subsidiary companies and the related detailed information on the accounts of the subsidiary companies will be made available to the shareholders of the company and of the subsidiary companies on specific request at any point of time. The Annual Accounts of the subsidiary companies will also be kept for inspection by any shareholder at the Registered Office of the Company and of the subsidiary companies concerned. The details of the accounts of the above subsidiary companies are also provided in the Company's website.

In terms of Accounting Standard 21 relating to consolidated financial statements, accounts of the following subsidiaries, viz. Sakthi Europe Verwaltungs GmbH, Arvika Gjuteri AB, Arvinova AB, Arvika Handforming Gjuteri AB and Sakthi Sweden AB, are not consolidated since there is a long term restriction in the flow of cash from these subsidiaries to the holding company as the said subsidiaries are under the control of the Administrators appointed by the respective Courts in Germany and Sweden.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance along with Auditors Certificate with respect to 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 forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment. As required under section 224(1B) of the Companies Act 1956, the Company has obtained certificate in writing from M/s. P N Raghavendra Rao & Co. to the effect that their appointment, if made, will be within the limit prescribed in the said Section.

COST AUDIT

M/s. STR & Associates, Cost Accountants, Tiruchirapalli, are the Cost Auditors for auditing the cost accounts relating to Sugar, Industrial Alcohol, Power and Soya Divisions of the Company for the year ended 31st March 2013. The due date of filing the Cost Audit Report is 27th September 2013. The same firm has been reappointed as cost Auditors for Sugar, Industrial Alcohol, Power and Soya Divisions of the Company for the financial year ending 31st March 2014.

For the year ended 31st March 2012, the due date for filing cost audit report for the Sugar, Industrial Alcohol and Power Divisions in XBRL mode, was 27th September 2012 or 28th February 2013 whichever is later. The actual date of filing the cost audit reports was 30th January 2013.

CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

In Sakthinagar sugar mill, 3rd stage Raw Juice Heating is carried out by 4th Vapour of Quint instead of 3rd vapour through NBH Dynamic Juice Heater.

Installation of VFD in Feed transfer pumps and Ash compressors in Sakthinagar Cogeneration Unit.

Reduction of pump header pressure in the Raw water transfer pump by reduction of 9 Ata extraction steam pressure for Distillery operation.

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

No significant investment is envisaged.

(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:

Consumption of steam for sugar process is reduced.

By using VFD in pressure control and speed control of Ash Handling Compressor and Boiler feed transfer pump, there will be energy savings. Reduction of pump header pressure leads to more extraction and more power generation in turbine.

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

The company has no employee drawing remuneration attracting the provisions of section 217(2A) of the Companies Act, 1956.

AUDITORS' REPORT

With reference to the 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
28th May 2013

N MAHALINGAM
Chairman



ANNEXURE - 1

**REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31st MARCH 2013
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 | 5239522 | 6735309 |
| Total Amount (Rs.in lakhs) | 377.73 | 384.25 |
| Rate/Unit (Rs.) | 7.21 | 5.71 |
| b) Own Generation | | |
| i) Through Diesel Generator Units | 1877731 | 949890 |
| Diesel Oil (Ltrs) | 554137 | 284044 |
| Total Consumption Value | 258.74 | 121.60 |
| Units per Ltr of Diesel Oil | 3.39 | 3.34 |
| Cost/Unit (Rs.) | 13.78 | 12.80 |
| ii) Through Steam Turbine/Generator - Units | 93029722 | 94767764 |
| Units per Ltr of Fuel Oil/Gas | -- | -- |
| Cost/Unit | * | * |
| 2. COAL | | |
| Quantity (Tonnes) | 1009.120 | 2150.120 |
| Total Cost (Rs.in lakhs) | 52.70 | 99.27 |
| Average Rate per Tonne (Rs.) | 5222.37 | 4616.95 |
| 3. FURNACE OIL | | |
| Quantity (KL) | 25.500 | 47.550 |
| Total Cost (Rs.in lakhs) | 11.45 | 19.25 |
| Average Rate per Litre (Rs.) | 44.90 | 40.48 |
| 4. OTHERS/INTERNAL GENERATION | | |
| a) Bagasse (MT) | 286976 | 271957 |
| Total Cost | ** | ** |
| Rate/Unit | -- | -- |
| b) Bio Gas | | |
| Quantity (Cu.Mtr) | 1869531 | 2993701 |
| Total Cost | ** | ** |
| Rate/Unit | -- | -- |
| c) Paddy Husks | | |
| Quantity (Tonnes) | 5106.358 | 5034.651 |
| Total Cost (Rs.in lakhs) | 242.44 | 219.63 |
| Rate/Unit (Rs.) | 4747.81 | 4362.37 |

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



B. CONSUMPTION PER UNIT OF PRODUCTION

| Particulars | Current Year | | | Previous Year | | |
|----------------------------|--------------|----------------|------------|---------------|----------------|------------|
| | Sugar Qtl | Alcohol Ltr | Soya MT | Sugar Qtl | Alcohol Ltr | Soya MT |
| Electricity (Units) | 28.81 | 0.27 | 237.92 | 29.87 | 0.32 | 204.88 |
| Furnace Oil (Ltrs) | -- | -- | 0.21 | -- | 0.004 | 0.93 |
| Coal (MTs) | -- | -- | 0.01 | -- | -- | 0.04 |
| Others : Bio-gas (Cu.Mtrs) | -- | 0.04 | -- | -- | 0.07 | -- |

On behalf of the Board of Directors

Coimbatore
28th May 2013N MAHALINGAM
Chairman

FORM B

Disclosure of particulars with respect to Technology Absorption

RESEARCH AND DEVELOPMENT (R & D) AND TECHNOLOGY ABSORPTION

1. Specific areas in which R & D carried out by the Company

- Multiplication of new sugarcane variety like 83V15, CoLk94184, CoSe 92423, CoP9301 in Dhenkanal Unit
- Soil profile test have been taken in all divisions of Dhenkanal Unit

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

Adopted new sugarcane varieties in the farms in Dhenkanal Unit to improve the yield

3. Future plan of action

Planting of cane under Furrow-cum-pit and Deep trench method of planting

Commercial way Bio-compost production and marketing

4. Expenditure on Research and Development

(Rs.in lakhs)

- Capital --
- Recurring 23.47
- Total 23.47
- Total R&D expenditure as a percentage of total turnover 0.02

5. Particulars of technologies imported during the last 5 years:

Nil



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.3730.45 lakhs and soya products valued at Rs. 2937.80 lakhs during the year under review. Efforts are being taken to increase the volume of export.

- b. Total foreign exchange earned and used : (Rs. in lakhs)

Foreign Exchange earned during the year 5494.41

Foreign Exchange used :

1. Outgo :

| | | |
|--------------------------------------|--------------|---------|
| a) Professional Fees | 4.54 | |
| b) Interest/Premium on FCCB redeemed | 1401.43 | |
| c) Travelling Expenses | 10.83 | |
| d) Subscription and Membership Fees | 0.83 | |
| e) Commission & others | <u>18.16</u> | |
| | | 1435.79 |

2. Import :

| | | |
|---------------|--|----------------|
| Capital Goods | | <u>0.37</u> |
| Total | | <u>1436.16</u> |

On behalf of the Board of Directors

Coimbatore
28th May 2013

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 seven 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 5 times during the financial year on 30.5.2012, 10.8.2012, 20.9.2012, 9.11.2012 and 11.2.2013. The Board has formed Audit Committee, Remuneration Committee and Shareholders/Investors Grievance Committee. The Board is provided with 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 the last Annual General Meeting, number of other Directorships and Committee Chairmanship/Membership are given below:

| Name of the Director | Category of Directorship | Financial Year 2012-2013 Attendance at | | As on 28.05.2013 | | |
|--|---------------------------|--|----------|--------------------------------|------------------------|--------|
| | | Board | Last AGM | No. of other Directorships (1) | Committee Position (2) | |
| | | | | | Chairman | Member |
| | | | | (Other than SSL) | | |
| Dr N Mahalingam Chairman | Promoter Non-Executive | 4 | Yes | 4 | | |
| Dr M Manickam Vice Chairman & Managing Director | Promoter Executive | 5 | Yes | 10 | 2 | |
| Sri M Balasubramaniam Joint Managing Director-Finance | Promoter Executive | 3 | No | 13 | 1 | 4 |
| Sri M Srinivaasan Joint Managing Director-Technical | Promoter Executive | 5 | Yes | 12 | | 2 |



| Name of the Director | Category of Directorship | Financial Year 2012-2013 Attendance at | | As on 28.05.2013 | | |
|---|---------------------------|--|----------|--------------------------------|------------------------|----------------------------|
| | | Board | Last AGM | No. of other Directorships (1) | Committee Position (2) | |
| | | | | | Chairman | Member (Other than SSL) |
| Sri V K Swaminathan Executive Director | Non-Promoter Executive | 5 | Yes | 1 | | 1 |
| Sri P K Chandran | Independent Non-Executive | 5 | Yes | - | | |
| Sri S S Muthuvelappan | Independent Non-Executive | 5 | Yes | - | | |
| Sri N K Vijayan | Independent Non-Executive | 5 | Yes | - | | |
| Sri C Rangamani | Independent Non-Executive | 5 | Yes | 2 | 1 | 1 |
| Sri S Doreswamy | Independent Non-Executive | 4 | Yes | 4 | 3 | 4 |
| Sri B Elangovan Nominee of TIDCO | Independent Non-Executive | 2 | No | 4 | | 2 |
| Sri V M Manogaran Nominee of IDBI Bank | Independent Non-Executive | 3 | Yes | | | |

(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 was reconstituted on 20.9.2012. At present the Audit Committee comprises the following Directors as its members:

Sri C Rangamani, Chairman
Sri S Doreswamy
Sri M Balasubramaniam
Sri V M Manogaran and
Sri N K Vijayan

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



The Audit Committee met 5 times during the financial year on 30.5.2012, 10.8.2012, 20.9.2012, 9.11.2012 and 11.2.2013 and the attendance of its members are given below:

| Name of Member | No.of meetings held | No.of meetings attended |
|----------------------------|----------------------------|--------------------------------|
| Sri C Rangamani - Chairman | 5 | 5 |
| Sri S Doreswamy | 5 | 4 |
| Sri M Balasubramaniam | 5 | 3 |
| Sri V M Manogaran | 5 | 3 |
| Sri N K Vijayan * | 5 | 2 |

*Appointed on 20.9.2012

All members of the 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/half yearly/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. Recommending the appointment/re-appointment of cost auditors and fixing their remuneration.
8. The appointment, removal and terms of remuneration of the internal auditor.

b. Remuneration Committee

The Remuneration Committee comprises the following Non-Executive Directors.

Sri S S Muthuvelappan, Chairman
Sri P K Chandran
Sri C Rangamani

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 and Executive Director as and when the necessity arises. The recommendation will be based on the 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 the Chairman, Vice Chairman and Managing Director, Joint Managing Director-Finance, and Joint Managing Director-Technical and Executive Director; (b) sitting fees paid to non-executive directors at the rate of Rs.10,000/- for each Board Meeting and Committee Meeting attended by them; and (c) the number of equity shares held by the directors as on 31.3.2013 are given below:

| Name of the Director | Salary | Perquisites | Sitting Fees | Total | No.of Equity Shares held |
|-----------------------|----------------|-------------|--------------|-------|--------------------------|
| | (Rs. in lakhs) | | | | |
| Dr N Mahalingam | - | - | 0.40 | 0.40 | 145100 |
| Dr M Manickam | 25.84 | 8.22 | - | 34.06 | 1874200 |
| Sri M Balasubramaniam | 12.00 | 3.82 | - | 15.82 | 337325 |
| Sri M Srinivaasan | 9.00 | 2.86 | - | 11.86 | 201000 |
| Sri V K Swaminathan | 7.20 | 6.85 | - | 14.05 | 2400 |
| Sri P K Chandran | - | - | 0.50 | 0.50 | 6424 |
| Sri S S Muthuvelappan | - | - | 0.50 | 0.50 | 2770 |
| Sri N K Vijayan | - | - | 0.70 | 0.70 | 1850 |
| Sri C Rangamani | - | - | 1.00 | 1.00 | 500 |
| Sri S Doreswamy | - | - | 0.80 | 0.80 | 500 |
| Sri B Elangovan | - | - | 0.20 | 0.20 | - |
| Sri V M Manogaran | - | - | 0.60 | 0.60 | - |

1. Dr M Manickam, Managing Director, was paid remuneration as per the terms of appointment approved by the members of the Company/Central Government. The above remuneration includes remuneration for the period from 25.10.2011 to 31.3.2012. The abovesaid remuneration consists of fixed component only. The Company does not have any service contract with the Managing Director.
2. Sri M Balasubramaniam, Joint Managing Director-Finance and Sri M Srinivaasan, Joint Managing Director-Technical were paid remuneration as per the terms of appointment approved by the Members of the Company. The abovesaid remuneration consists of fixed component only. 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 to its Directors or employees.

c. Shareholders / Investors Grievance Committee

The Committee consists of the following Directors:

Dr N Mahalingam, Chairman
Dr M Manickam
Sri M Balasubramaniam

The Committee held 4 meetings during the financial year on 30.6.2012, 1.10.2012, 31.12.2012 and 31.3.2013

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, has been functioning as Compliance Officer for the purpose of complying with various provisions of SEBI Act, Listing Agreements with Stock Exchanges, The Companies Act and for monitoring the share transfer process, etc.

The Company had received 16 complaints from the shareholders during the financial year 2012-13. All the complaints were redressed to the satisfaction of the shareholders. No share transfer was pending as on 31.3.2013.

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 (Prohibition of Insider Trading) Regulations, 1992. This code is applicable to all Directors and designated employees. The code ensures 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 |
|------------------|---------------------------|---|-------------|
| 48 th | 16.06.2010 | Registered office at Sakthinagar Bhavani Taluk, Erode District | 3.00 p.m |
| 49 th | 29.09.2011 (15 Months) | - do - | 3.15 p.m |
| 50 th | 20.09.2012 | - do - | 3.15 p.m |

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

| Date of AGM | Special Resolutions with respect to - |
|------------------------------------|--|
| 16.06.2010 (48 th AGM)) | Payment of remuneration by way of commission to the Chairman upto 1% on the net profits of the Company |
| 29.09.2011 (49 th AGM) | Nil |
| 20.09.2012 (50 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 Notes on financial statements. Those transactions are not in conflict with the interest of the Company and are on arms length basis. The Register of Contracts containing the details of 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 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 March 2013.

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 Company displays its periodical results on the Company's website www.sakthisugars.com as required by the Listing Agreement.

Pursuant to the Green Initiative taken by the Ministry of Corporate Affairs allowing service of documents through electronic mode, the Company sends documents in electronic form to those shareholders who have registered their email-id for the purpose.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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 | : | Monday, 30 th September 2013 |
| Time | : | 3.15 p.m. |
| Venue | : | Sakthinagar - 638 315, Erode District, Tamilnadu |
| Financial Calendar for the financial year | : | From 1 st April 2013 to 31 st March 2014 |
| Results for the quarter ending | : | Result announcement |
| 30 th June 2013 | : | On or before 14 th August 2013 |
| 30 th September 2013 | : | On or before 14 th November 2013 |
| 31 st December 2013 | : | On or before 14 th February 2014 |
| 31 st March 2014 (Audited) | : | On or before 30 th May 2014 |
| Date of Book Closure for the purpose of Annual General Meeting | : | 23 rd September 2013 to 30 th September 2013 (both days inclusive) |

LISTING

The Company's equity shares are listed on the following Stock Exchanges and the Annual Listing Fees have been paid to all the stock exchanges except Coimbatore Stock Exchange Limited for the financial year 2013-14. Coimbatore Stock Exchange Limited has been allowed to exit as Stock Exchange vide SEBI's order dated 3.4.2013. 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 |
| Madras Stock Exchange Limited Exchange Building 11,Second Line Beach P B No.183 Chennai 600 001 | SSR |



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

| | Series A | Series B |
|------------------------------------|---|---|
| No.of Bonds Issued | 200 | 400 |
| No.of Bonds Converted / Redeemed | 190 | 244 |
| No.of Outstanding Bonds | 10 | 156 |
| Value of bonds for conversion | Rs. 448.90 lakhs | Rs.7002.84 lakhs |
| Date of Maturity | 30.5.2009 | 31.5.2011 |
| Date of expiry of conversion right | 30.5.2019 | 31.5.2021 |
| Conversion | Bondholders have the right to convert the bond at their option any time on or before the last date for conversion 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 on or before the last date for conversion 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 April 2012 to March 2013 are given below:

| Month | NSE | | BSE | | SENSEX (BSE) | |
|----------------|-------|-------|-------|-------|--------------|-------|
| | High | Low | High | Low | High | Low |
| April 2012 | 26.90 | 23.50 | 26.85 | 23.30 | 17664 | 17010 |
| May 2012 | 25.50 | 21.05 | 25.45 | 21.35 | 17432 | 15810 |
| June 2012 | 28.20 | 18.05 | 26.50 | 20.10 | 17448 | 15749 |
| July 2012 | 34.20 | 25.50 | 34.15 | 25.25 | 17631 | 16598 |
| August 2012 | 32.40 | 25.00 | 32.00 | 25.15 | 17973 | 17027 |
| September 2012 | 34.85 | 26.15 | 34.70 | 26.30 | 18870 | 17251 |
| October 2012 | 34.75 | 28.25 | 34.70 | 29.10 | 19137 | 18393 |
| November 2012 | 32.35 | 27.10 | 32.35 | 26.20 | 19373 | 18256 |
| December 2012 | 29.75 | 26.00 | 29.85 | 26.00 | 19612 | 19149 |
| January 2013 | 27.90 | 22.20 | 27.90 | 22.00 | 20204 | 19509 |
| February 2013 | 26.70 | 20.50 | 26.25 | 20.65 | 19967 | 18794 |
| March 2013 | 25.00 | 18.10 | 25.00 | 18.10 | 19755 | 18568 |

**REGISTRAR AND SHARE TRANSFER AGENTS**

Registered Office:
Link Intime India Pvt. Ltd.,
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 Registrar and Share Transfer Agents within a period of 15 days from the date of receipt, if the documents are in order.

Distribution of Shareholding as on 31st March 2013

| Shareholdings | No. of shareholders | % of shareholders | Number of Shares | % of shareholding |
|---------------|---------------------|-------------------|------------------|-------------------|
| 1 - 500 | 40363 | 86.08 | 5460231 | 14.83 |
| 501 - 1000 | 3342 | 7.13 | 2736694 | 7.44 |
| 1001 - 2000 | 1577 | 3.36 | 2400633 | 6.52 |
| 2001 - 3000 | 549 | 1.17 | 1414539 | 3.84 |
| 3001 - 4000 | 262 | 0.56 | 944308 | 2.57 |
| 4001 - 5000 | 230 | 0.49 | 1091854 | 2.97 |
| 5001 - 10000 | 339 | 0.72 | 2520265 | 6.85 |
| 10001 & above | 227 | 0.48 | 20238815 | 54.98 |
| Total | 46889 | 100.00 | 36807339 | 100.00 |

Shareholding pattern as on 31st March 2013

| Category | No. of Shares held | % of shareholding |
|--------------------------------|--------------------|-------------------|
| Promoters & Promoters Group | 12657237 | 34.39 |
| Nationalised Banks/other Banks | 40600 | 0.11 |
| Financial Institutions | 919099 | 2.50 |
| Mutual Funds | 6960 | 0.02 |
| FII's/NRIs | 932137 | 2.53 |
| Private Bodies Corporate | 3408941 | 9.26 |
| Public | 18842365 | 51.19 |
| Total | 36807339 | 100.00 |

DEMATERIALIZATION OF SHARES AND LIQUIDITY

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

As on 31st March 2013, 3,53,49,164 equity shares of the Company representing 96.04% have been dematerialized.

**DETAILS OF UNCLAIMED SHARE CERTIFICATES**

The Company has opened a Demat Account in the name of 'Sakthi Sugars Limited Unclaimed Suspense Account' with Stock Holding Corporation of India Limited and 1,27,511 shares which remained unclaimed have been transferred to the aforesaid account. The details of unclaimed shares as on 31.3.2013 as given below:

| Particulars | No. of Shares | No. of Shareholders |
|--|---------------|---------------------|
| Outstanding at the beginning of the year | 128141 | 2819 |
| Shareholders approached for transfer during the year | 630 | 16 |
| Transferred during the year | 630 | 16 |
| Outstanding at the end of the year | 127511 | 2803 |

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 | : | Sakthinagar - 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 and 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: 0422-4322222, 2221551
Fax Nos.: 0422-2220574, 4322488
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 situated and are also hosted on the Company's website www.sakthisugars.com. 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
28th May 2013

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 31.03.2013.

Coimbatore
28th May 2013

M MANICKAM
Vice Chairman & Managing Director



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

(Under clause 49 of the listing agreement)

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 March 2013, 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
(ICAI Regn. No. : FRN003328S)

Coimbatore
28th May 2013

P.R.VITTEL
Partner
Membership No.018111



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, Modakurichi, Erode District with a capacity of 3,500 TCD and at Padamathur, Sivaganga District with a capacity of 4000 TCD and a sugar mill at Dhenkanal in the state of Orissa with a crushing capacity of 2,500 TCD.

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

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 an integrated Soya complex with a capacity to process 90000 TPA of soya bean at Pollachi.

Performance During the year under review

During the year under review, the total cane crushing was 30.56 lakh MT with an average sugar recovery of 9.37% of sugar from the cane crushed. The Company has sold 28.89 lakh quintals of sugar valued at Rs.846.98 crores. In Distillery Division, 430.10 lakh Litres of Industrial Alcohol was produced for the year ended 31st March 2013. In the cogeneration plants 3087.36 lakh units of power was generated of which 1961.98 Lakh units of power was exported to the State grid of Tamilnadu Electricity Board.

Industry Structure and Developments

It is estimated that country's sugar production would be about 24 million tonnes in 2013-14 compared to 24.6 million tonnes last year due to drought in the states of Tamilnadu, Maharashtra and Karnataka. The domestic demand is projected to be 22.5 million tonnes. The area under sugarcane cultivation as of first week of May is 11 per cent less than the earlier year and lowest since the 2009-2010 season. The reduction in area under sugarcane will lead to shortage of sugar output in 2013-14. For the past three consecutive years, the country has registered a surplus in sugar output. The current year may turn out to be a year of deficit.

The Food Ministry has rescinded the control over sugar industry partially by decontrolling sale of sugar in the open market and by withdrawing the levy obligation for PDS. As a result, the regulated release mechanism under which sugar quantity for open market sale is fixed by the government has been abolished.

Opportunities

Abolition of release mechanism gives opportunity to sell sugar based on market situation and withdrawal of levy quota will help to realise market price instead of discounted price for the levy quantity. Decreased volume of sugarcane production will result in lower production of sugar which may result in increase in prices of sugar.

Threats

The other controls on the sugar sector such as pricing of cane, cane reservation area and minimum distance between two mills have been left to the state governments. The policies of the State Government will have an impact on the operation of the sugar mills.

Free market sale of sugar without control may result in competition among mills and reduction in selling price of sugar.

Segment wise and Product wise performance

Segment wise results are given in the accounts for the year ended 31.3.2013. Product wise performance is furnished in the Directors Report.



Financial Performance with respect to Operational Performance

The total revenue for the year under review is Rs. 117365.98 lakhs (Rs. 110776.60 lakhs). The year has ended with a loss of Rs. 11747.76 lakhs after providing Rs. 13680.63 lakhs for finance cost, and Rs. 6598.08 lakhs for depreciation and amortization expense. (previous year loss Rs. 5350.47 lakhs).

Internal Control System

The Company has an in-house internal audit function 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 financial year ended on 31st March 2013 on the rolls of the Company was 1730. 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
28th May 2013

N MAHALINGAM
Chairman



INDEPENDENT AUDITORS' REPORT

To
The Members of Sakthi Sugars Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Sakthi Sugars Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of 'the Companies Act, 1956' (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Qualification

6. *In our opinion, a sum of Rs.50.51 Crores included in Other Non-current Assets requires to be written off and the loss of the Company is under stated to that extent.*

Opinion

7. In our opinion, and to the best of our information and according to the explanations given to us, except for the effect of the matter stated in paragraph 6 above, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - (b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



Report on Other Legal and Regulatory Requirements

8. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government in terms of sub-section (4A) of Section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
9. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (b) 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;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, except for the matter referred to in paragraph 6 above, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act; and
 - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For P.N. RAGHAVENDRA RAO & Co.
Chartered Accountants
(ICAI Regn. No. : FRN003328S)

Coimbatore
28th May 2013

P.R.VITTEL
Partner
Membership Number : 018111



Annexure referred to in paragraph 8 of our report of even date

Re :Sakthi Sugars Limited (the "Company")

- i. (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 in a phased periodical manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. 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. (a) As explained to us, inventories have been physically verified by the management at regular intervals during the year. In our opinion, the frequency of verification is reasonable.
- (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 inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventory as compared to the book records.
- iii. (a) According to the information and explanations given to us, 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, the provisions of clause 4(iii) (a) to (d) of the Companies (Auditor's Report) Order, 2003 ("CARO" or "Order") are not applicable to the Company.
- (b) According to information and explanations given to us, the Company has taken unsecured loan amounting to Rs.125 crores loans from a company covered in the register maintained under section 301 of the Act. The Maximum amount involved during the year is Rs. 215 crores. The terms and conditions of the loan were not prima facie 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 weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- v. (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under that section have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public during the year. 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 with respect to acceptance of fixed deposits.



- vii. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
- ix. (a) According to the information and explanations given to us and the records of the Company verified by us, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, excise duty, customs duty, cess and other material statutory dues as applicable, have been generally regularly deposited with the appropriate authorities during the year though there are slight delays in few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth-tax, service tax, excise duty, customs duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us and records of the Company, the statutory dues that have not been deposited on account of any dispute are as under:

| Nature of the disputed dues | Amount (Rs. in Crores) | Period to which the amount relates | Forum where the dispute is pending |
|-----------------------------|------------------------|------------------------------------|--|
| Income Tax | 63.26 | 2004-05, 2006-07 & 2009-10 | Commissioner of Income Tax (Appeals) Coimbatore. |
| | 0.46 | 2008-09 | Income Tax Appellate Tribunal, Chennai. |
| Sales Tax | 1.28 | 1993-94 | Sales Tax Appellate Tribunal, Coimbatore |
| | 8.03 | 1989-90 to 1992-93 | Madras High Court, Chennai. |
| | 0.28 | 2000-01 | Additional Commissioner (CT)/(RP), Chennai. |
| Excise Duty | 11.66 | 2002-03, 2006-07 | Madras High Court, Chennai. |
| | 4.45 | 2006-07, 2008-2010 | CESTAT, Chennai. |
| | 0.22 | 2006-07, 2007-08, 2009-2011 | Commissioner of Central Excise (Appeals). |
| | 0.13 | 1992-93 | High Court of Orissa, Cuttack. |
| Service Tax | 3.54 | 2005, 2006, 2007 & 2008 | CESTAT, Chennai. |
| | 0.14 | 2006, 2009-10, 2010-11 & 2011-12 | Commissioner of Central Excise (Appeals). |



| Nature of the disputed dues | Amount (Rs. in Crores) | Period to which the amount relates | Forum where the dispute is pending |
|-----------------------------|------------------------|--|------------------------------------|
| Water Charges | 8.85 | 1964-65 to 1999-2000 & 1993-94 to 2013 | Madras High Court, Chennai. |
| | 0.06 | 2004-05, 2005-06 | High Court of Orissa, Cuttack. |
| State Administrative Fees | 4.47 | April 2004 to June 2007 | Supreme Court. |

x. In our opinion, the Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year the Company had not incurred cash loss.

xi. According to the records of the Company examined by us and the information and explanations given by the management, the defaults by the Company as at the balance sheet date in repayment of dues to banks and to an institution are as under:

a) Default in repayment of dues to Banks:

| Particulars | Amount of Default (Rs. in Crores) | Period to Default | Amount since paid (Rs. in Crores) |
|-------------|-----------------------------------|-----------------------------|---|
| Principal | 47.11 | April 2012 to February 2013 | 1.98 (3rd, 4th and 16th April, 2013) |
| Interest | 22.94 | April 2012 to February 2013 | 3.10 (3rd, 4th and 16th April, 2013) |

b) Default in repayment of dues to an Institution:

| Particulars | Amount of Default (Rs. in Crores) | Period to Default | Amount since paid (Rs. in Crores) |
|-------------|-----------------------------------|-------------------------------|-----------------------------------|
| Principal | 8.62 | January 2012 to February 2013 | Nil |
| Interest | 1.70 | January 2012 to February 2013 | Nil |

c) The Company has not accepted any debentures during the year.

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. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.



- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- xv. The Company has given guarantees for bank loans taken by subsidiaries and the outstanding amount of such loans as at the balance sheet date is Rs. 375.05 crores (Previous year: Rs.408.85 crores). Based on the management's representation, we are of the opinion that the terms and conditions of the guarantees are not prejudicial to the interest of the company.
- xvi. In our opinion, term loans availed during the year have been utilised 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 report that no funds raised on short-term basis have been used for long-term investment.
- xviii. During the year, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- xix. In our opinion and according to the information and explanations given to us, the Company has not issued any debentures during the year.
- xx. As informed to us, the Company has not raised any money by public issue during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable to the Company.
- xxi. Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For P N RAGHAVENDRA RAO & Co
Chartered Accountants
(ICAI Regn. No. : FRN003328S)

P R VITTEL
Partner
M. No. 018111

Coimbatore
28th May 2013

**BALANCE SHEET AS AT 31.03.2013**

(Rs. in lakhs)

| | Note No. | As at 31.03.2013 | As at 31.03.2012 |
|------------------------------------|----------|-------------------|-------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) SHAREHOLDERS' FUNDS | | | |
| (a) Share Capital | 1 | 3,680.73 | 3,680.73 |
| (b) Reserves and Surplus | 2 | 45,104.44 | 55,926.61 |
| | | 48,785.17 | 59,607.34 |
| (2) NON-CURRENT LIABILITIES | | | |
| (a) Long term borrowings | 3 | 84,202.77 | 88,236.24 |
| (b) Other Long term liabilities | 4 | 2,123.28 | 67.36 |
| (c) Long term provisions | 5 | 1,999.49 | 1,720.14 |
| | | 88,325.54 | 90,023.74 |
| (3) CURRENT LIABILITIES | | | |
| (a) Short term borrowings | 6 | 14,101.77 | 15,429.87 |
| (b) Trade payables | | 27,848.28 | 19,789.05 |
| (c) Other current liabilities | 7 | 38,854.65 | 42,557.08 |
| (d) Short term provisions | 8 | 885.79 | 2,653.56 |
| | | 81,690.49 | 80,429.56 |
| | | 218,801.20 | 230,060.64 |
| TOTAL (1 to 3) | | | |
| 218,801.20 | | | |
| 230,060.64 | | | |
| II. ASSETS | | | |
| (1) NON-CURRENT ASSETS | | | |
| (a) Fixed Assets | | | |
| (i) Tangible assets | 9 | 106,820.83 | 110,755.83 |
| (ii) Intangible assets | 10 | 17,947.44 | 21,312.98 |
| (iii) Capital work-in-progress | | 14,874.96 | 13,298.03 |
| | | 139,643.23 | 145,366.84 |
| (b) Non-current investments | 11 | 16,311.38 | 16,304.70 |
| (c) Deferred tax assets (net) | | 3,735.14 | 729.77 |
| (d) Long term loans and advances | 12 | 22,124.96 | 18,835.05 |
| (e) Other non-current assets | 13 | 8,203.82 | 9,355.12 |
| | | 190,018.53 | 190,591.48 |
| (2) CURRENT ASSETS | | | |
| (a) Inventories | 14 | 9,894.36 | 11,898.90 |
| (b) Trade receivables | 15 | 11,073.66 | 10,298.51 |
| (c) Cash and cash equivalents | 16 | 1,616.78 | 7,579.29 |
| (d) Short term loans and advances | 17 | 5,901.67 | 6,520.74 |
| (e) Other current assets | 18 | 296.20 | 3,171.72 |
| | | 28,782.67 | 39,469.16 |
| | | 218,801.20 | 230,060.64 |
| TOTAL (1 and 2) | | | |
| 218,801.20 | | | |
| 230,060.64 | | | |

The Notes form part of these financial statements.

Vide our report annexed
For P N RAGHAVENDRA RAO & Co
Chartered Accountants
(ICAI Regn. No. : FRN003328S)
P R VITTEL
Partner
M. No. 018111
Coimbatore
28th May 2013

M MANICKAM
Vice Chairman & Managing Director

M BALASUBRAMANIAM
Joint Managing Director - Finance

S BASKAR
Senior Vice President - Finance &
Company Secretary



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2013

(Rs. in lakhs)

| | Note No. | Year Ended 31.03.2013 | Year Ended 31.03.2012 |
|---|----------|--------------------------|--------------------------|
| I. Revenue from Operations (Gross) | | 118,989.97 | 112,126.99 |
| Less : Excise duty | | 1,948.62 | 1,811.03 |
| Revenue from Operations (Net) | 19 | 117,041.35 | 110,315.96 |
| II. Other Income | 20 | 324.63 | 460.64 |
| III. Total Revenue (I + II) | | 117,365.98 | 110,776.60 |
| IV. Expenses: | | | |
| Cost of material consumed | 21 | 88,338.32 | 76,316.27 |
| Purchase of stock in trade | 22 | 1,017.72 | 830.49 |
| Changes in inventories of finished goods, work-in-progress and stock in trade | 23 | (328.40) | 1,375.74 |
| Employee benefits expense | 24 | 6,027.08 | 5,538.88 |
| Finance costs | 25 | 13,680.63 | 12,126.30 |
| Depreciation and amortization expense | 26 | 6,598.08 | 6,528.39 |
| Other expenses | 27 | 13,780.31 | 13,411.00 |
| Total expenses | | 129,113.74 | 116,127.07 |
| V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV) | | (11,747.76) | (5,350.47) |
| VI. Exceptional Items | | -- | -- |
| VII. Profit/(Loss) before extraordinary items and tax (V-VI) | | (11,747.76) | (5,350.47) |
| VIII. Extraordinary items | | -- | -- |
| IX. Profit/(Loss) before tax (VII-VIII) | | (11,747.76) | (5,350.47) |
| X. Tax expense: | | | |
| 1. Current tax | | -- | -- |
| 2. Deferred tax | | (3,005.37) | (578.81) |
| XI. Profit/(Loss) for the year from continuing operations (IX-X) | | (8,742.39) | (4,771.66) |
| XII. Earnings per equity share of Rs. 10/- each: | | | |
| 1. Basic | | (23.75) | (12.96) |
| 2. Diluted | | (23.75) | (12.96) |

The Notes form part of these financial statements.

Vide our report annexed
For P N RAGHAVENDRA RAO & Co
Chartered Accountants
(ICAI Regn. No. : FRN003328S)
P R VITTEL
Partner
M. No. 018111

M MANICKAM
Vice Chairman & Managing Director

M BALASUBRAMANIAM
Joint Managing Director - Finance

Coimbatore
28th May 2013

S BASKAR
Senior Vice President - Finance &
Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2013

(Rs. in lakhs)

| Particulars | 2012-13 | | 2011-12 | |
|---|-------------|--------------------|-------------|-------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | | | |
| Net Profit before tax as per statement of Profit and Loss | | (11,747.76) | | (5,350.47) |
| Adjustments for: | | | | |
| Depreciation and Amortisation Expense | 6,598.08 | | 6,528.39 | |
| Finance Costs | 13,680.63 | | 12,126.30 | |
| Miscellaneous Expenses & Other exp. written off | 199.38 | | 219.60 | |
| Provision for diminution in value of Investments | (6.68) | | 178.96 | |
| Loss on Sale of Assets | -- | | 2.20 | |
| Dividend Income | (14.21) | | (13.91) | |
| Interest Income | (156.31) | | (250.44) | |
| Profit on Sale of Assets | (0.03) | | (0.44) | |
| | | 20,300.86 | | 18,790.66 |
| Operating Profit before Working Capital Changes | | 8,553.10 | | 13,440.19 |
| Adjustments for: | | | | |
| Inventories | 2,004.54 | | 2,225.92 | |
| Trade and Other Receivables | (634.79) | | 2,476.40 | |
| Other Current Assets | 2,876.35 | | 417.49 | |
| Loans and Advances | 1,116.71 | | 943.85 | |
| Trade and Other Payables | 8,177.91 | | (2,915.59) | |
| | | 13,540.72 | | 3,148.07 |
| Cash Generated from Operations | | 22,093.82 | | 16,588.26 |
| Income Tax Paid | | (12.03) | | 22.12 |
| Net Cash from Operating Activities | | 22,081.79 | | 16,610.38 |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | | | |
| Purchase of Fixed Assets | (3,202.27) | | (1,434.17) | |
| Sale of Fixed Assets | 2.20 | | 11.09 | |
| Investment Income | 170.52 | | 264.35 | |
| Sale / Purchase of Investments | -- | | 0.02 | |
| Advance to Subsidiary | (3,974.90) | | 651.73 | |
| Net Cash used in Investing Activities | | (7,004.45) | | (506.98) |
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | | | |
| Finance Costs Paid | (13,106.30) | | (12,005.09) | |
| Premium on FCCB | -- | | (447.74) | |
| Proceeds from Long Term Borrowings | 644.00 | | 7,576.58 | |
| Repayment of Long Term Borrowings | (11,360.08) | | (28,618.35) | |
| Short Term Borrowings (net) | (822.97) | | 6,604.89 | |
| Loans from Related Parties (net) | 3,605.50 | | 15,136.28 | |
| Net Cash used in Financing Activities | | (21,039.85) | | (11,753.43) |
| Net Increase in Cash and Cash Equivalents | | (5,962.51) | | 4,349.97 |
| Opening Balance of Cash and Cash Equivalents | | 7,579.29 | | 3,229.32 |
| Closing Balance of Cash and Cash Equivalents | | 1,616.78 | | 7,579.29 |

Vide our report annexed
For P N RAGHAVENDRA RAO & Co
Chartered Accountants
(ICAI Regn. No. : FRN003328S)
P R VITTEL
Partner
M. No. 018111

M MANICKAM
Vice Chairman & Managing Director

M BALASUBRAMANIAM
Joint Managing Director - Finance

S BASKAR
Senior Vice President - Finance &
Company Secretary

Coimbatore
28th May 2013



NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

| | As at 31.03.2013 | As at 31.03.2012 |
|---|----------------------|----------------------|
| NOTE No. 1 | | |
| SHARE CAPITAL | | |
| Authorised | | |
| 5,00,00,000 Equity Shares of Rs.10 each (5,00,00,000) | 5,000.00 | 5,000.00 |
| 50,00,000 Redeemable Cumulative Preference (50,00,000) Shares of Rs.100 each | 5,000.00 | 5,000.00 |
| | 10,000.00 | 10,000.00 |
| Issued | | |
| 3,69,24,008 Equity Shares of Rs.10 each (3,69,24,008) | 3,692.40 | 3,692.40 |
| | 3,692.40 | 3,692.40 |
| Subscribed and Paid up | | |
| 3,68,07,339 Equity Shares of Rs.10 each fully paid up (3,68,07,339) | 3,680.73 | 3,680.73 |
| TOTAL | 3,680.73 | 3,680.73 |
| Reconciliation of Number of Shares | No. of Shares | No. of Shares |
| Equity Shares at the beginning of the year | 3,68,07,339 | 3,68,07,339 |
| Equity Shares at the end of the year | 3,68,07,339 | 3,68,07,339 |

Rights, Preferences and Restrictions of each class of Shares

The Company has only one class of Equity shares having face value of Rs.10 each. Each shareholder is eligible for one vote per share. Dividend is payable when it is recommended by the Board of Directors and approved by the Members at the Annual General Meeting. In the event of liquidation, the equity shareholders will get the remaining assets after payment of all the preferential amounts.

List of shareholders holding more than 5%

| | | |
|----------------|----------------|---------|
| ABT Limited | 8057600 | 8057600 |
| Dr. M.Manickam | 1874200 | 1704200 |

Terms of security convertible into Equity Shares

| | | |
|---|-------------------|------------|
| Foreign Currency Convertible Bonds (FCCB) | Series A | Series A |
| a) No. of bonds outstanding | 10 | 10 |
| b) Date of maturity | 30.5.2009 | 30.5.2009 |
| c) Value of bonds for conversion (Rs. in lakhs) | 448.90 | 448.90 |
| d) Conversion price (Rs. per share) | 208.00 | 208.00 |
| e) Earliest date of conversion | 10.07.2006 | 10.07.2006 |
| f) Date of expiry of conversion right | 30.5.2019 | 30.5.2019 |
| | Series B | Series B |
| a) No. of bonds outstanding | 156 | 156 |
| b) Date of maturity | 31.5.2011 | 31.5.2011 |
| c) Value of bonds for conversion (Rs. in lakhs) | 7,002.84 | 7,002.84 |
| d) Conversion price (Rs. per share) | 190.00 | 190.00 |
| e) Earliest date of conversion | 10.07.2006 | 10.07.2006 |
| f) Date of expiry of conversion right | 31.5.2021 | 31.5.2021 |



NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

| | As at 31.03.2013 | As at 31.03.2012 |
|---|--------------------|------------------|
| NOTE No. 2 | | |
| RESERVES AND SURPLUS | | |
| Capital reserve | | |
| Balance as per last Balance Sheet | 625.24 | 625.24 |
| Capital redemption reserve | | |
| Balance as per last Balance Sheet | 2,512.27 | 2,512.27 |
| Securities premium account | | |
| Balance as per last Balance Sheet | 11,063.25 | 14,189.77 |
| Add: Premium FCCB - Earlier year reversed | 245.86 | -- |
| | 11,309.11 | 14,189.77 |
| Less:- Premium on FCCB | -- | 3,126.52 |
| | 11,309.11 | 11,063.25 |
| Debenture redemption reserve | | |
| Balance as per last Balance Sheet | -- | 551.71 |
| Less: Debenture redemption reserve withdrawn | -- | 551.71 |
| | -- | -- |
| Revaluation reserve | | |
| Balance as per last Balance Sheet | 44,403.31 | 46,959.51 |
| Less: Depreciation on revalued assets (Refer Note No.26) | 2,325.64 | 2,551.76 |
| Withdrawn on sale of assets | -- | 4.44 |
| | 42,077.67 | 44,403.31 |
| Subsidy from Government | | |
| Balance as per last Balance Sheet | 44.23 | 44.23 |
| General reserve | | |
| Balance as per last Balance Sheet | -- | 1,498.26 |
| Less: Transferred to Surplus | -- | 1,498.26 |
| | -- | -- |
| Surplus | | |
| Balance as per last Balance Sheet | (2,721.69) | -- |
| Net Profit/(Loss) after tax | (8,742.39) | (4,771.66) |
| | (11,464.08) | (4,771.66) |
| Add : Transfer from General reserve | -- | 1,498.26 |
| Debenture redemption reserve withdrawn | -- | 551.71 |
| | -- | 2,049.97 |
| | (11,464.08) | (2,721.69) |
| TOTAL | 45,104.44 | 55,926.61 |



(Rs. in lakhs)

| | As at 31.03.2013 | As at 31.03.2012 |
|---|------------------|------------------|
| NOTE No. 3 | | |
| LONG TERM BORROWINGS | | |
| (a) Term Loans | | |
| Secured Loans | | |
| From Banks | 49,861.70 | 59,892.32 |
| From Other Parties | 5,912.53 | 7,290.43 |
| | 55,774.23 | 67,182.75 |
| Unsecured Loans | | |
| From Other Parties | 4,834.43 | 1,575.00 |
| | 4,834.43 | 1,575.00 |
| Total of Term Loans | 60,608.66 | 68,757.75 |
| (b) Loans and Advances from related parties (Unsecured) (For details please refer to Note No.35) | 23,589.12 | 19,478.49 |
| (c) Long term maturities of finance lease obligations (Secured) | 4.99 | -- |
| TOTAL | 84,202.77 | 88,236.24 |

NATURE OF SECURITY AND OTHER TERMS OF LONG TERM BORROWINGS:

A) SECURED LOANS FROM BANKS

Nature of Security

- 1 Term loans amounting to Rs. 40387.27 lakhs (Rs.50612.39 lakhs) are secured by
 - a) Pari passu first charge on the entire movable and immovable properties of the Company, except the assets charged on exclusive basis.
 - b) Pari passu second charge on the current assets of the Company, except the assets charged on exclusive basis.
- 2 Term loan amounting to Rs.1353.85 lakhs (Rs.1703.35 lakhs) is secured by
 - a) Pari passu residual charge on the entire fixed assets of the Company, except the assets charges on exclusive basis.
 - b) Residual charge on the current assets of the Company.

Terms of Repayment

The loans are restructured under CDR scheme and are repayable in 32 quarterly installments commencing from April 2011.

Rate of Interest 10.50% p.a. (9.00% p.a.)

The loan is restructured under CDR scheme and is repayable in 32 quarterly installments commencing from April 2011.

Rate of Interest 10.50% p.a. (9.00% p.a.)



NOTE No. 3 (Contd.)

Nature of Security

3 Term loans amounting to Rs.8120.58 lakhs (Rs. 7576.58 lakhs) are secured by subservient charge on the fixed assets of the Company after the existing CDR Loans, except the assets charged on exclusive basis.

Terms of Repayment

Term loan of Rs.3000 lakhs (Rs. 2456 lakhs) is repayable in 8 quarterly installments commencing from June 2017. Rate of Interest 11.75% p.a. (11.75% p.a.)

Term loan of Rs.3404 lakhs (Rs. 3404 lakhs) is repayable in 8 quarterly installments commencing from August 2017. Rate of Interest 11.50% p.a. (11.50% p.a.)

Term loan of Rs.1716.58 lakhs (Rs.1716.58 lakhs) is repayable in 8 quarterly installments commencing from September 2017. Rate of Interest 12.75% p.a. (12.75% p.a.)

4 The loans under 1 & 2 above are further secured by pledge of shares held by promoters in the Company.

5 Guarantees given by Directors/Others:

a) Term loans amounting to Rs.43457.70 lakhs (Rs.54032.32 lakhs) are guaranteed by Dr. N.Mahalingam, Dr. M.Manickam, Sri.M.Balasubramaniam and Sri. M.Srinivaasan.

b) Term loans amounting to Rs.6404 lakhs (Rs. 5860 lakhs) are guaranteed by Dr. M.Manickam, Sri M.Balasubramaniam and Sri M.Srinivaasan.

c) Term loan amounting to Rs. 3000 lakhs (Rs. 2456 lakhs) is additionally secured by corporate guarantee and collateral security given by a group company.

6 An amount of Nil (Rs. 14016.20 lakhs) included in current maturities of long term debts (Note No.7) is additionally secured by corporate guarantee and collateral security given by a group company.

7 Period and amount of continuing default as on the date of Balance Sheet :

| | Amount (Rs.in lakhs) | Period | Since paid (Rs. in lakhs) |
|-----------|-------------------------|---|------------------------------|
| Principal | 4710.91 (7473.86) | Varying period from April 2012 to February 2013 | 197.58 (7463.08) |
| Interest | 2293.76 (2571.31) | | 309.97 (2571.31) |

B) SECURED LOANS FROM OTHER PARTIES

Nature of Security

1 Term loan amounting to Rs.2299.21 lakhs (Rs.2874.01 lakhs) is secured by

Terms of Repayment

The loan is restructured under CDR scheme and is repayable in 32 quarterly installments commencing from April 2011. Rate of Interest 10.50% p.a. (9.00% p.a.)

a) Pari passu first charge on the entire movable and immovable properties of the Company except the assets charged on exclusive basis.

b) Paripassu second charge on the current assets of the Company except the assets charged on exclusive basis.

c) Pledge of shares held by the promoters in the Company.

**NOTE No. 3 (Contd.)**

- | Nature of Security | Terms of Repayment |
|---|---|
| 2 Term loan amounting to Rs. 2891.65 (Rs.3614.56 lakhs) is secured by exclusive second charge on the assets of Sugar and Cogen units of the Company at Sivaganga. | Repayable in 10 half yearly instalments from May 2013. Rate of Interest 7.00% p.a. (7.50% p.a.) |
| 3 Term loan amounting to Rs.721.67 lakhs (Rs.801.86 lakhs) is secured by exclusive second charge on the assets of Sugar and Cogen units of the Company at Modakuruchi. | Repayable in 10 half yearly instalments from February 2014. Rate of Interest 7.00% p.a. (7.50 % p.a.) |
| 4 The loan under 1 above is further secured by pledge of shares held by promoters in the company. | |
| 5 Guarantees given by Directors: Term Loans amounting to Rs.2299.21 lakhs (Rs.2874.01 lakhs) is guaranteed by Dr.N.Mahalingam, Dr. M.Manickam, Sri.M.Balasubramaniam and Sri. M.Srinivaasan. | |
| 6 An amount of Nil (Rs.574.80 lakhs) included in current maturities of long term debts (Note No.7) is additionally secured by corporate guarantee and collateral security given by a group company. | |
| 7 Period and amount of continuing default as on the date of Balance Sheet : | |

| | Amount (Rs.in lakhs) | Period | Since paid (Rs. in lakhs) |
|-----------|-------------------------|---------------------------------------|------------------------------|
| Principal | 862.20 (862.20) | Varying period | -- (574.80) |
| Interest | 169.50 (305.96) | from January 2012 to February 2013 | -- (203.59) |

C) UNSECURED LOANS FROM OTHER PARTIES

- | | |
|--|---|
| i) Loan amounting to Rs.1485 lakhs (Rs.1575 lakhs). | Rs. 405 lakhs (Rs.495 lakhs) is repayable in 9 (11) half yearly installments and the balance amount of Rs.1080 lakhs (Rs.1080 lakhs) to be adjusted by supply of bagasse. |
| ii) Loan amounting to Rs.3349.43 lakhs (Nil) is secured by collateral securities provided by a group company and Dr. M. Manickam, and by corporate guarantee of a group company and personal guarantee given by Dr. M. Manickam. | Repayable in 60 monthly instalments. |

D) FINANCE LEASE OBLIGATIONS

- | | |
|---|--------------------------------------|
| Hire Purchase Loan amounting to Rs. 4.99 lakhs (Nil) is secured by hypothecation of vehicles so financed. | Repayable in 36 monthly instalments. |
|---|--------------------------------------|



NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

| | As at 31.03.2013 | As at 31.03.2012 |
|--|------------------|------------------|
| NOTE No. 4 | | |
| OTHER LONG TERM LIABILITIES | | |
| Other Payables | 2,123.28 | 67.36 |
| NOTE No. 5 | | |
| LONG TERM PROVISIONS | | |
| Provision for employee benefits | 1,999.49 | 1,720.14 |
| NOTE No. 6 | | |
| SHORT TERM BORROWINGS | | |
| (a) Loans repayable on demand | | |
| Secured Loans | | |
| From Banks | 6,398.40 | 7,010.43 |
| From Other Parties | 1,856.46 | 1,867.76 |
| | 8,254.86 | 8,878.19 |
| Unsecured Loans | | |
| From Banks | -- | 478.00 |
| From Other Parties | 5,005.06 | 4,726.70 |
| | 5,005.06 | 5,204.70 |
| | 13,259.92 | 14,082.89 |
| (b) Loans and advances from related parties (Unsecured) (For details please refer to Note No. 35) | 841.85 | 1,346.98 |
| TOTAL | 14,101.77 | 15,429.87 |

NATURE OF SECURITY FOR SHORT TERM BORROWINGS

A) SECURED LOANS FROM BANKS

- 1 Working capital loans amounting to Rs.4415.10 lakhs (Rs.4266.99 lakhs) are secured by
 - a) Pari passu first charge by way of hypothecation of the current assets of the Company, except TNEB receivables.
 - b) Pari passu second charge on the entire movable and immovable properties of the Company, except Sugar and Co-generation Units in Sivaganga and Modakuruchi and other exclusively charged assets.
- 2 Working capital loan (Bills Discounting facility) amounting to Rs.1182.09 lakhs (Rs.1145.38 lakhs) is secured by
 - a) Pari passu first charge by way of hypothecation of the current assets of the Company, except TNEB receivables.
 - b) First charge on the TNEB receivables of Cogen Unit at Sivaganga.
 - c) Pari passu second charge on the entire movable and immovable properties of the Company, except Sugar and Co-generation Units in Sivaganga and Modakuruchi and other exclusively charged assets.
- 3 Working capital loan amounting to Rs.801.21 lakhs (Rs.759.61 lakhs) is secured by
 - a) Pari passu first charge on the current assets of sugar division (except Modakuruchi), distillery and soya units.
 - b) Pari passu second charge on the immovable and movable assets of the Company's sugar (except Sivaganga & Modakuruchi), distillery and soya units.



NOTE No. 6 (Contd.)

- 4 Short term corporate term loan amounting to Nil (Rs 838.45 lakhs) is secured by assignment of receivables from TNEB amounting to Nil (Rs. 1047 lakhs).
- 5 The loans under 1 & 2 above are further secured by pledge of shares held by the promoters in the Company.
- 6 Guarantees given by Directors:
 - a) Working capital loans amounting to Rs.5597.19 lakhs (Rs.5412.37 lakhs) are guaranteed by Dr. N.Mahalingam, Dr. M.Manickam, Sri.M.Balasubramaniam and Sri. M.Srinivaasan.
 - b) Working capital loan amounting to Rs.801.21 lakhs (Rs.759.61 lakhs) is guaranteed by Dr. N.Mahalingam and Dr. M.Manickam.
 - c) Short term corporate loan amounting to Nil (Rs. 838.45 lakhs) is guaranteed by Dr. M.Manickam.

B) SECURED LOANS FROM OTHER PARTIES

- 1 Bills Finance facilities amounting to Rs. 1856.46 lakhs (Rs. 1867.76 lakhs) are secured by
 - a) Receivables from TNEB against supply of power from co-generation plants at Sakthinagar and Modakuruchi.
 - b) Exclusive first charge on the fixed assets pertaining to Co-generation Plant at Sakthinagar.
- 2 Guarantees given by Directors:

Bills Finance facilities of Rs. Rs.1856.46 lakhs (Rs. 1867.76 lakhs) are guaranteed by Dr. M.Manickam, Sri.M.Balasubramaniam and Sri.M.Srinivaasan.

SHORT TERM UNSECURED BORROWINGS

A) UNSECURED LOANS FROM BANKS

Bill discounting facility amounting to Nil (Rs.478 lakhs) is guaranteed by Dr.M.Manickam.

B) UNSECURED LOANS FROM OTHER PARTIES

Bill discounting facility amounting to Nil (Rs.244.98 lakhs) is guaranteed by Dr.M.Manickam.



NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

| | As at 31.03.2013 | As at 31.03.2012 |
|---|------------------|------------------|
| NOTE No. 7 | | |
| OTHER CURRENT LIABILITIES | | |
| Current maturities of long term debts | 27,247.58 | 29,845.12 |
| Current maturities of finance lease obligations | 60.99 | 35.43 |
| Interest accrued but not due on borrowings | 282.75 | 216.11 |
| Interest accrued and due on borrowings | 4,749.84 | 3,809.83 |
| Unclaimed dividends | 33.90 | 34.62 |
| Unclaimed matured deposits | 3.00 | 5.11 |
| Unclaimed matured debentures | 5.10 | 7.22 |
| Other payables: | | |
| Statutory remittance | 729.15 | 3,492.92 |
| Advance from customers | 2,896.47 | 3,328.77 |
| Other liabilities | 2,178.71 | 928.12 |
| Liabilities for capital expenditure | 667.16 | 853.83 |
| | 6,471.49 | 8,603.64 |
| TOTAL | 38,854.65 | 42,557.08 |
| NOTE No. 8 | | |
| SHORT TERM PROVISIONS | | |
| Provision for employee benefits | 141.92 | 74.97 |
| Premium/interest payable on FCCB | -- | 1,688.28 |
| Other provisions | 743.87 | 890.31 |
| TOTAL | 885.79 | 2,653.56 |



NOTES TO FINANCIAL STATEMENTS

NOTE No. 9

TANGIBLE ASSETS

(Rs. in lakhs)

| PARTICULARS | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | |
|---|---------------------|-------------------------|---|--------------------|-----------------|-------------------------|---------------------|---------------------|
| | AS ON 01.04.2012 | ADDITIONS 31.03.2013 | DELETIONS / WRITTEN BACK 31.03.2013 | UPTO 31.03.2012 | FOR THE YEAR | WITHDRAWN 31.03.2013 | AS ON 31.03.2012 | AS ON 31.03.2013 |
| A. Land | 14024.28 | - | - | - | - | - | 14024.28 | 14024.28 |
| B. Buildings | 20354.25 | 29.80 | 20384.05 | 1704.86 | 529.08 | 2233.94 | 18649.39 | 18150.11 |
| C. Plant and equipment | 93264.50 | 1451.41 | 94714.73 | 16014.23 | 4880.19 | 20894.25 | 77250.27 | 73820.48 |
| D. Furniture and fixtures | 373.40 | 5.81 | 378.07 | 248.55 | 15.13 | 263.42 | 124.85 | 114.65 |
| E. Vehicles | 1058.02 | 48.78 | 1104.23 | 651.68 | 65.98 | 715.21 | 406.34 | 389.02 |
| F. Office equipment | 1157.85 | 89.54 | 1246.60 | 880.75 | 67.80 | 947.91 | 277.10 | 298.69 |
| G. Others (Dev.of property eco friendly trees) | 23.60 | - | 23.60 | - | - | - | 23.60 | 23.60 |
| Total | 130255.90 | 1625.34 | 131875.56 | 19500.07 | 5558.18 | 25054.73 | 110755.83 | 106820.83 |
| H. Work in progress | 13298.03 | 1631.66 | 14874.96 | - | - | - | 13298.03 | 14874.96 |
| TOTAL FOR THE YEAR | 143553.93 | 3257.00 | 146750.52 | 19500.07 | 5558.18 | 25054.73 | 124053.86 | 121695.79 |
| TOTAL FOR THE PREVIOUS YEAR | 142173.20 | 1478.41 | 143553.93 | 13821.61 | 5714.61 | 19500.07 | 128351.59 | 124053.86 |

Note : Land, Buildings, Plant and Equipment have been revalued by an external valuer as on 31.12.2008. The difference between revalued figures and original cost is Rs.42675.33 lakhs

NOTE No. 10

INTANGIBLE ASSETS

(Rs. in lakhs)

| PARTICULARS | GROSS BLOCK | | | AMORTISATION | | | NET BLOCK | |
|-----------------------------|---------------------|-----------|-----------|---------------------|---------------------------------------|--------------------|---------------------|---------------------|
| | AS ON 01.04.2012 | ADDITIONS | DELETIONS | AS ON 31.03.2013 | UPTO 31.03.2012 FOR THE YEAR | UPTO 31.03.2013 | AS ON 31.03.2012 | AS ON 31.03.2013 |
| Goodwill | 33655.44 | - | - | 33655.44 | 12342.46 | 15708.00 | 21312.98 | 17947.44 |
| TOTAL FOR THE YEAR | 33655.44 | - | - | 33655.44 | 12342.46 | 15708.00 | 21312.98 | 17947.44 |
| TOTAL FOR THE PREVIOUS YEAR | 33655.44 | - | - | 33655.44 | 8976.92 | 12342.46 | 24678.52 | 21312.98 |



(Rs. in lakhs)

| | As at 31.03.2013 | As at 31.03.2012 |
|--|------------------|------------------|
| NOTE No. 11 | | |
| NON-CURRENT INVESTMENTS - At Cost | | |
| (a) Investments in Equity Instruments | | |
| I. Quoted | | |
| i. Associates | | |
| Sri Chamundeswari Sugars Limited 6,81,146 Shares of Rs.10 each | 117.88 | 117.88 |
| Sakthi Finance Limited 10,40,000 Shares of Rs.10 each | 282.00 | 282.00 |
| | 399.88 | 399.88 |
| ii. Others | | |
| ICICI Bank Limited 441 Shares of Rs.10 each | 0.24 | 0.24 |
| NIIT Limited 2,527 Shares of Rs. 2 each | 0.06 | 0.06 |
| NIIT Technologies Limited 759 Shares of Rs. 10 each | 0.09 | 0.09 |
| Kovai Medical Centre and Hospital Limited 2,00,000 Shares of Rs.10 each | 20.00 | 20.00 |
| K G Denim Limited 16,129 Shares of Rs.10 each | 2.74 | 2.74 |
| IFCI Limited 100 Shares of Rs.10 each | 0.04 | 0.04 |
| The Industrial Development Bank of India Limited 1,360 Shares of Rs.10 each | 1.10 | 1.10 |
| The South Indian Bank Limited 1,65,000 Shares of Re.1 each | 4.22 | 4.22 |
| | 28.49 | 28.49 |
| Total of Quoted Investments | 428.37 | 428.37 |
| II. Unquoted | | |
| i. Subsidiaries | | |
| Sakthi Auto Component Limited 4,38,60,000 Shares of Rs.10 each | 13,157.86 | 13,157.86 |
| | 13,157.86 | 13,157.86 |



(Rs. in lakhs)

| | As at 31.03.2013 | As at 31.03.2012 |
|--|------------------|------------------|
| NOTE No. 11 (Contd.) | | |
| ii. Others | | |
| The ABT Co-operative Stores Limited 1,000 Shares of Rs. 10 each | 0.10 | 0.10 |
| Sakthi Sugars Co-operative Stores Limited 760 Shares of Rs.10 each | 0.08 | 0.08 |
| Angul Central Co-op Bank Limited 100 Shares of Rs.100 each | 0.10 | 0.10 |
| The Shamarao Vithal Co-op Bank Limited 25 Shares of Rs.25 each | 0.01 | 0.01 |
| | 0.29 | 0.29 |
| Total of Unquoted Investments | 13,158.15 | 13,158.15 |
| Total of Equity instrument | 13,586.52 | 13,586.52 |
| (b) Investments in Preference shares | | |
| i. Subsidiary | | |
| 20,00,000 15% Participatory Cumulative Convertible Preference Shares in Sakthi Auto Component Ltd | 2,000.00 | 2,000.00 |
| ii. Associate | | |
| 8,95,900 5% Redeemable Non-Convertible Cumulative Preference Shares in Sri Chamundeswari Sugars Ltd | 895.90 | 895.90 |
| Total of Preference Shares | 2,895.90 | 2,895.90 |
| (c) Investments in Government/Trust Securities | | |
| Investment in Govt. Securities | 1.24 | 1.24 |
| | 16,483.66 | 16,483.66 |
| Less: Provision for diminution in value of Investments | 172.28 | 178.96 |
| TOTAL | 16,311.38 | 16,304.70 |
| Aggregate amount of quoted Investments | 428.37 | 428.37 |
| Market value of quoted Investments | 654.77 | 582.75 |
| Aggregate amount of unquoted Investments | 16,055.29 | 16,055.29 |
| Provision for diminution in value of Investments | 172.28 | 178.96 |



(Rs. in lakhs)

| | As at 31.03.2013 | As at 31.03.2012 |
|--|------------------|------------------|
| NOTE No. 12 | | |
| LONG TERM LOANS AND ADVANCES - Unsecured, considered good | | |
| a) Capital advances | 2,183.70 | 2,055.37 |
| b) Security Deposits | 166.85 | 162.72 |
| c) Loans and advances to related parties (for details please see Note No. 35) | 17,513.31 | 13,538.41 |
| d) Other Loans and Advances: | | |
| Loans and advance due by officers | 118.62 | 122.41 |
| Advance Income-tax | 235.08 | 235.08 |
| MAT Credit Entitlement | 1,849.11 | 1,849.11 |
| Advance for Purchases & Others | 58.29 | 871.95 |
| | 2,261.10 | 3,078.55 |
| TOTAL | 22,124.96 | 18,835.05 |
| NOTE No. 13 | | |
| OTHER NON-CURRENT ASSETS | | |
| Long term Trade receivables - Unsecured, considered good | 49.20 | 189.56 |
| Funded Interest under CDR Scheme | 5,050.54 | 6,060.65 |
| Sundry Deposits | 3,104.08 | 3,104.91 |
| TOTAL | 8,203.82 | 9,355.12 |
| NOTE No. 14 | | |
| INVENTORIES | | |
| a) Raw Materials: | | |
| Molasses - Distillery Unit | 565.58 | 562.43 |
| Soyabeans | 149.34 | 2,084.07 |
| Soya Flour | 79.87 | 54.87 |
| News print paper | 0.11 | 0.44 |
| | 794.90 | 2,701.81 |
| b) Work in Progress: | | |
| Sugar | 754.32 | 632.53 |
| Molasses | 82.40 | 73.73 |
| | 836.72 | 706.26 |



NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

| | As at 31.03.2013 | As at 31.03.2012 |
|--|------------------|------------------|
| NOTE No. 14 (Contd.) | | |
| c) Finished goods: | | |
| Sugar | 3,071.18 | 3,122.24 |
| Molasses - Sugar Unit | 424.62 | 378.08 |
| Industrial Alcohol | 688.94 | 641.44 |
| Ethanol | 196.71 | 0.64 |
| Soya Products | 627.96 | 718.16 |
| Bio-Earth | 3.95 | 5.23 |
| Fusel Oil | 0.02 | 0.13 |
| Bagasse | 30.77 | 13.86 |
| | 5,044.15 | 4,879.78 |
| d) Stock in Trade: | | |
| Chemicals, Fertilisers & Others | 224.31 | 190.76 |
| e) Stores and spares: | | |
| Stores and spares | 2,990.75 | 3,415.84 |
| f) Other Stock: | | |
| Standing crop | 3.53 | 4.45 |
| | | |
| TOTAL | 9,894.36 | 11,898.90 |
| For mode of valuation please refer Sl. No. 2 in Significant Accounting Policies. | | |
| NOTE No. 15 | | |
| TRADE RECEIVABLES - Unsecured, considered good | | |
| Trade Receivables outstanding for a period exceeding six months | 4,625.02 | 1,572.98 |
| Trade Receivables outstanding for a period less than six months | 6,448.64 | 8,725.53 |
| | | |
| TOTAL | 11,073.66 | 10,298.51 |



(Rs. in lakhs)

| | As at 31.03.2013 | As at 31.03.2012 |
|--|------------------|------------------|
| NOTE No. 16 | | |
| CASH AND CASH EQUIVALENTS | | |
| Cash and cash equivalents: | | |
| Balances with banks | 1,349.22 | 1,833.37 |
| Cheques on hand | -- | 5,591.00 |
| Cash on hand | 102.98 | 42.21 |
| Earmarked balance with banks: | | |
| Unpaid dividend/interest warrants | 38.00 | 38.20 |
| Margin money with banks/security against borrowings | 126.58 | 74.51 |
| TOTAL | 1,616.78 | 7,579.29 |
| Margin money with banks includes deposits with maturity period of more than 12 months of Rs. 11.58 lakhs (Rs. 62.72 lakhs) | | |
| NOTE No. 17 | | |
| SHORT TERM LOANS AND ADVANCES - Unsecured, considered good | | |
| Loans and Advances to related parties (for details please see Note No. 35) | 57.49 | 69.66 |
| Other Loans and Advances: | | |
| Security Deposits | 68.15 | 135.69 |
| Loans and advance due by officers | 233.76 | 122.69 |
| Prepaid expenses | 545.14 | 688.51 |
| Deposits with Government authorities | 1,682.40 | 2,000.18 |
| Advance Income-tax | 65.85 | 53.82 |
| Advance for purchases & others | 3,248.88 | 3,450.19 |
| | 5,844.18 | 6,451.08 |
| TOTAL | 5,901.67 | 6,520.74 |
| NOTE No. 18 | | |
| OTHER CURRENT ASSETS | | |
| Outstanding income and interest receivable | 296.20 | 3,171.72 |



| | Year Ended 31.03.2013 | Year Ended 31.03.2012 |
|--|--------------------------|--------------------------|
| NOTE No. 19 | | |
| REVENUE FROM OPERATIONS | | |
| a) Sale of Products | | |
| Manufactured Goods | | |
| Sugar | 84,697.60 | 77,174.76 |
| Industrial alcohol | 13,937.56 | 14,043.88 |
| Power | 6,656.23 | 8,603.25 |
| Soya products | 12,177.59 | 10,150.89 |
| Bio earth | 187.18 | 179.77 |
| Carbon-di-oxide | 23.67 | 21.71 |
| Fusel oil | 0.11 | 1.10 |
| Magazines | 14.45 | 13.84 |
| Seeds | 63.29 | 11.94 |
| | 117,757.68 | 110,201.14 |
| Traded Goods | | |
| Fertilisers & chemicals | 1,012.76 | 840.85 |
| | 1,012.76 | 840.85 |
| Total (a) | 118,770.44 | 111,041.99 |
| b) Sale of Services | | |
| | 2.81 | -- |
| c) Other Operating revenues | | |
| Sale of used materials | 41.06 | 102.97 |
| Profit on sale of agri implements | -- | 28.73 |
| Duty drawback/other export incentive | 175.66 | 953.30 |
| Total (c) | 216.72 | 1,085.00 |
| Total (a+b+c) | 118,989.97 | 112,126.99 |
| Less : Excise Duty | 1,948.62 | 1,811.03 |
| TOTAL | 117,041.35 | 110,315.96 |
| NOTE No. 20 | | |
| OTHER INCOME | | |
| a) Interest income | 156.31 | 250.44 |
| b) Dividend income from non-current investment | 14.21 | 13.91 |
| c) Reduction in provision for diminution in value of investments | 6.68 | -- |
| d) Other non-operating income: | | |
| Rent receipts | 74.61 | 78.47 |
| Profit on sale of fixed assets | 0.03 | 0.44 |
| Miscellaneous income | 64.66 | 60.35 |
| Sundry balance written back | 8.13 | 57.03 |
| | 147.43 | 196.29 |
| TOTAL | 324.63 | 460.64 |



(Rs. in lakhs)

| | Year Ended 31.03.2013 | Year Ended 31.03.2012 |
|--|--------------------------|--------------------------|
| NOTE No. 21 | | |
| COST OF MATERIAL CONSUMED | | |
| a) Opening Stock | | |
| Molasses | 562.43 | 490.88 |
| Newsprint paper | 0.44 | 0.44 |
| Soyabean seeds & others | 2,084.07 | 3,107.69 |
| Soya products | 54.87 | 139.64 |
| Total (a) | 2,701.81 | 3,738.65 |
| b) Purchases | | |
| Sugarcane | 76,178.64 | 66,531.90 |
| Molasses | 1,369.40 | 1,675.93 |
| Raw Sugar | 1,737.39 | 105.60 |
| Newsprint paper | 21.81 | 21.40 |
| Soyabean seeds & others | 7,119.67 | 6,933.31 |
| Soya products | 4.50 | 11.29 |
| Total (b) | 86,431.41 | 75,279.43 |
| c) Closing Stock | | |
| Molasses | 565.58 | 562.43 |
| Newsprint paper | 0.11 | 0.44 |
| Soyabean seeds & others | 149.34 | 2,084.07 |
| Soya Products | 79.87 | 54.87 |
| Total (c) | 794.90 | 2,701.81 |
| TOTAL (a+b-c) | 88,338.32 | 76,316.27 |
| NOTE No. 22 | | |
| PURCHASES OF STOCK IN TRADE | | |
| Fertiliser & chemical | 1,017.72 | 830.49 |
| NOTE No. 23 | | |
| CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE | | |
| a) Opening Stock | | |
| Finished Goods | | |
| Sugar | 3,122.24 | 4,137.46 |
| Molasses | 378.08 | 425.91 |
| Industrial alcohol | 641.44 | 1,216.52 |
| Ethanol | 0.64 | 0.64 |
| Soya products | 718.16 | 486.34 |
| Bagasse | 13.85 | 4.49 |
| Bio earth | 5.23 | 1.93 |
| Fusel oil | 0.13 | 1.48 |
| Total | 4,879.77 | 6,274.77 |



NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

| | Year Ended 31.03.2013 | Year Ended 31.03.2012 |
|---|--------------------------|--------------------------|
| NOTE No. 23 (Contd.) | | |
| Work in Progress and Stock in trade | | |
| Sugar in process | 632.53 | 620.43 |
| Molasses in process | 73.74 | 106.28 |
| Fertilisers & chemicals | 190.76 | 151.06 |
| | 897.03 | 877.77 |
| Total (a) | 5,776.80 | 7,152.54 |
| b) Closing Stock | | |
| Finished Goods | | |
| Sugar | 3,071.18 | 3,122.24 |
| Molasses | 424.62 | 378.08 |
| Industrial alcohol | 688.95 | 641.44 |
| Ethanol | 196.71 | 0.64 |
| Soya products | 627.97 | 718.16 |
| Bagasse | 30.77 | 13.85 |
| Bio earth | 3.95 | 5.23 |
| Fusel oil | 0.02 | 0.13 |
| | 5,044.17 | 4,879.77 |
| Work in Progress and Stock in trade | | |
| Sugar in process | 754.32 | 632.53 |
| Molasses in process | 82.40 | 73.74 |
| Fertilisers & chemicals | 224.31 | 190.76 |
| | 1,061.03 | 897.03 |
| Total (b) | 6,105.20 | 5,776.80 |
| TOTAL (a-b) | (328.40) | 1,375.74 |
| NOTE No. 24 | | |
| EMPLOYEE BENEFITS EXPENSE | | |
| Salaries and wages | 5,148.98 | 4,737.41 |
| Contribution to provident and other funds | 407.62 | 371.48 |
| Staff welfare expenses | 470.48 | 429.99 |
| TOTAL | 6,027.08 | 5,538.88 |
| NOTE No. 25 | | |
| FINANCE COSTS | | |
| Interest expense: | | |
| On borrowings | 12,691.72 | 10,857.21 |
| On trade payable | 1,181.51 | 913.28 |
| Other borrowing costs | 60.58 | 45.52 |
| (Gain)/Loss on foreign currency transaction (net) | (253.18) | 310.29 |
| TOTAL | 13,680.63 | 12,126.30 |



| | Year Ended 31.03.2013 | Year Ended 31.03.2012 |
|--|--------------------------|--------------------------|
| NOTE No. 26 | | |
| DEPRECIATION AND AMORTIZATION EXPENSE | | |
| Depreciation | 5,558.18 | 5,714.61 |
| Less : Transferred from Revaluation reserve | 2,325.64 | 2,551.76 |
| | 3,232.54 | 3,162.85 |
| Amortization expenses | 3,365.54 | 3,365.54 |
| TOTAL | 6,598.08 | 6,528.39 |
| NOTE No. 27 | | |
| OTHER EXPENSES | | |
| Manufacturing Expenses: | | |
| Consumption of stores and spares | 3,792.73 | 3,614.93 |
| Printing and publication charges | 33.91 | 30.74 |
| Power and fuel | 2,067.90 | 3,385.62 |
| Water charges | 75.22 | 30.18 |
| Rent | 56.92 | 61.59 |
| Repairs to buildings | 228.55 | 202.48 |
| Repairs to machinery | 3,425.57 | 2,265.29 |
| Repairs to others | 332.16 | 301.60 |
| Insurance | 134.15 | 125.19 |
| Rates and taxes, excluding taxes on income | 554.11 | 300.69 |
| Effluent disposal expenses | 417.63 | 420.81 |
| State administrative service fees | 180.00 | 169.85 |
| Selling and Distribution Expenses: | | |
| Selling and distribution expenses | 287.03 | 63.53 |
| Freight & transport on finished goods | 567.11 | 736.48 |
| Commission and brokerage | 48.16 | 52.95 |
| Other Administrative Expenses: | | |
| Travelling expenses | 333.27 | 296.96 |
| Printing, postage, telephone & telex | 220.76 | 186.77 |
| Freight and transport | 38.99 | 38.02 |
| Donations | 0.48 | 43.09 |
| Legal and professional charges | 76.02 | 125.06 |
| Excise Duty on stock adjustments | 27.73 | (47.57) |
| Administrative and other expenses | 291.55 | 310.99 |
| Bank charges | 89.76 | 127.49 |
| R & D expenses | 23.47 | 21.29 |



NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

| | Year Ended 31.03.2013 | Year Ended 31.03.2012 |
|--|--------------------------|--------------------------|
| NOTE No. 27 (Contd.) | | |
| Data processing charges | 21.35 | 24.14 |
| Payment to Auditor | | |
| As Auditors | 18.00 | 15.00 |
| Taxation matters | 1.90 | 6.45 |
| Consolidated Audit Report | 0.50 | 0.76 |
| Management & other services | 7.33 | 3.82 |
| Service tax | 3.77 | 2.35 |
| Reimbursement of expenses | 1.42 | 2.03 |
| Managerial remuneration | 75.79 | 62.70 |
| Directors sitting fees | 4.70 | 5.70 |
| Provision for diminution in value of investments | -- | 178.96 |
| Loss on sale of fixed assets | -- | 2.20 |
| Loss on sale of used materials | 15.03 | 0.14 |
| Deferred revenue expenditure written off | 199.38 | 219.60 |
| Irrecoverable advances written off | 127.96 | 23.12 |
| TOTAL | 13,780.31 | 13,411.00 |



NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars | Year Ended 31 st March 2013 | Year Ended 31 st March 2012 |
|--|---|---|
| 28 Value of imports calculated on C.I.F. basis: | | |
| Capital goods | 0.37 | 9.49 |
| 29 Expenditure in foreign currency: | | |
| i) Professional fees | 4.54 | 83.73 |
| ii) Interest/Premium on FCCB redeemed | 1401.43 | 1764.74 |
| iii) Travelling expenses | 10.83 | 8.11 |
| iv) Subscription/Membership Fee | 0.83 | 0.59 |
| v) Commission and others | 18.16 | 7.31 |
| Total | <u>1435.79</u> | <u>1864.48</u> |

(Rs. in lakhs)

| Particulars | Year Ended 31.03.2013 | | Year Ended 31.03.2012 | |
|---|--------------------------|---------------|--------------------------|---------------|
| | Value | % | Value | % |
| 30 Value of Raw Materials, Chemicals and Stores and Spares Consumed: | | | | |
| Raw Material : | | | | |
| Imported | 1737.39 | 1.97 | 73.02 | 0.10 |
| Indigenous | 86600.93 | 98.03 | 76243.25 | 99.90 |
| Total | <u>88338.32</u> | <u>100.00</u> | <u>76316.27</u> | <u>100.00</u> |
| Chemicals, Stores and Spares : | | | | |
| Imported | 5.35 | 0.14 | 17.96 | 0.50 |
| Indigenous | 3787.38 | 99.86 | 3596.97 | 99.50 |
| Total | <u>3792.73</u> | <u>100.00</u> | <u>3614.93</u> | <u>100.00</u> |

(Rs. in lakhs)

| Particulars | Year Ended 31 st March 2013 | Year Ended 31 st March 2012 |
|--|---|---|
| 31 Earnings in foreign currency : | | |
| FOB value of exports | 5494.41 | 4132.23 |



32 Employee Benefits:

Gratuity and Provident Fund :

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

(Rs. in lakhs)

| Particulars | Year ended 31.03.2013 | Year ended 31.03.2012 |
|---------------------------|--------------------------|--------------------------|
| Gratuity | 262.98 | 253.30 |
| Provident Fund | 342.96 | 316.91 |
| Employees State Insurance | 11.12 | 12.79 |

Disclosure report under Accounting Standard-15 - Leave Salary

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

(Rs. in lakhs)

| Particulars | Year ended 31.03.2013 | Year ended 31.03.2012 |
|---|--------------------------|--------------------------|
| I Principal Actuarial Assumptions (Expressed as weighted average) | | |
| Discount Rate | 8.05% | 8.00% |
| Salary escalation rate | 7.00% | 7.00% |
| Attrition rate | 3.00% | 3.00% |
| 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 | 550.38 | 486.33 |
| Interest cost | 42.83 | 37.15 |
| Current service cost | 103.81 | 23.59 |
| Past service cost-(non vested benefits) | -- | -- |
| Past service cost-(vested benefits) | -- | -- |
| Benefits paid | -36.78 | -43.94 |
| Actuarial loss/(gain) on obligation (balancing figure) | -1.09 | 47.25 |
| PVO as at the end of the period | 659.15 | 550.38 |
| 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 | 36.78 | 43.94 |
| Benefits paid | 36.78 | -43.94 |
| Actuarial gain/(loss) on obligation (balancing figure) | -- | -- |
| Fair value on plan assets as at the end of the period | -- | -- |



Disclosure report under Accounting Standard-15 - Leave Salary (Contd.)

(Rs. in lakhs)

| Particulars | Year ended 31.03.2013 | Year ended 31.03.2012 |
|---|--------------------------|--------------------------|
| 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 | 1.09 | -47.25 |
| Actuarial gain/(loss) for the period-Plan Assets | -- | -- |
| Total (gain)/loss for the period | -1.09 | 47.25 |
| Actuarial (gain)/loss recognized in the period | -1.09 | 47.25 |
| 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 | 659.15 | 550.38 |
| Fair value of plan assets | -- | -- |
| Difference | 659.15 | 550.38 |
| Unrecognised transitional liability | -- | -- |
| Unrecognised past service cost-non vested benefits | -- | -- |
| Liability recognized in the balance sheet | 659.15 | 550.38 |
| VII Expenses Recognised in the Statement of Profit and Loss | | |
| Current service cost | 103.81 | 23.59 |
| Interest Cost | 42.83 | 37.15 |
| Expected return on plan assets | -- | -- |
| Net actuarial (gain)/loss recognised in the year | -1.09 | 47.25 |
| 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 | 145.55 | 107.99 |
| VIII Movements in the Liability Recognized in the Balance Sheet | | |
| Opening net liability | 550.38 | 486.33 |
| Expenses as above | 145.55 | 107.99 |
| Contribution paid | -36.78 | -43.94 |
| Closing net liability | 659.15 | 550.38 |
| IX Amount for the Current Period | | |
| Present value of obligation | 659.15 | 550.38 |
| Plan Assets | -- | -- |
| Surplus(Deficit) | -659.15 | -550.38 |
| X Major Categories of Plan Assets (as Percentage of Total Plan Assets) | NIL | NIL |



33 Segment information for the year ended 31.03.2013:

(Rs. in lakhs)

| REVENUE | SUGAR | | INDUSTRIAL ALCOHOL | | SOYA PRODUCTS | | POWER | | TOTAL | |
|--|----------|----------|--------------------|----------|---------------|----------|----------|----------|-----------|-----------|
| | 31.03.13 | 31.03.12 | 31.03.13 | 31.03.12 | 31.03.13 | 31.03.12 | 31.03.13 | 31.03.12 | 31.03.13 | 31.03.12 |
| PRIMARY | | | | | | | | | | |
| External Sales | 83818.30 | 76260.57 | 14107.80 | 14206.91 | 12239.49 | 10160.23 | 6656.23 | 8603.25 | 116821.82 | 109230.96 |
| Inter Segment Sales | 13700.89 | 9105.26 | 1.11 | 1.26 | -- | -- | 9336.45 | 8069.92 | 23038.45 | 17176.44 |
| Operating Income | 271.73 | 1206.09 | 17.13 | 11.99 | 77.87 | 60.56 | 0.23 | 2.65 | 366.96 | 1281.29 |
| Total Revenue | 97790.92 | 86571.92 | 14126.04 | 14220.16 | 12317.36 | 10220.79 | 15992.91 | 16675.82 | 140227.23 | 127688.69 |
| Segment Result | -3770.18 | -2047.03 | 5119.45 | 4621.72 | 764.86 | 225.07 | 3122.63 | 7176.19 | 5236.76 | 9975.96 |
| Unallocated Corporate Expenses/ Income (Net) | | | | | | | | | 3460.20 | 3450.56 |
| Operating Profit | | | | | | | | | 1776.56 | 6525.39 |
| Finance Cost | | | | | | | | | 13680.63 | 12126.30 |
| Interest Income | | | | | | | | | 156.31 | 250.44 |
| Profit from Ordinary activities | | | | | | | | | -11747.76 | -5350.47 |
| Net Profit/Loss before Tax | | | | | | | | | -11747.76 | -5350.47 |
| Less: Income-tax: | | | | | | | | | | |
| Current Tax | | | | | | | | | -- | -- |
| Deferred Tax | | | | | | | | | -3005.37 | -578.81 |
| Net Profit/Loss after Tax | | | | | | | | | -8742.39 | -4771.66 |
| OTHER INFORMATION | | | | | | | | | | |
| Segment Assets | 76664.15 | 98516.04 | 13648.46 | 13045.13 | 7664.13 | 8234.03 | 41410.00 | 40505.61 | 139386.74 | 160300.81 |
| Unallocated Corporate Assets | | | | | | | | | 21009.60 | 21036.19 |
| Total Assets | | | | | | | | | 160396.34 | 181337.00 |
| Segment Liabilities | | | | | | | | | 120396.82 | 128520.06 |
| Unallocated Corporate Liabilities | | | | | | | | | -- | -- |
| Deferred Tax Liability(+)/Asset (-) | | | | | | | | | -3735.34 | -729.77 |
| Total Liabilities | | | | | | | | | 116661.68 | 127790.29 |
| Capital Expenditure | 1099.59 | 1162.28 | 355.03 | -- | 25.68 | 54.09 | 1721.97 | 217.80 | 3202.27 | 1434.17 |
| Depreciation/Amortization | 5042.02 | 4984.21 | 267.44 | 263.25 | 124.83 | 124.11 | 1163.79 | 1156.82 | 6598.08 | 6528.39 |
| SECONDARY | | | | | | | | | | |
| Revenue by Geographical Market | | | | | | | | | | |
| India | 94060.47 | 76617.47 | 14126.04 | 14220.16 | 9379.56 | 8236.32 | 15992.91 | 16675.82 | 133558.98 | 115749.77 |
| Outside India | 3730.45 | 9954.45 | -- | -- | 2937.80 | 1984.47 | -- | -- | 6668.25 | 11938.92 |

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

**34 Borrowing Cost Capitalised**

| Particulars | 31.03.2013 | 31.03.2012 |
|---|------------|------------|
| Borrowing cost capitalised and included in Capital Work in Progress | 1506.36 | -- |

35 Related Parties Disclosure:**I. Related Parties:****a. Subsidiary Companies**

Sakthi Auto Component Limited
Sakthi Auto Ancillary Private Limited

b. Associates

ABT Limited
ABT Industries Limited
ABT Info Systems Pvt. Limited
ABT Foods Limited
Anamallais Bus Transport Pvt. Limited
Sakthi Finance Limited
Sri Chamundeswari Sugars Limited (SCSL)
Nachimuthu Industrial Association
The Gounder & Co

c. Key Managerial Personnel (KMP)

Dr. N Mahalingam, Chairman
Dr. 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

d. Relatives of Key Managerial Personnel

There has been no transaction with the relatives of key managerial personnel

e. Enterprises in which KMP/Relatives of KMP can exercise significant influence

Anamallais Retreading Corporation
N.Mahalingam & Company
Sakthi Automobiles
Sakthi Coffee Estates (P) Limited
ABT Textiles (P) Limited
Sri Bhagavathi Textiles Limited
Sri Sakthi Textiles Limited

Note : Information has been furnished with respect to individuals/entities with whom/which related party transactions had taken place during the year



II Related Parties Transactions :

(Rs. in lakhs)

| Nature of Transactions | Subsidiaries | Associates | Key Managerial Personnel | Relatives of Key Managerial Personnel | Enterprises in which KMP/ relatives of KMP have significant influence | Total |
|--|-------------------------|-----------------------------|--------------------------|---------------------------------------|---|-----------------------------|
| Purchase | | | | | | |
| Purchase of Materials | 5.39 (4.28) | | | | | 5.39 (4.28) |
| Purchase of Fuel | | | | | 81.01 (52.24) | 81.01 (52.24) |
| Purchase of Milk | | 4.70 (4.23) | | | | 4.70 (4.23) |
| Sales | | | | | | |
| Sale of Materials | 0.83 (16.98) | | | | | 0.83 (16.98) |
| Sale of power | -- (204.37) | | | | | -- (204.37) |
| Rendering of services | | | | | | |
| Rent Receipts | | 12.83 (13.28) | | | | 12.83 (13.28) |
| EB Receipts | | 8.89 (8.86) | | | | 8.89 (8.86) |
| Water & Technical Service charges receipts | | 16.49 (17.07) | | | | 16.49 (17.07) |
| Advertisement Receipts | | 13.48 (13.32) | | | 4.72 (4.68) | 18.20 (18.00) |
| Receiving of services | | | | | | |
| Interest Payments | 62.38 (65.75) | 37.29 (64.46) | | | | 99.67 (130.21) |
| Printing charges | | 16.10 (14.33) | | | | 16.10 (14.33) |
| Electricity Charges | | 0.73 (0.62) | | | | 0.73 (0.62) |
| Rent Payments | | 15.84 (15.56) | | | | 15.84 (15.56) |
| Vehicle Purchase/Maintenance | | 14.54 (9.37) | | | | 14.54 (9.37) |
| Transport charges | | 294.50 (227.26) | | | | 294.50 (227.26) |
| Purchase of Computer Consumables | | 15.68 (15.40) | | | | 15.68 (15.40) |
| Service Tax on Management Fees | | -- (14.51) | | | | -- (14.51) |
| Promoter Contribution | | 9000.00 (9000.00) | | | | 9000.00 (9000.00) |
| Unsecured loan | | 3500.00 (5786.90) | | | | 3500.00 (5786.90) |



II RELATED PARTY TRANSACTIONS (Contd.) :

(Rs. in lakhs)

| Nature of Transactions | Subsidiaries | Associates | Key Managerial Personnel | Relatives of Key Managerial Personnel | Enterprises in which KMP/relatives of KMP have significant influence | Total |
|---|------------------------|------------------------|--------------------------|---------------------------------------|--|------------------------|
| Managerial Remuneration | | | | | | |
| Remuneration paid to whole time Directors | | | 75.79 (62.70) | | | 75.79 (62.70) |
| Remuneration paid to Non-whole time Directors | | | 0.40 (0.50) | | | 0.40 (0.50) |
| Balance outstanding at the end of the year | | | | | | |
| Payable to Key Managerial Personnel | | | 31.42 (67.48) | | | 31.42 (67.48) |
| Loans and advances | 17087.13 (13111.11) | 178.60 (177.71) | | | 305.07 (319.25) | 17570.80 (13608.07) |
| Borrowing | 214.81 (250.96) | 24207.33 (20565.12) | | | 8.83 (9.39) | 24430.97 (20825.47) |

Figures in brackets are that of the previous year

36 Earnings Per Share :

| Particulars | 2012-13 | 2011-12 |
|--|----------|----------|
| Basic : | | |
| a) Face value per Share (Rs.) | 10 | 10 |
| b) Profit After Tax (Rs. In lakhs) | -8742.39 | -4771.66 |
| c) The weighted average No. of Equity Shares | 36807339 | 36807339 |
| d) Earnings per Share - Basic (Rs.) | -23.75 | -12.96 |
| Diluted : | | |
| a) The weighted average No. of Equity Shares | 36807339 | 36807339 |
| b) Earnings per Share - Diluted (Rs.) | -23.75 | -12.96 |

37 Deferred Tax :

(Rs. in lakhs)

| Particulars | 31.03.2013 | 31.03.2012 |
|---|-----------------|-----------------|
| A) Deferred Tax Liability: | | |
| Arising out of depreciation of Fixed Assets (Net) | 10025.04 | 9889.72 |
| Difference in treatment of expenses/income (Net) | 6014.43 | 6994.30 |
| | <u>16039.47</u> | <u>16884.02</u> |
| B) Deferred Tax Asset: | | |
| Carried forward losses/Unabsorbed depreciation | 19774.61 | 17613.79 |
| Net Deferred Tax Liability (+) /Asset (-) | <u>-3735.14</u> | <u>-729.77</u> |

38 Contingent liabilities:

(Rs. in lakhs)

| Particulars | 31.03.2013 | 31.03.2012 |
|--|------------|------------|
| A) Claims against the Company not acknowledged as debts: | | |
| (i) Income tax matters | 6590.29 | 5650.81 |
| (ii) Purchase tax/sales tax matters | 2296.58 | 2673.06 |
| (iii) Others | 7659.51 | 5489.95 |
| B) Guarantees issued by bankers | 83.00 | 49.01 |
| C) Corporate guarantee given for loans to subsidiaries: | | |
| (i) Guarantee amount | 46339.94 | 48581.58 |
| (ii) Outstanding amount | 37504.95 | 40885.03 |

**39 Commitments:**

(Rs. in lakhs)

| Particulars | 31.03.2013 | 31.03.2012 |
|--|------------|------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 2217.71 | 2304.94 |

40 Micro, Small and Medium Enterprises Development Act, 2006

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

41 Disclosure as required under clause 32 of the listing agreement:

Amount of loans and advances in the nature of loans to subsidiaries and associates and the maximum amount outstanding during 2012-13:

| Name of the Company | Outstanding as on 31.03.2013 (Rs.In lakhs) | Maximum amount Outstanding during the year (Rs.In lakhs) | Investment in the shares of the company (No. of Shares) | Investment in the shares of the subsidiaries of the company (No. of Shares) |
|---|---|---|--|--|
| Subsidiary Sakthi Auto Component Limited | 17087.13 Dr. (13111.11) Dr. | 18479.94 (14038.83) | -- (--) | 43860000 (43860000) |

42 Disclosure pursuant to AS-28 on Impairment of Assets:

During the year, a 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, except to the extent of Rs.11.02 lakhs (Rs.237.12 lakhs) in the Beverage Division, which has been provided for.

43 Funded Interest under CDR Scheme for Rs.5050.54 lakhs (Rs.6060.65 lakhs) included in Other Non Current Asset in Note No. 13 is to be written off over a period of time as and when it becomes payable and it is not realizable in value.

44 The company has opted to recognize foreign exchange fluctuation based on maturity of obligations in conformity with the option given by notification No.GSR 913(E) dated 29th December 2011 issued by the Ministry of Corporate Affairs.

45 Previous year's figures have been regrouped / restated wherever necessary to correspond with the current year's classification/disclosure.

Vide our report annexed

For P N RAGHAVENDRA RAO & Co

Chartered Accountants

(ICAI Regn. No. : FRN003328S)

P R VITTEL

Partner

M. No. 018111

M MANICKAM

Vice Chairman & Managing Director

M BALASUBRAMANIAM

Joint Managing Director - Finance

S BASKAR

Senior Vice President - Finance &

Company Secretary

Coimbatore
28th May 2013



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 payment made towards goodwill to cane ryots and to employees as per wage board settlement during the year 2004-05, 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 /as per notes prescribed in Schedule XIV to the Companies Act, 1956, on original/revalued cost of assets as the case may be. The additional depreciation relating to increased value of revalued assets is adjusted against Revaluation Reserve.

7. Investment:

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. 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 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 statement of profit and loss.

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. The excise duty appearing in the statement of profit and loss as an expenditure represents excise duty provision for difference between opening and closing stock of finished goods.
 - iii. Interest charges which have been converted as Funded Interest Term Loan as per CDR scheme are recognised as expenditure in the period in which such loan instalments become due.
9. Foreign currency transactions:
Recognition of foreign exchange fluctuation is based on the maturity of obligations.
10. 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 statement of profit and loss.
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 31.03.2013.
11. Segment Reporting:
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.
12. 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.
13. Earnings 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.
14. Impairment of Assets:
Impairment, if any, is recognized in accordance with the Accounting Standard 28.
15. 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.
16. Leases:
The company's significant leasing arrangements are operating leases and are cancellable in nature. The lease rental paid or received under such arrangements are accounted in the statement of profit and loss.



COMPANY'S PERFORMANCE AT A GLANCE

| YEAR | SUGARCANE CRUSHED (TONNES) | SUGAR PRODUCED (TONNES) | RECOVERY % | TURNOVER (Rs. in lakhs) | PROFIT BEFORE DEPRN (Rs. in lakhs) | DEPRECIATION (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 | 104.45 | 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 | 0.00 | -98.96 | -- | 1020.98 |
| 1978 | 366487 | 33883 | 9.25 | 706.32 | -27.36 | 0.00 | -27.36 | -- | 1021.26 |
| 1979 | 767844 | 64299 | 8.37 | 1201.64 | 52.40 | 0.00 | 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 |
| 2011▲ | 2356303 | 536973 ■ | 9.47 | 216553.65 | -8915.89 | 3878.48 | -12794.37 | -- | 142173.20 |
| 2012 | 2900630 | 278431 | 9.60 | 112126.99 | -2187.62 | 3162.85 | -5350.47 | -- | 143553.93 |
| 2013 | 3056321 | 286296 | 9.37 | 118989.97 | -8515.22 | 3232.54 | -11747.76 | -- | 146750.52 |

▲ 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 | Orlandofin BV | Sakthi Netherlands BV | Sakthi European Foreign Sales Corpn. BV | Sakthi Holdings BV | Sakthi Service GmbH | Sakthi Portugal SA | Sakthi Auto Mauritius Ltd |
|--|---------------------------|--------------------------------|---------------|-----------------------|---|--------------------|---------------------|--------------------|---------------------------|
| | a | b | c | d | e | f | g | h | i |
| Financial Year ended | 31.03.2013 | 31.03.2013 | 31.12.2012 | 31.12.2012 | 31.12.2012 | 31.12.2012 | 31.12.2012 | 31.12.2012 | 31.12.2012 |
| Share Capital | 24631.00 | 359.13 | 12.52 | 20.52 | 12.66 | 12.52 | 18.78 | 4197.29 | 2.72 |
| Reserves | 40708.04 | 962.17 | 23192.74 | 66295.22 | 66694.80 | 39802.61 | 16112.86 | 10745.01 | -35.38 |
| Total Assets | 125855.97 | 6435.59 | 53321.23 | 79203.22 | 66787.29 | 46208.52 | 16177.12 | 46989.05 | 6.59 |
| Total Liabilities | 60516.93 | 5114.29 | 30115.97 | 12887.49 | 79.83 | 6393.39 | 45.49 | 32046.75 | 39.25 |
| Details of Investments (except investment in subsidiaries) | 1.02 | -- | -- | -- | -- | -- | -- | -- | -- |
| Turnover | 53314.49 | 7349.99 | -- | -- | -- | -- | -- | 53276.54 | -- |
| Profit before taxation | 1920.27 | 184.46 | -1695.46 | -65.00 | -8.84 | -9.20 | -8.16 | 84.68 | -6.72 |
| Provision for taxation | 704.31 | 58.38 | -- | -- | -- | -- | -- | -30.04 | -- |
| Profit after taxation | 1215.96 | 126.08 | -1695.46 | -65.00 | -8.84 | -9.20 | -8.16 | 114.72 | -6.72 |
| Proposed dividend | -- | -- | -- | -- | -- | -- | -- | -- | -- |

Note: In respect of subsidiaries under c to h, the financial statements are translated at the exchange rate as on 28.03.2013 i.e. EUR 1 = Rs. 69.5438 and USD 1 = Rs. 54.3893.



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

Report on the Financial Statements

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of Sakthi Sugars Limited (the "Company") and its subsidiaries; hereinafter referred to as the "Group", which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
6. We did not audit the financial statements of eight of the subsidiaries viz. Sakthi Auto Ancillary Private Limited, Orlandofin BV, Sakthi Netherlands BV, Sakthi European Foreign Sales Corporation BV, Sakthi Holdings BV, Sakthi Service GmbH, Sakthi Portugal SA and Sakthi Auto Mauritius Limited whose financial statements reflects total assets of Rs. 989.78 crores as at 31st March 2013 with respect to Sakthi Auto Ancillary Private Limited and 31st December 2012 with respect to other companies, total revenue of Rs 611.50 crores and net cash flow of Rs. 9.02 crores for the period then ended. With respect to three of the subsidiaries viz. Sakthi Auto Ancillary Private



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Limited, Sakthi Portugal and Sakthi Auto Mauritius Limited 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.

Audit Qualification

7. *In respect of Sakthi Sugars Limited, in our opinion, a sum of Rs.50.51 Crores included in Other Non-current Assets requires to be written off and the loss of the Company is under stated to that extent.*

Opinion

8. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, notified under Section 211 (3C) of the Companies Act, 1956.
9. In our opinion, and to the best of our information and according to the explanations given to us, except for the effect of the matter stated in paragraph 7 above, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
 - (b) in the case of the Consolidated Statement of Profit and Loss, of the Loss for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Coimbatore
28th May 2013

For P N RAGHAVENDRA RAO & Co
Chartered Accountants
(ICAI Regn. No. : FRN003328S)

P R VITTEL
Partner
M. No. 018111



CONSOLIDATED BALANCE SHEET AS AT 31.03.2013

(Rs. in lakhs)

| | Note No. | As at 31.03.2013 | As at 31.03.2012 |
|------------------------------------|----------|------------------|------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) SHAREHOLDERS' FUNDS | | | |
| a) Share Capital | 1 | 21,925.73 | 21,925.73 |
| b) Reserves and Surplus | 2 | 75,117.37 | 84,424.31 |
| | | 97,043.10 | 106,350.04 |
| (2) MINORITY INTEREST | | 513.37 | 452.65 |
| (3) NON-CURRENT LIABILITIES | | | |
| a) Long term borrowings | 3 | 100,463.94 | 105,623.35 |
| b) Deferred tax liabilities (Net) | | -- | 480.98 |
| c) Other long term liabilities | 4 | 2,929.49 | 692.63 |
| d) Long term provisions | 5 | 2,390.16 | 2,038.08 |
| | | 105,783.59 | 108,835.04 |
| (4) CURRENT LIABILITIES | | | |
| a) Short term borrowings | 6 | 36,853.82 | 38,549.20 |
| b) Trade payables | | 48,077.32 | 37,459.75 |
| c) Other current liabilities | 7 | 79,860.44 | 82,272.30 |
| d) Short term provisions | 8 | 4,812.05 | 8,084.69 |
| | | 169,603.63 | 166,365.94 |
| TOTAL (1 to 4) | | 372,943.69 | 382,003.67 |
| II. ASSETS | | | |
| (1) NON-CURRENT ASSETS | | | |
| a) Fixed Assets | | | |
| (i) Tangible assets | 9 | 192,775.06 | 196,341.62 |
| (ii) Intangible assets | 10 | 21,592.97 | 23,806.54 |
| (iii) Capital work-in-progress | | 15,360.51 | 14,062.57 |
| | | 229,728.54 | 234,210.73 |
| b) Non-current investments | 11 | 47,395.53 | 46,615.24 |
| c) Deferred tax assets (net) | | 1,829.27 | -- |
| d) Long term loans and advances | 12 | 8,003.44 | 8,477.81 |
| e) Other non-current assets | 13 | 8,747.53 | 9,898.83 |
| | | 295,704.31 | 299,202.61 |
| (2) CURRENT ASSETS | | | |
| a) Inventories | 14 | 36,343.52 | 35,383.07 |
| b) Trade receivables | 15 | 26,743.04 | 23,977.04 |
| c) Cash and cash equivalents | 16 | 3,893.14 | 10,548.89 |
| d) Short term loans and advances | 17 | 9,721.32 | 9,422.58 |
| e) Other current assets | 18 | 538.36 | 3,469.48 |
| | | 77,239.38 | 82,801.06 |
| TOTAL (1 and 2) | | 372,943.69 | 382,003.67 |

The Notes form part of these financial statements.

Vide our report annexed
For P N RAGHAVENDRA RAO & Co
Chartered Accountants
(ICAI Regn. No. : FRN003328S)
P R VITTEL
Partner
M. No. 018111
Coimbatore
28th May 2013

M MANICKAM
Vice Chairman & Managing Director

M BALASUBRAMANIAM
Joint Managing Director - Finance

S BASKAR
Senior Vice President - Finance &
Company Secretary



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2013

(Rs. in lakhs)

| | Note No. | Year Ended 31.03.2013 | Year Ended 31.03.2012 |
|---|----------|--------------------------|--------------------------|
| I. Revenue from Operations (Gross) | | 238,303.01 | 219,521.87 |
| Less : Excise duty | | 8,602.22 | 6,650.99 |
| Revenue from Operations (Net) | 19 | 229,700.79 | 212,870.88 |
| II. Other Income | 20 | 910.85 | 1,382.36 |
| III. Total Revenue (I + II) | | 230,611.64 | 214,253.24 |
| IV. Expenses: | | | |
| Cost of material consumed | 21 | 131,688.32 | 118,375.84 |
| Purchase of stock in trade | 22 | 1,017.72 | 830.49 |
| Changes in inventories of finished goods, work-in-progress and stock in trade | 23 | (2,544.68) | (2,439.60) |
| Employee benefits expense | 24 | 17,564.38 | 16,953.90 |
| Finance costs | 25 | 21,451.31 | 18,752.88 |
| Depreciation and amortization expenses | 26 | 11,365.34 | 11,285.77 |
| Other expenses | 27 | 61,420.98 | 55,683.12 |
| Total expenses | | 241,963.37 | 219,442.40 |
| V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV) | | (11,351.73) | (5,189.16) |
| VI. Exceptional Items | | -- | -- |
| VII. Profit/(Loss) before extraordinary items and tax (V-VI) | | (11,351.73) | (5,189.16) |
| VIII. Extraordinary items | | -- | -- |
| IX. Profit/(Loss) before tax (VII-VIII) | | (11,351.73) | (5,189.16) |
| X. Tax expenses: | | | |
| 1. Current tax | | 438.77 | 438.70 |
| 2. MAT credit entitlement | | (395.39) | (423.01) |
| 3. Deferred tax | | (2,316.10) | 126.57 |
| XI. Profit/(Loss) after tax (IX-X) | | (9,079.01) | (5,331.42) |
| XII. Minority interest | | 60.73 | 79.15 |
| XIII. Profit/(Loss) after tax (after adjustment of Minority interest) | | (9,139.74) | (5,410.57) |
| XIV. Earnings per equity share: | | | |
| 1. Basic | | (24.83) | (14.70) |
| 2. Diluted | | (24.83) | (14.70) |

The Notes form part of these financial statements.

Vide our report annexed
For P N RAGHAVENDRA RAO & Co
Chartered Accountants
(ICAI Regn. No. : FRN003328S)
P R VITTEL
Partner
M. No. 018111
Coimbatore
28th May 2013

M MANICKAM
Vice Chairman & Managing Director

M BALASUBRAMANIAM
Joint Managing Director - Finance

S BASKAR
Senior Vice President - Finance &
Company Secretary



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2013

(Rs. in lakhs)

| Particulars | 2012-13 | | 2011-12 | |
|---|-------------|--------------------|-------------|--------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit before tax as per Statement of Profit and Loss | | (11,351.73) | | (5,189.16) |
| Adjustments for: | | | | |
| Depreciation and Amortisation Expenses | 11,365.34 | | 11,285.77 | |
| Finance Costs | 21,451.31 | | 18,752.88 | |
| Miscellaneous Expenses & Other exp. written off | 206.03 | | 246.22 | |
| Provision for diminution in value of Investments | (6.68) | | 178.96 | |
| Loss on Sale of Assets | -- | | 428.08 | |
| Dividend Income | (14.33) | | (14.03) | |
| Interest Income | (456.00) | | (559.14) | |
| Profit on Sale of Assets | (0.03) | | (0.44) | |
| | | 32,545.64 | | 30,318.30 |
| Operating Profit before Working Capital Changes | | 21,193.91 | | 25,129.14 |
| Adjustments for: | | | | |
| Inventories | (960.45) | | (3,171.73) | |
| Trade and Other Receivables | (2,625.64) | | 497.77 | |
| Other Current Assets | 2,931.95 | | 410.95 | |
| Loans and Advances | 705.58 | | 3,865.10 | |
| Trade and Other Payables | 7,940.89 | | 1,909.90 | |
| Intangible Assets | (1,847.30) | | (723.89) | |
| | | 6,145.03 | | 2,788.10 |
| Cash Generated from Operations | | 27,338.94 | | 27,917.24 |
| Foreign Exchange Fluctuation (net) | | (7.04) | | (63.85) |
| Income Tax Paid | | (779.35) | | 94.90 |
| Net Cash from Operating Activities | | 26,552.55 | | 27,948.29 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of Fixed Assets | (7,786.69) | | (9,489.80) | |
| Sale of Fixed Assets | 2.20 | | 22.99 | |
| Investment Income | 470.33 | | 573.17 | |
| Investments in Subsidiaries - Exchange Fluctuation | 1,550.88 | | (4,428.56) | |
| Sale / Purchase of Investments - Others | 24.00 | | 0.35 | |
| Net Cash used in Investing Activities | | (5,739.28) | | (13,321.85) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Finance Costs Paid | (20,092.90) | | (18,082.71) | |
| Premium on FCCB | -- | | (447.74) | |
| Loss due to Foreign Exchange Fluctuation | (189.66) | | (62.43) | |
| Proceeds from Long Term Borrowings | 3,592.37 | | 11,394.08 | |
| Repayment of Long Term Borrowings | (15,183.53) | | (28,943.20) | |
| Short Term Borrowings (net) | (1,535.08) | | 10,838.80 | |
| Loans from Related Parties (net) | 5,939.78 | | 15,246.83 | |
| Net Cash used in Financing Activities | | (27,469.02) | | (10,056.37) |
| Net Increase in Cash and Cash Equivalents | | (6,655.75) | | 4,570.07 |
| Opening Balance of Cash and Cash Equivalents | | 10,548.89 | | 5,978.82 |
| Closing Balance of Cash and Cash Equivalents | | 3,893.14 | | 10,548.89 |

Vide our report annexed
 For P N RAGHAVENDRA RAO & Co
 Chartered Accountants
 (ICAI Regn. No. : FRN003328S)
 P R VITTEL
 Partner
 M. No. 018111
 Coimbatore
 28th May 2013

M MANICKAM
 Vice Chairman & Managing Director

M BALASUBRAMANIAM
 Joint Managing Director - Finance

S BASKAR
 Senior Vice President - Finance &
 Company Secretary



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| | As at 31.03.2013 | As at 31.03.2012 |
|---|----------------------|------------------|
| NOTE No. 1 | | |
| SHARE CAPITAL | | |
| Authorised: | | |
| 5,00,00,000 Equity Shares of Rs.10 each (5,00,00,000) | 5,000.00 | 5,000.00 |
| 50,00,000 Redeemable Cumulative Preference Shares of Rs.100 each (50,00,000) | 5,000.00 | 5,000.00 |
| | 10,000.00 | 10,000.00 |
| Issued: | | |
| 3,69,24,008 Equity Shares of Rs.10 each (3,69,24,008) | 3,692.40 | 3,692.40 |
| | 3,692.40 | 3,692.40 |
| Subscribed and Paid up: | | |
| 3,68,07,339 Equity Shares of Rs.10 each fully paid up (3,68,07,339) | 3,680.73 | 3,680.73 |
| Issued by Subsidiary Company: | | |
| 60,82,500 Series A 15% Participatory Cumulative Convertible (60,82,500) Preference Shares of Rs. 100 each fully paid up | 6,082.50 | 6,082.50 |
| 1,01,37,500 Series B 15% participatory Cumulative Convertible (101,37,500) Preference Shares of Rs. 100 each fully paid up | 10,137.50 | 10,137.50 |
| 12,15,000 Series I 15% Participatory Cumulative Convertible (12,15,000) Preference Shares of Rs. 100 each fully paid up | 1,215.00 | 1,215.00 |
| 8,10,000 Series II 15% Participatory Cumulative Convertible (8,10,000) Preference Shares of Rs. 100 each fully paid up | 810.00 | 810.00 |
| TOTAL | 21,925.73 | 21,925.73 |
| Reconciliation of Number of Shares | No. of Shares | No. of Shares |
| Holding Company | | |
| Equity Shares at the beginning of the year | 3,68,07,339 | 3,68,07,339 |
| Equity Shares at the end of the year | 3,68,07,339 | 3,68,07,339 |
| Subsidiary Company | | |
| Preference shares at the beginning of the year | 1,82,45,000 | 1,82,45,000 |
| Preference shares at the end of the year | 1,82,45,000 | 1,82,45,000 |

Rights, Preferences and Restrictions of each class of Shares

Holding Company

The Company has only one class of Equity shares having face value of Rs.10 each. Each shareholder is eligible for one vote per share. Dividend is payable when it is recommended by the Board of Directors and approved by the Members at the Annual General Meeting. In the event of liquidation, the equity shareholders will get the remaining assets after payment of all the preferential amounts.



NOTE No. 1 (Contd.)

Subsidiary Company

15% Participatory Cumulative Convertible Preference Shares

The holders of this preference shares shall have right to vote on resolutions placed before the Company which directly affect their rights. Besides they get voting right as specified in Section 87(2) of the Companies Act 1956. The dividend is payable when recommended by the Board and approved by the members at the Annual General Meeting. In the event of non-declaration of dividend, it gets accumulated. The holders of the preference shares have the right to participate in the profit as per the Subscription Agreement entered into between the shareholders and the Company

This class of Preference Shares are convertible into equity shares on such terms as may be agreed between the company and the class of preference shares on or before maturity/conversion date viz. 26.04.2013. Series I and II of this class of preference shares are convertible into equity shares on or before the maturity/conversion date viz. 18.03.2013.

Upon conversion of the preference shares into equity shares, the holders of the preference shares will get the same rights as that of the equity shareholders of the Company.

(Rs. in lakhs)

| | As at 31.03.2013 | As at 31.03.2012 |
|---|------------------|------------------|
| List of shareholders holding more than 5% | | |
| Holding Company | | |
| ABT Limited | 80,57,600 | 80,57,600 |
| Dr. M. Manickam | 18,74,200 | 17,04,200 |
| Subsidiary Company | | |
| 15% Participatory Cumulative Convertible Preference Shares | | |
| Castle Titanium (Mauritius) Limited | 1,82,45,000 | 1,82,45,000 |
| Terms of security convertible into Equity Shares | | |
| Foreign Currency Convertible Bonds (FCCB) | Series A | Series A |
| a) No. of bonds outstanding | 10 | 10 |
| b) Date of maturity | 30.5.2009 | 30.5.2009 |
| c) Value of bonds for conversion (Rs. in lakhs) | 448.90 | 448.90 |
| d) Conversion price (Rs. per share) | 208.00 | 208.00 |
| e) Earliest date of conversion | 10.07.2006 | 10.07.2006 |
| f) Date of expiry of conversion right | 30.5.2019 | 30.5.2019 |
| | Series B | Series B |
| a) No. of bonds outstanding | 156 | 156 |
| b) Date of maturity | 31.5.2011 | 31.5.2011 |
| c) Value of bonds for conversion (Rs. in lakhs) | 7002.84 | 7,002.84 |
| d) Conversion price (Rs. per share) | 190.00 | 190.00 |
| e) Earliest date of conversion | 10.07.2006 | 10.07.2006 |
| f) Date of expiry of conversion right | 31.5.2021 | 31.5.2021 |



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| | As at 31.03.2013 | As at 31.03.2012 |
|--|------------------|------------------|
| NOTE No. 2 | | |
| RESERVES AND SURPLUS | | |
| Capital reserve | 13,793.42 | 12,918.39 |
| Capital redemption reserve | | |
| Balance as per last Balance Sheet | 2,512.27 | 2,512.27 |
| Securities premium account | | |
| Balance as per last Balance Sheet | 11,063.25 | 14,189.77 |
| Add: Premium of FCCB - Earlier year provision reversed | 245.86 | -- |
| | 11,309.11 | 14,189.77 |
| Less: Premium on FCCB | -- | 3,126.52 |
| | 11,309.11 | 11,063.25 |
| Debenture redemption reserve | | |
| Balance as per last Balance Sheet | 891.54 | 1,084.14 |
| Add: Transfer from Surplus | 182.94 | 359.11 |
| | 1,074.48 | 1,443.25 |
| Less: Debenture redemption reserve withdrawn | -- | 551.71 |
| | 1,074.48 | 891.54 |
| Revaluation reserve | | |
| Balance as per last Balance Sheet | 75,632.07 | 55,614.40 |
| Add:- Created during the year | -- | 22,901.60 |
| | 75,632.07 | 78,516.00 |
| Less: Depreciation on Revalued Assets (Refer note No. 26) | 3,164.92 | 2,879.49 |
| Withdrawn on Sale of Assets | -- | 4.44 |
| | 72,467.15 | 75,632.07 |
| Subsidy from Government | | |
| Balance as per last Balance Sheet | 44.23 | 44.23 |
| General reserve | | |
| Balance as per last Balance Sheet | -- | 1,498.26 |
| Less: Transferred to Surplus | -- | 1,498.26 |
| | -- | -- |
| Preference share redemption reserve | | |
| Balance as per last Balance Sheet | 76.00 | 57.00 |
| Add: Transferred from Surplus | 19.00 | 19.00 |
| | 95.00 | 76.00 |
| Foreign exchange fluctuation reserve | | |
| On account of Investment/Advances in Orlandofin BV | 2,362.47 | 485.63 |



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| | As at 31.03.2013 | As at 31.03.2012 |
|---|--------------------|------------------|
| NOTE No. 2 (Contd.) | | |
| Surplus | | |
| Balance as per last Balance Sheet | (19,199.07) | (15,460.36) |
| Net Profit/(Loss) after tax | (9,139.75) | (5,410.57) |
| | (28,338.82) | (20,870.93) |
| Add : Transfer from General reserve | -- | 1,498.26 |
| Debenture redemption reserve withdrawn | -- | 551.71 |
| | (28,338.82) | (18,820.96) |
| Less : Transfer to Debenture redemption reserve | 182.94 | 359.11 |
| Transfer to Preference share redemption reserve | 19.00 | 19.00 |
| | (28,540.76) | (19,199.07) |
| TOTAL | 75,117.37 | 84,424.31 |
| NOTE No. 3 | | |
| LONG TERM BORROWINGS | | |
| a) Debentures | | |
| Secured redeemable Non-convertible Debentures | 699.64 | 1,713.27 |
| b) Term loans | | |
| Secured Loans | | |
| From Banks | 58,128.94 | 70,711.68 |
| From Other Parties | 6,533.54 | 7,290.43 |
| | 64,662.48 | 78,002.11 |
| Unsecured Loans | | |
| From Banks | 1,054.71 | 2,203.25 |
| From Other Parties | 5,104.38 | 2,078.76 |
| | 6,159.09 | 4,282.01 |
| | 70,821.57 | 82,284.12 |
| c) Loans and Advances from related parties (Unsecured) (For details please refer Note No.30) | 27,485.03 | 21,384.95 |
| d) Long term maturities of finance lease obligations (Secured) | 1,457.70 | 241.01 |
| TOTAL | 100,463.94 | 105,623.35 |



NOTE No. 3 (Contd.)

NATURE OF SECURITY AND OTHER TERMS OF LONG TERM BORROWINGS:

(A) Debentures:

SAKTHI AUTO COMPONENT LIMITED (SACL):

Following Series of 13% Secured Redeemable Non-convertible Cumulative Debentures of Rs.100 each (SRNCD) aggregating to Nil (Rs.1468.69 lakhs) and Series 13% Secured Redeemable Non-convertible Non-Cumulative Debentures of Rs.100 each (SRNNCD) aggregating to Rs.699.64 Lakhs (Rs.244.58 lakhs) are secured by residual charge on the immovable properties of the Company situated at Mukasi Pallagoundenpalayam, Koonampatti and Sengalipallayam Villages Tirupur Dist, Tamil Nadu and are redeemable on maturity date mentioned against each series.

| Series | 31.03.2013 | | | 31.03.2012 | | |
|--------------------|-------------------|-----------------------------------|---------------|-------------------|-----------------------------------|---------------|
| | No. of Debentures | Amount outstanding (Rs. in lakhs) | Maturity date | No. of Debentures | Amount outstanding (Rs. in lakhs) | Maturity date |
| 13% SRNCD: | | | | | | |
| LXVII | | | | 71380 | 71.38 | 25.06.2013 |
| LXVI | | | | 68700 | 68.70 | 18.06.2013 |
| LXV | | | | 80940 | 80.94 | 08.06.2013 |
| LXIV | | | | 55930 | 55.93 | 07.06.2013 |
| LXIII | | | | 65480 | 65.48 | 23.05.2013 |
| LXII | | | | 70720 | 70.72 | 22.05.2013 |
| LXI | | | | 72940 | 72.94 | 21.05.2013 |
| LX | | | | 68110 | 68.11 | 17.05.2013 |
| LVIX | | | | 58250 | 58.25 | 12.05.2013 |
| LVIII | | | | 111130 | 111.13 | 06.05.2013 |
| LVII | | | | 72160 | 72.16 | 03.05.2013 |
| LVI | | | | 112350 | 112.35 | 02.05.2013 |
| LV | | | | 82310 | 82.31 | 30.04.2013 |
| LIV | | | | 90820 | 90.82 | 26.04.2013 |
| LIII | | | | 76170 | 76.17 | 24.04.2013 |
| LII | | | | 49760 | 49.76 | 20.04.2013 |
| LI | | | | 61490 | 61.49 | 18.04.2013 |
| L | | | | 65960 | 65.96 | 18.04.2013 |
| XLIX | | | | 69130 | 69.13 | 16.04.2013 |
| XLVIII | | | | 64960 | 64.96 | 03.04.2013 |
| | | | | <u>1468690</u> | <u>1468.69</u> | |
| 13% SRNNCD: | | | | | | |
| NC-II | | | | 138640 | 138.64 | 22.06.2013 |
| NC-I | | | | 105940 | 105.94 | 06.05.2013 |
| | | | | <u>244580</u> | <u>244.58</u> | |
| NCD-30/12-13 | 75980 | 75.98 | 29.06.2014 | | | |
| NCD-29/12-13 | 78770 | 78.77 | 27.06.2014 | | | |
| NCD-28/12-13 | 82410 | 82.41 | 24.06.2014 | | | |
| NCD-27/12-13 | 55430 | 55.43 | 21.06.2014 | | | |
| NCD-26/12-13 | 87520 | 87.52 | 15.06.2014 | | | |
| NCD-25/12-13 | 99890 | 99.89 | 03.06.2014 | | | |
| NCD-24/12-13 | 53050 | 53.05 | 27.05.2014 | | | |
| NCD-23/12-13 | 79610 | 79.61 | 10.05.2014 | | | |
| NCD-22/12-13 | 86980 | 86.98 | 15.04.2014 | | | |
| | <u>699640</u> | <u>699.64</u> | | | <u>1713.27</u> | |

Interest is payable on quarterly basis in respect of non-cumulative debentures and on maturity in respect of cumulative Debentures.



NOTE No. 3 (Contd.)

B Secured Loans from Banks :

SAKTHI SUGARS LIMITED (HOLDING COMPANY) :

Nature of Security

Terms of Repayment

1. Term loans amounting to Rs. 40387.27 lakhs (Rs.50612.39 lakhs) are secured by:
 - a) Pari passu first charge on the entire movable and immovable properties of the Company, except the assets charged on exclusive basis.
 - b) Pari passu second charge on the current assets of the Company, except the assets charged on exclusive basis.

The loans are restructured under CDR scheme and are repayable in 32 quarterly installments commencing from April 2011. Rate of Interest 10.50% p.a.(9.00% p.a.)
2. Term loan amounting to Rs.1353.85 lakhs (Rs.1703.35 lakhs) is secured by:
 - a) Pari passu residual charge on the entire fixed assets of the Company, except the assets charged on exclusive basis.
 - b) Residual charge on the current assets of the company.

The loan is restructured under CDR scheme and is repayable in 32 quarterly installments commencing from April 2011. Rate of Interest 10.50% p.a.(9.00% p.a.)
3. Term loans amounting to Rs.8120.58 lakhs (Rs. 7576.58 lakhs) are secured by subservient charge on the fixed assets of the Company after the existing CDR Loans, except the assets charged on exclusive basis.

Term loan of Rs.3000 lakhs (Rs. 2456 lakhs) is repayable in 8 quarterly installments commencing from June 2017. Rate of Interest 11.75% p.a. (11.75% p.a.)

Term loan of Rs.3404 lakhs (Rs.3404 lakhs) is repayable in 8 quarterly installments commencing from August 2017. Rate of Interest 11.50% p.a. (11.50% p.a.)

Term loan of Rs.1716.58 lakhs (Rs.1716.58 lakhs) is repayable in 8 quarterly installments commencing from September 2017. Rate of Interest 12.75% p.a. (12.75% p.a.)
4. The loans under 1 & 2 above are further secured by pledge of shares held by the promoters in the Company.
5. Guarantees given by Directors/Others :
 - a) Term loans amounting to Rs.43457.70 lakhs (Rs.54032.32 lakhs) are guaranteed by Dr. N. Mahalingam, Dr. M.Manickam, Sri.M.Balasubramaniam and Sri. M.Srinivaasan.
 - b) Term loans amounting to Rs.6404 lakhs (Rs.5860 lakhs) are guaranteed by Dr. M.Manickam, Sri M.Balasubramaniam and Sri M.Srinivaasan.
 - c) Term loan amounting to Rs. 3000 lakhs (Rs. 2456 lakhs) is additionally secured by corporate guarantee and collateral security given by a group company.

**NOTE No. 3 (Contd.)**

6. An amount of Nil (Rs.14016.20 lakhs) included in current maturities of long term debts (Note No.7) is additionally secured by corporate guarantee and collateral security given by a group company.
7. Period and amount of continuing default as on the date of Balance Sheet

| | Amount (Rs.in lakhs) | Period | Since paid (Rs. in lakhs) |
|-----------|-------------------------|---|------------------------------|
| Principal | 4710.91 (7473.86) | Varying period from April 2012 to February 2013 | 197.58 (7463.08) |
| Interest | 2293.76 (2571.31) | | 309.97 (2571.31) |

SAKTHI AUTO COMPONENT LIMITED (SACL):**Nature of Security**

1. Term loan amounting to Rs.1291.49 lakhs (Rs.1411.75 lakhs) is secured by:
 - a) Equitable mortgage of the company's immovable properties and hypothecation of the movable properties including movable machinery, machinery spares, tools and accessories, both present and future, (except assets charged on exclusive basis) ranking pari passu with Bank of India.
 - b) Escrow of receivables from Maruti Suzuki India Ltd.
 - c) Second charge on the current assets, viz. Stock including raw material, Stock in Process and other current assets, both present and future, (except assets charged on exclusive basis) ranking pari passu with Bank of India.
2. Term loan amounting to Rs. 4028.52 lakhs (Rs. 4403.10 lakhs) is secured by:
 - a) 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, (except current assets and assets charged on exclusive basis) ranking pari passu with Bank of India.
 - b) Escrow of receivables from Maruti Suzuki India Ltd.
 - c) Second charge on the current assets, viz. Stock including raw material, stock in process and other current assets, both present and future,(except assets charged on exclusive basis) ranking pari passu with Bank of India.

Terms of Repayment

Repayable in 96 monthly installments commencing from January 2011
Rate of Interest : BR +4.25%

Repayable in 96 monthly installments commencing from January 2011.
Rate of Interest : BR +4.25%



NOTE No. 3 (Contd.)

3. Term loan amounting to Nil (Rs. 627.89 lakhs) is secured by:
- a) 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, (except assets exclusively charged to Banks for their outstanding assistance) ranking pari passu with Indian Overseas Bank. 24 equal monthly installments beginning from six months of the first drawdown or September 2007 whichever is earlier. Rate of Interest : 250 BPS Over 3 Months LIBOR
 - b) Second charge on the current assets ranking pari passu with Indian Overseas Bank (except assets charged on exclusive basis).
4. Term loan amounting to Rs. 2754.33 lakhs (Rs. 3750.99 lakhs) is secured by:
- a) Exclusive charge on the Machineries purchased out of the term loan.
 - b) Escrow of receivables from Ijtin Automotive P Ltd, General Motors India Ltd, Mahindra Renault P Ltd, Mahindra and Mahindra, Haldex India Ltd, Ford India Ltd, Toyota Kirloskar Auto Parts P Ltd, Volkswagen India Private Limited, Nissan Motor India P Ltd, Dynamatic Technologies Ltd, Myunghwa Automotive India P Ltd, Sona Steering systems Limited, Fiat India P Ltd, Maini Precision Products P Ltd, RSB Transmission P Ltd and any other addition of new receivables in future. 60 equal monthly installments beginning from 31st January 2012
Rate of Interest : BR + 4.50%
 - c) Second charge on the entire fixed assets of the Company pari passu with Indian Overseas Bank and Bank of India (except assets charged on exclusive basis).
5. Term loan amounting to Rs.296.89 lakhs (Nil) is secured by: 60 equal monthly instalments beginning from 25th January, 2013
Exclusive charge on the Machineries purchased out of the term loan. Rate of Interest : 15.75%
6. Term loan amounting to Rs.179.22 lakhs (Nil) is secured by: 60 equal monthly instalments beginning from 16th February, 2013
Exclusive charge on the Machineries purchased out of the term loan. Rate of Interest : 13.58%
7. Term loan amounting to Rs.144.90 lakhs (Nil) is secured by: 60 equal monthly instalments beginning from 16th April, 2013
Exclusive charge on the Machineries purchased out of the term loan. Rate of Interest : 12.41%

**NOTE No. 3 (Contd.)**

8. The term loans under 1 & 2 above are further secured by pledge of 1,55,28,244 equity shares held by Sakthi Sugars Limited, the holding company.
9. Guarantees given by Directors/Others:
 - a) Term Loans amounting to Rs.5320.01 lakhs (Rs.5814.86 lakhs) are guaranteed by Chairman and Managing Director, Sri.M.Balasubramaniam and Sri. M.Srinivaasan, Directors of SACL.
 - b) Term Loans amounting to Rs.3375.34 lakhs (Rs.4378.88 lakhs) are guaranteed by Chairman and Managing Director of SACL.
 - c) Term Loans amounting to Rs.5320.01 lakhs (Rs. 6442.75 lakhs) are further guaranteed by Sakthi Sugars Limited, Holding Company.

SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):**Nature of Security**

1. a) Term loan amounting to Nil (Rs.2.10 lakhs)
- b) Term loan amounting to Nil (Rs.9.75 lakhs)
- c) Term loan amounting to Rs.2.27 lakhs (Rs.28.85 lakhs)
- d) Term loan amounting to Rs.1.78 lakhs (Rs.25.84 lakhs)
- e) Term loan amounting to Rs.14.99 lakhs (Rs.46.53 lakhs)

Terms of Repayment

- | | |
|---|--|
| } | 35 equal monthly installments beginning from October 2010. |
| } | 43 equal monthly installments beginning from October 2010. |
| | 48 equal monthly installments beginning from October 2010. |

The above loans are secured by:

Equitable mortgage on 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 SACL.

EUROPEAN SUBSIDIARY:**Nature of Security**

1. Term Loan amounting to Rs.173.86 lakhs (Rs.512.56 lakhs) is secured by the Pledge over land and buildings of the Portugal unit.
2. An amount of Rs.26426.64 lakhs (Rs.25969.20 lakhs) included in current maturities of long term debts is secured by pledge/promissory pledge of shares and assets of European subsidiaries and guaranteed by the Indian holding Companies and by Dr.M.Manickam.

Terms of Repayment

Repayable in installments upto April 2014



NOTE No. 3 (Contd.)

C Secured Loans from Other Parties

SAKTHI SUGARS LIMITED (HOLDING COMPANY)

| Nature of Security | Terms of Repayment |
|--|---|
| <p>1. Term loan amounting to Rs.2299.21 lakhs (Rs.2874.01 lakhs) is secured by</p> <p>a) Pari passu first charge on the entire movable and immovable properties of the Company except the assets charged on exclusive basis.</p> <p>b) Paripassu second charge on the current assets of the Company except the assets charged on exclusive basis.</p> <p>c) Pledge of shares held by the promoters in the Company.</p> | <p>The loan is restructured under CDR scheme and is repayable in 32 quarterly installments commencing from April 2011.</p> <p>Rate of Interest 10.50% p.a. (9.00% p.a.)</p> |
| <p>2. Term loan amounting to Rs. 2891.65 lakhs (Rs.3614.56 lakhs) is secured by exclusive second charge on the assets of Sugar and Cogen units of the Company at Sivaganga.</p> | <p>Repayable in 10 half yearly installments from May 2013.</p> <p>Rate of Interest 7.00% p.a. (7.50% p.a.)</p> |
| <p>3. Term loan amounting to Rs. 721.67 lakhs (Rs.801.86 lakhs) is secured by exclusive second charge on the assets of Sugar and Cogen units of the Company at Modakuruchi.</p> | <p>Repayable in 10 half yearly instalments from February 2014.</p> <p>Rate of Interest 7.00% p.a. (7.50% p.a.)</p> |
| <p>4 Term loan under 1 above is further secured by pledge of shares held by the promoters in the company.</p> | |
| <p>5. Guarantees given by Directors:</p> <p>Term Loan amounting to Rs.2299.21 lakhs (Rs.2874.01 lakhs) is guaranteed by Dr.N.Mahalingam, Dr.M.Manickam, Sri.M.Balasubramaniam and Sri. M.Srinivaasan.</p> | |
| <p>6. An amount of Nil (Rs.574.80 lakhs) included in current maturities of long term debts (Note No.7) is additionally secured by corporate guarantee and collateral security given by a group company.</p> | |
| <p>7. Period and amount of continuing default as on the date of Balance Sheet:</p> | |

| | Amount (Rs.in lakhs) | Period | Since paid (Rs. in lakhs) |
|-----------|-------------------------|---|------------------------------|
| Principal | 862.20 (862.20) | Varying period from January 2012 to February 2013 | Nil (574.80) |
| Interest | 169.50 (305.96) | | Nil (203.59) |



NOTE No. 3 (Contd.)

(D) Unsecured Loans from Banks:**SAKTHI AUTO COMPONENT LIMITED (SACL):****Nature of Security**

1. Loan amounting to Nil (Rs. 39.89 lakhs).
2. Loan amounting to Rs.225.60 lakhs (Rs.288.23 lakhs) is secured by collateral security given by Sakthi Sugars Limited, the holding company.
3. Guarantees given by Directors/Others:
 - a) Loan amounting to Rs.225.60 lakhs (Rs.328.12 lakhs) is guaranteed by the Chairman & Managing Director of SACL.
 - b) Loan amounting to Rs.225.60 lakhs (Rs.288.23 lakhs) is further guaranteed by Sakthi Sugars Limited, the holding company.

Terms of Repayment

- 30 equal monthly installments beginning from September 2011.
- 84 equal monthly installments beginning from May 2009.

SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):**Nature of Security**

1. Loan amounting to Rs.118.00 lakhs (Rs.221.38 lakhs) is secured by one specific asset of the holding company.
2. Loan amounting to Rs.9.08 lakhs (Rs. 28.72) is secured by demand promissory note.
3. Loan amounting to Nil (Rs.4.22 lakhs) is secured by demand promissory note.
4. Loan amounting to Nil (Rs.31.26 lakhs) is secured by demand promissory note.
5. Guarantees given by Directors/Others:
 - a) Loan amounting to Rs.118.00 lakhs (Rs.221.38 lakhs) is guaranteed by the Chairman & Managing director of SACL.
 - b) Loans amounting to Rs.9.08 lakhs (Rs.64.20 lakhs) is guaranteed by the Managing Director and Joint Managing Director of SAAPL.

Terms of Repayment

- 84 equal monthly installments beginning from May 2009 after initial moratorium period of 5 Months
- 36 equal monthly installments beginning from January 2012.
- 36 equal monthly installments beginning from September 2009.
- 24 equal monthly installments beginning from January 2012.

EUROPEAN SUBSIDIARY:

Loan amounting to Rs.702.03 lakhs (Rs.1589.55 lakhs).

Repayable in installments upto October 2015.

E) Unsecured Loans from Other Parties**SAKTHI SUGARS LIMITED (HOLDING COMPANY):****Nature of Security**

1. Loan amounting to Rs 1485 lakhs (Rs. 1575 lakhs).

Terms of Repayment

Rs.405 lakhs (Rs.495 lakhs) is repayable in 9 (11) half yearly installments and the balance amount of Rs.1080 lakhs (Rs.1080 lakhs) to be adjusted by supply of bagasse.

**NOTE No. 3 (Contd.)****Nature of Security**

2. Loan Amounting to Rs.3349.43 lakhs (Nil) is secured by collateral securities provided by a group company and Dr. M.Manickam, and by corporate guarantee of a group company and personal guarantee given by Dr. M.Manickam.

SAKTHI AUTO COMPONENT LIMITED (SACL):

Loan under Sales Tax Deferral amounting to Rs.255.58 lakhs (Rs.447.33 lakhs).

SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):

1. Loan amounting to Rs 13.47 lakhs (Rs. 38.12 lakhs).
2. Loan amounting to Rs.0.90 lakhs (Rs.18.31 lakhs).
3. Guarantees given by Directors:

Loans amounting to Rs.14.37 lakhs (Rs.56.43 lakhs) are guaranteed by the Managing Director and Joint Managing Director of SAAPL.

Terms of Repayment

Repayable in 60 monthly installments.

Installments beginning from December 2006 to April 2015.

36 equal monthly installments beginning from February 2012.

36 equal monthly installments beginning from May 2011.

(F) Finance Lease Obligations:**SAKTHI SUGARS LIMITED (HOLDING COMPANY):****Nature of Security**

Hire Purchase Loan amounting to Rs. 4.99 lakhs (Nil) is secured by hypothecation of vehicles so financed.

Terms of Repayment

Repayable in 36 Monthly Installments

SAKTHI AUTO COMPONENT LIMITED (SACL):

Hire Purchase Finance amounting to Rs. 5.13 lakhs (Rs. 11.72 lakhs) are secured by hypothecation of the vehicles so financed.

Repayable in 36 Monthly Installments

SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):**Nature of Security**

1. HP Vehicle loans amounting to Rs.1.64 lakhs (Rs.13.64 lakhs) are secured by hypothecation of vehicles so financed.
2. HP Machinery loans amounting to Rs.119.52 lakhs (Rs.198.54 lakhs) are secured by hypothecation of machineries so financed.
3. HP Machinery loan amounting to Rs.114.25 lakhs (Nil) is secured by hypothecation of machineries so financed.

Terms of Repayment

Repayable in 36 Monthly Installments

Repayable in 48 Monthly Installments

Repayable in 60 Monthly Installments



NOTE No. 3 (Contd.)

Nature of Security

4. HP machinery loan amounting to Rs.131.15 lakhs (Nil) is secured by hypothecation of machineries so financed.
5. Guarantees given by Directors:

Loans amounting to Rs.366.56 lakhs (Rs.212.18 lakhs) are guaranteed by the Managing Director and Joint Managing Director of SAAPL.

Terms of Repayment

Repayable in 84 Monthly Installments

EUROPEAN SUBSIDIARY:

Lease finance facilities amounting to Rs.1081.02 lakhs (Rs.17.11 lakhs) are secured by the equipments so financed.

Repayable in installments upto January 2017.

(Rs. in lakhs)

| | As at 31.03.2013 | As at 31.03.2012 |
|---|------------------|------------------|
| NOTE No. 4 | | |
| OTHER LONG TERM LIABILITIES | | |
| Other Payables | 2,929.49 | 692.63 |
| NOTE No. 5 | | |
| LONG TERM PROVISIONS | | |
| Provision for employee benefits | 2,390.16 | 2,038.08 |
| NOTE No. 6 | | |
| SHORT TERM BORROWINGS | | |
| (a) Loans repayable on Demand | | |
| Secured Loans | | |
| From Banks | 20,968.41 | 16,397.15 |
| From Other Parties | 2,362.57 | 2,126.75 |
| | 23,330.98 | 18,523.90 |
| Unsecured Loans | | |
| From Banks | 5,032.19 | 10,618.12 |
| From Other Parties | 7,043.55 | 7,799.78 |
| | 12,075.74 | 18,417.90 |
| | 35,406.72 | 36,941.80 |
| (b) Loans and advances from related parties (Unsecured) (For details please see Note No. 30) | 1,447.10 | 1,607.40 |
| TOTAL | 36,853.82 | 38,549.20 |



NATURE OF SECURITY AND OTHER TERMS OF SHORT TERM BORROWINGS:

A) Secured Loans From Banks

SAKTHI SUGARS LIMITED (HOLDING COMPANY):

1. Working capital loans amounting to Rs.4415.10 lakhs (Rs.4266.99 lakhs) are secured by:
 - a) Pari passu first charge by way of hypothecation of the current assets of the Company, except TNEB receivables.
 - b) Pari passu second charge on the entire movable and immovable properties of the Company, except Sugar and Co-generation Units in Sivaganga and Modakuruchi and other exclusively charged assets.
2. Working capital loan (Bills Discounting facility) amounting to Rs.1182.09 lakhs (Rs.1145.38 lakhs) is secured by:
 - a) Pari passu first charge by way of hypothecation of the current assets of the Company, except TNEB Receivables.
 - b) First charge on the TNEB receivables of Cogen Unit at Sivaganga.
 - c) Pari passu second charge on the entire movable and immovable properties of the Company, except Sugar and Co-generation Units in Sivaganga and Modakuruchi and other exclusively charged assets.
3. Working capital loan amounting to Rs.801.21 lakhs (Rs.759.61 lakhs) is secured by:
 - a) Pari passu first charge on the current assets of sugar division (except Modakuruchi), Distillery and Soya divisions.
 - b) Pari passu second charge on the immovable and movable assets of the Company's sugar division (except Sivaganga & Modakuruchi), Distillery and Soya divisions.
4. Short term corporate term loan amounting to Nil (Rs.838.45 lakhs) is secured by assignment of receivables from TNEB amounting to Nil (Rs.1047 lakhs).
5. The loans under 1 & 2 above are further secured by pledge of shares held by promoters in the Company.
6. Guarantees given by Directors:
 - a) Working capital loans amounting to Rs.5597.19 lakhs (Rs.5412.37 lakhs) are guaranteed by Dr.N.Mahalingam, Dr.M.Manickam, Sri.M.Balasubramaniam and Sri.M.Srinivaasan.
 - b) Working capital loan amounting to Rs.801.21 lakhs (Rs.759.61 lakhs) is guaranteed by Dr. N.Mahalingam and Dr. M.Manickam.
 - c) Short term corporate loan amounting to Nil (Rs.838.45 lakhs) is guaranteed by Dr.M.Manickam.



NOTE No. 6 (Contd.)

SAKTHIAUTO COMPONENT LIMITED (SACL):

1. Working capital facility of Rs.1499.53 lakhs (Rs.1577.19 lakhs) is secured by:
 - a) Hypothecation of finished goods, raw materials, stock in process and stores and spares of the Company ranking paripasu with Central Bank of India and exclusive charge on the export receivables of Thyssen Krupp Automotive Systems, Mexico, Haldex Brake Products, Sweeden, Gabriel De Columbia and Omnibus BB Transportes, Ecuador.
 - b) Second charge on the fixed assets of the Company on pari passu with Bank of India and Central Bank of India (except assets charged on exclusive basis).
 - c) Second charge on the receivables of the Company on pari passu with Bank of India (except receivables charged to Central Bank of India on first charge basis).
2. Working capital facility of Rs.495.84 lakhs (Nil) is secured by:

Hypothecation of raw materials, work in progress, finished goods and stores of the company ranking pari passu with Indian Overseas Bank.
3. Working capital facility amounting to Rs.3013.83 lakhs (Rs.3100.71 lakhs) is secured by:
 - a) Escrow of receivables from Maruti Suzuki India Ltd, Honda Siel Cars and Bosch Chassis.
 - b) Second charge on the fixed assets of the Company on pari passu with Bank of India and Central Bank of India (except assets charged on exclusive basis).
4. Working capital facility amounting to Rs.103.83 lakhs (Rs.89.96 Lakhs) is secured by:
 - a) Exclusive charge by way of first security interest on bills drawn on GM Korea Company, Korea.
 - b) Second charge on inventory, other receivables and fixed assets of the Company ranking pari passu with Indian Overseas Bank and Central Bank of India.
5. Working capital facility amounting to Rs.3933.09 lakhs (Rs.1200.00 lakhs) is secured by:
 - a) Exclusive first charge on the entire receivables from Iljin Automotive P Ltd, General Motors India Ltd, Mahindra Renault P Ltd, Haldex India Ltd, Ford India Ltd, Toyota Kirloskar Auto Parts, Mahindra & Mahindra, Volkswagen India Private Ltd, Nissan Motor India P Ltd, Dynamatic Technologies Ltd, Myunghwa Automotive India P Ltd, Sona Steering Systems Ltd, Fiat India P Ltd, Maini Precision Products P Ltd, RSB Transmission P Ltd and any other addition of new receivables in future.
 - b) Exclusive charge on the specified plant and machinery.
 - c) Second charge on the fixed assets of the Company on pari passu with Bank of India and Central Bank of India (except assets charged on exclusive basis).
6. Working capital facility amounting to Rs.400.00 lakhs (Rs.300.00 lakhs) is secured by:

Subservient charge on the current and movable fixed assets of the Company.
7. Working capital facility amounting to Rs.531.59 lakhs (Nil) is secured by:

Exclusive charge on the current and future receivables from Volvo and GM Orion.
8. Letter of Credit facility of Rs.798.67 lakhs (Rs.697.12 lakhs) is secured by:
 - a) Documents of title to goods/accepted hundies.
 - b) Second charge on the fixed assets of the Company on pari passu with Bank of India and Central Bank of India (except assets charged on exclusive basis).



NOTE No. 6 (Contd.)

9. Working capital facilities under 1,3 & 8 above are further secured by pledge of 1,55,28,244 equity shares held by Sakthi Sugars Limited, the holding Company.
10. Guarantees given by Directors/Others:
 - a) Working Capital facility outstanding amounting to Rs.5312.03 lakhs (Rs. 5375.02 lakhs) are guaranteed by Chairman and Managing Director, Sri.M.Balasubramaniam and Sri. M.Srinivaasan, Directors of SACL.
 - b) Working Capital facility outstanding amounting to Rs.5464.35 lakhs (Rs.1589.96 lakhs) are guaranteed by Chairman and Managing Director of SACL.
 - c) Working Capital facility outstanding amounting to Rs.1499.53 lakhs (Rs.1577.19 lakhs) are further guaranteed by Sakthi Sugars Limited, the holding Company.

SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):

1. Working capital facility of Rs.778.74 lakhs (Rs.668.98 lakhs).
2. Letter of Credit facility of Rs.137.60 lakhs (Rs.146.44 lakhs).

The above facilities are secured by:

- a) First charge by way of hypothecation of finished goods, raw materials, stock in process and stores and spares of the Company.
- b) Equitable mortgage of the Company's immovable properties and exclusive charge on the plant and machinery, equipments and other fixed assets.
- c) Personal guarantee by the Managing Director and Joint Managing Director of SAAPL and corporate guarantee by SACL.

EUROPEAN SUBSIDIARY:

Loans amounting to Rs.2877.29 lakhs (Rs.1606.32 lakhs) are secured by the Pledge over land and buildings of the Portugal unit.

B) Secured Loans from Other Parties:

SAKTHI SUGARS LIMITED (HOLDING COMPANY):

1. Bills Finance facilities amounting to Rs.1856.46 lakhs (Rs.1867.76 lakhs) are secured by:
 - a) Receivables from TNEB against supply of power from co-generation plants at Sakthinagar and Modakuruchi.
 - b) Exclusive first charge on the fixed assets pertaining to Co-generation Plant at Sakthinagar.
2. Guarantees given by Directors:

Bills Finance facilities amounting to Rs.1856.46 lakhs (Rs.1867.76 lakhs) are guaranteed by Dr.M.Manickam, Sri.M.Balasubramaniam and Sri.M.Srinivaasan.



NOTE No. 6 (Contd.)

SAKTHIAUTO ANCILLARY PRIVATE LIMITED (SAAPL):

Sale Bill factoring facility of Rs.506.11 lakhs (Rs.258.99 lakhs) is secured by:

- a) Assignment of supply bills discounted.
- b) Second charge on all present and future current assets, stock in trade, book debts, outstandings, monies receivebales, claims and bills which are now due and owing or which may at any time hereafter during the continuance of this security become due and owing to the Company in course of its business by its debtors.
- c) Personal guarantee by the Managing Director and Joint Managing Director of SAAPL and corporate guarantee by SACL.

C) Unsecured Loans from Banks:

SAKTHI SUGARS LIMITED (HOLDING COMPANY):

Bill discounting facility amounting to Nil (Rs.478.00 lakhs) is guaranteed by Dr.M.Manickam.

SAKTHIAUTO COMPONENT LIMITED (SACL):

Unsecured loan amounting to Nil (Rs.2500 lakhs) is secured by a Collateral Security and Corporate Guarantee provided by a promoter Company and an amount Rs.200 lakhs (Rs.200 lakhs) is secured by Collateral Security and Corporate Guarantee by a promoter Company and Personal Guarantee of the Chairman and Managing Director of SACL.

SAKTHIAUTO ANCILLARY PRIVATE LIMITED (SAAPL):

Overdraft facility of Rs.202.49 lakhs (Rs.202.45 lakhs) is secured by one specific asset of a Promoter Company and personal guarantee of the Chairman & Managing Director of SACL.

EUROPEAN SUBSIDIARY:

Bill factoring facilities amounting to Rs.4629.70 lakhs (Rs.7237.67 lakhs) are repayable in installments upto October 2015.

D) Unsecured Loans from Other Parties:

SAKTHI SUGARS LIMITED (HOLDING COMPANY):

Bill Discounting facility amounting to Nil (Rs.244.98 lakhs) is guaranteed by Dr.M.Manickam.

SAKTHIAUTO ANCILLARY PRIVATE LIMITED (SAAPL):

Sale Bill factoring facility amounting to Nil (Rs.114.91 lakhs) is guaranteed by the Managing Director and Joint managing director of SAAPL and corporate guarantee by SACL.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| | As at 31.03.2013 | As at 31.03.2012 |
|---|------------------|------------------|
| NOTE No. 7 | | |
| OTHER CURRENT LIABILITIES | | |
| Current maturities of long term debts | 60,117.48 | 60,330.90 |
| Current maturities of finance lease obligations | 559.72 | 867.63 |
| Interest accrued but not due on borrowings | 670.12 | 399.30 |
| Interest accrued and due on borrowings | 7,422.80 | 5,902.89 |
| Unclaimed dividends | 33.90 | 34.62 |
| Unclaimed matured deposits | 3.14 | 5.35 |
| Unclaimed matured debentures | 147.41 | 7.22 |
| Other payables: | | |
| Statutory remittance | 1,503.86 | 4,266.49 |
| Advance from customers | 3,017.22 | 3,614.22 |
| Other liabilities | 5,292.05 | 5,128.22 |
| Liabilities for capital expenditure | 1,092.74 | 1,715.46 |
| | 10,905.87 | 14,724.39 |
| TOTAL | 79,860.44 | 82,272.30 |
| NOTE No. 8 | | |
| SHORT TERM PROVISIONS | | |
| Provision for employee benefits | 156.60 | 91.46 |
| Premium payable on FCCB | -- | 1,688.28 |
| Other provisions | 4,655.45 | 6,304.95 |
| TOTAL | 4,812.05 | 8,084.69 |



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE No. 9

TANGIBLE ASSETS

(Rs. in lakhs)

| PARTICULARS | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | | |
|------------------------------------|---------------------|-----------------|---------------------------|---------------------|--------------------|-----------------|-------------------------|--------------------|---------------------|---------------------|
| | AS ON 01.04.2012 | ADDITIONS | DELETIONS/ ADJUSTMENTS | AS ON 31.03.2013 | UPTO 31.03.2012 | FOR THE YEAR | WITHDRAWN 31.03.2013 | UPTO 31.03.2013 | AS ON 31.03.2012 | AS ON 31.03.2013 |
| A. Land | 30821.88 | - | - | 30821.88 | - | - | - | - | 30821.88 | 30821.88 |
| B. Buildings | 33839.11 | 754.36 | 1.18 | 34592.29 | 2796.53 | 1093.18 | - | 3889.71 | 31042.58 | 30702.58 |
| C. Plant and equipment | 155947.33 | 5436.77 | 1.14 | 161382.96 | 22696.07 | 9105.78 | 0.17 | 31801.69 | 133251.26 | 129581.28 |
| D. Furniture and fixtures | 440.04 | 6.09 | 2.57 | 443.56 | 285.93 | 18.89 | 0.26 | 304.56 | 154.11 | 139.00 |
| E. Vehicles | 1386.65 | 96.98 | 4.02 | 1479.61 | 774.73 | 103.26 | 5.67 | 872.31 | 611.93 | 607.30 |
| F. Office equipment | 1856.79 | 204.70 | - | 2061.49 | 1300.19 | 141.24 | 0.64 | 1440.79 | 556.60 | 620.70 |
| G. Others | | | | | | | | | | |
| - Goodwill | 278.72 | - | - | 278.72 | - | - | - | - | 278.72 | 278.72 |
| - Dev. Property eco trees | 23.60 | - | - | 23.60 | - | - | - | - | 23.60 | 23.60 |
| Total | 224594.12 | 6498.90 | 8.91 | 231084.11 | 27853.45 | 10462.35 | 6.74 | 38309.06 | 196740.68 | 192775.06 |
| H. Work in progress | 14072.74 | 3743.07 | 2455.28 | 15360.51 | - | - | - | - | 14072.74 | 15360.51 |
| TOTAL FOR THE YEAR | 238666.86 | 10241.97 | 2464.19 | 246444.62 | 27853.45 | 10462.35 | 6.74 | 38309.06 | 210813.42 | 208135.57 |
| TOTAL FOR THE PREVIOUS YEAR | 229791.42 | 11879.76 | 3004.33 | 238666.86 | 19968.53 | 8044.20 | 159.28 | 27853.45 | 209822.88 | 210813.42 |

Note: 1) Land, Buildings, Plant and Equipment of Sakthi Sugars Ltd. have been revalued by an external valuer as on 31.12.2008. Other assets are shown at Written Down book Value. The Net Increase on revaluation amounting to Rs.42,675.33 lakhs has been credited to Revaluation Reserve.

2) Land, Buildings, Plant and Equipment of Sakthi Auto Component Ltd. have been revalued as on 31.12.2008 & 31.03.2012. Other assets are shown at Written Down book Value. The Net increase on revaluation on the above dates amounting to Rs.9389.16 lakhs and Rs.22901.60 lakhs respectively have been credited to Revaluation Reserve.

NOTE No. 10

INTANGIBLE ASSETS

(Rs. in lakhs)

| PARTICULARS | GROSS BLOCK | | | AMORTISATION | | | NET BLOCK | | |
|------------------------------------|---------------------|----------------|-----------|---------------------|--------------------|-----------------|--------------------|---------------------|---------------------|
| | AS ON 01.04.2012 | ADDITIONS | DELETIONS | AS ON 31.03.2013 | UPTO 31.03.2012 | FOR THE YEAR | UPTO 31.03.2013 | AS ON 31.03.2012 | AS ON 31.03.2013 |
| A. Goodwill | 33655.44 | - | - | 33655.44 | 12342.46 | 3365.54 | 15708.00 | 21312.98 | 17947.43 |
| B. Product Development | 9004.81 | 1847.30 | - | 10852.11 | 6504.22 | 702.36 | 7206.58 | 2500.60 | 3645.53 |
| TOTAL FOR THE YEAR | 42660.25 | 1847.30 | - | 44507.55 | 18846.68 | 4067.90 | 22914.58 | 23813.58 | 21592.96 |
| TOTAL FOR THE PREVIOUS YEAR | 41936.36 | 723.89 | - | 42660.25 | 14504.47 | 4342.21 | 18846.68 | 27431.89 | 23813.57 |



(Rs. in lakhs)

| | As at 31.03.2013 | As at 31.03.2012 |
|--|------------------|------------------|
| NOTE No. 11 | | |
| NON-CURRENT INVESTMENTS - At Cost | | |
| (a) Investments in Equity Instruments | | |
| I. Quoted | | |
| i. Associates | | |
| Sri Chamundeswari Sugars Limited 6,81,146 Shares of Rs.10 each | 117.88 | 117.88 |
| Sakthi Finance Limited 10,40,000 Shares of Rs.10 each | 282.00 | 282.00 |
| | 399.88 | 399.88 |
| ii. Others | | |
| ICICI Bank Limited 441 Shares of Rs.10 each | 0.24 | 0.24 |
| NIIT Limited 2,527 Shares of Rs. 2 each | 0.06 | 0.06 |
| NIIT Technologies Limited 759 Shares of Rs. 10 each | 0.09 | 0.09 |
| Kovai Medical Centre and Hospital Limited 2,00,000 Shares of Rs.10 each | 20.00 | 20.00 |
| K G Denim Limited 16,129 Shares of Rs.10 each | 2.74 | 2.74 |
| IFCI Limited 100 Shares of Rs.10 each | 0.04 | 0.04 |
| The Industrial Development Bank of India Ltd 1,360 Shares of Rs.10 each | 1.10 | 1.10 |
| The South Indian Bank Limited 1,65,000 Shares of Re.1 each | 4.22 | 4.22 |
| | 28.49 | 28.49 |
| Total of Quoted Investments | 428.37 | 428.37 |
| II. Unquoted | | |
| i. Subsidiaries | | |
| Sakthi Europe Verwaltungs GmbH, Germany | 21.00 | 20.63 |
| | 21.00 | 20.63 |



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| | As at 31.03.2013 | As at 31.03.2012 |
|--|------------------|------------------|
| NOTE No. 11 (Contd.) | | |
| ii. Others | | |
| The ABT Co-operative Stores Limited 1,000 Shares of Rs. 10 each | 0.10 | 0.10 |
| Sakthi Sugars Co-operative Stores Limited 760 Shares of Rs.10 each | 0.08 | 0.08 |
| Angul Central Co-op Bank Limited 100 Shares of Rs.100 each | 0.10 | 0.10 |
| The Shamarao Vithal Co-op Bank Limited 4,025 Shares of Rs.25 each | 1.01 | 1.01 |
| OPG Energy Private Limited 76800 shares of Rs.10 each | 7.68 | -- |
| Coromandel Electric Company Limited 60000 Shares of Rs.10 each | 6.00 | -- |
| | 14.97 | 1.29 |
| Total of Unquoted Investments | 35.97 | 21.92 |
| Total of Equity instrument | 464.34 | 450.29 |
| (b) Investment in Preference shares | | |
| Associates | | |
| 8,95,900 - 5% Redeemable Non-Convertible Cumulative Preference Shares in Sri Chamundeswari Sugars Limited | 895.90 | 895.90 |
| (c) Investment in Government/Trust Securities | | |
| Investment in Govt. Securities | 20.17 | 57.85 |
| Investment in Partnership firm | | |
| Sakthi Europe GmbH & Co Germany | 46,187.40 | 45,390.16 |
| | 47,567.81 | 46,794.20 |
| Less: Provision for Diminution in value of Investments | 172.28 | 178.96 |
| TOTAL | 47,395.53 | 46,615.24 |
| Aggregate amount of Quoted Investments | 428.37 | 428.37 |
| Market value of Quoted Investments | 654.77 | 582.75 |
| Aggregate amount of Unquoted Investments | 47,139.44 | 46,365.83 |
| Provision for Diminution in value of Investments | 172.28 | 178.96 |



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| | As at 31.03.2013 | As at 31.03.2012 |
|--|------------------|------------------|
| NOTE No. 12 | | |
| LONG TERM LOANS AND ADVANCES - Unsecured, considered good | | |
| a) Capital Advances | 2,563.85 | 2,587.81 |
| b) Security Deposits | 1,259.62 | 1,092.26 |
| c) Loans and Advances to related parties (for details please see Note No. 30) | 426.18 | 427.30 |
| d) Other Loans and Advances: | | |
| Loans and advance due by officers | 118.62 | 122.41 |
| Advance Income-tax | 238.66 | 238.08 |
| MAT Credit entitlement | 3,188.11 | 2,731.13 |
| Advance for Purchases & Others | 208.40 | 1,278.82 |
| | 3,753.79 | 4,370.44 |
| TOTAL | 8,003.44 | 8,477.81 |
| NOTE No. 13 | | |
| OTHER NON-CURRENT ASSETS | | |
| Long term Trade receivables - Unsecured, considered good | 49.20 | 189.56 |
| Funded Interest under CDR Scheme | 5,050.54 | 6,060.65 |
| Sundry Deposits | 3,647.79 | 3,648.62 |
| TOTAL | 8,747.53 | 9,898.83 |
| NOTE No. 14 | | |
| INVENTORIES | | |
| a) Raw Materials | | |
| Molasses - Distillery Unit | 565.58 | 562.43 |
| Soyabeans | 149.34 | 2,084.07 |
| Soya Flour | 79.87 | 54.87 |
| News print paper | 0.11 | 0.44 |
| Steel Scrap, Pig Iron and Others | 6,626.55 | 6,433.89 |
| | 7,421.45 | 9,135.70 |
| b) Stock in Process | | |
| Sugar | 754.32 | 632.53 |
| Molasses | 82.40 | 73.73 |
| Iron Castings and Industrial Valves | 4,458.27 | 3,934.67 |
| | 5,294.99 | 4,640.93 |



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| | As at 31.03.2013 | As at 31.03.2012 |
|--|------------------|------------------|
| NOTE No. 14 (Contd.) | | |
| c) Finished goods | | |
| Sugar | 3,071.18 | 3,122.24 |
| Molasses - Sugar Unit | 424.62 | 378.08 |
| Industrial Alcohol | 688.94 | 641.44 |
| Ethanol | 196.71 | 0.64 |
| Soya Products | 627.96 | 718.16 |
| Bio-Earth | 3.95 | 5.23 |
| Fusel Oil | 0.02 | 0.13 |
| Bagasse | 30.77 | 13.86 |
| Iron Castings and Industrial Valves | 14,135.75 | 12,289.80 |
| | 19,179.90 | 17,169.58 |
| d) Stock in Trade | | |
| Chemicals, Fertilisers & Others | 224.33 | 190.78 |
| e) Stores and spares | | |
| Stores and spares | 4,219.32 | 4,241.63 |
| f) Other Stock | | |
| Standing crop | 3.53 | 4.45 |
| | | |
| TOTAL | 36,343.52 | 35,383.07 |
| For mode of valuation please refer Sl. No. 2 in Significant Accounting Policies. | | |
| NOTE No. 15 | | |
| TRADE RECEIVABLES - Unsecured, considered good | | |
| Trade Receivables outstanding for a period exceeding six months | 4,706.53 | 1,894.74 |
| Trade Receivables outstanding for a period less than six months | 22,036.51 | 22,082.30 |
| | | |
| TOTAL | 26,743.04 | 23,977.04 |



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| | As at 31.03.2013 | As at 31.03.2012 |
|---|------------------|------------------|
| NOTE No. 16 | | |
| CASH AND CASH EQUIVALENTS | | |
| Cash and cash equivalents: | | |
| Balances with Banks | 2,542.51 | 3,076.86 |
| EEFC Account | -- | 2.59 |
| Cheques on hand | -- | 5,591.00 |
| Cash on hand | 119.45 | 57.07 |
| Earmarked balance with banks: | | |
| Unpaid Dividend/interest warrant | 38.00 | 38.20 |
| Margin money with banks/security against borrowings | 1193.18 | 1,783.17 |
| TOTAL | 3,893.14 | 10,548.89 |
| Margin money with banks includes deposits with maturity period of more than 12 months of Rs.599.69 lakhs (Rs.66.48 lakhs) | | |
| NOTE No. 17 | | |
| SHORT TERM LOANS AND ADVANCES - Unsecured, considered good | | |
| Loans and Advances to related parties (for details please see Note No. 30) | 142.33 | 154.91 |
| Other Loans and Advances: | | |
| Security Deposits | 68.15 | 135.69 |
| Loans and advance due by officers | 262.60 | 161.46 |
| Prepaid expenses | 696.30 | 1,265.36 |
| Deposits with Government authorities | 2,968.59 | 2,950.76 |
| Advance for purchases & others | 4,958.98 | 4,408.44 |
| Advance Income-tax | 624.37 | 345.96 |
| | 9,578.99 | 9,267.67 |
| TOTAL | 9,721.32 | 9,422.58 |
| NOTE No. 18 | | |
| OTHER CURRENT ASSETS | | |
| Outstanding income and interest receivable | 538.36 | 3,469.48 |



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| | Year Ended 31.03.2013 | Year Ended 31.03.2012 |
|--------------------------------------|--------------------------|--------------------------|
| NOTE No. 19 | | |
| REVENUE FROM OPERATIONS: | | |
| a) Sale of Products | | |
| Manufactured Goods | | |
| Sugar | 84,697.60 | 77,174.76 |
| Industrial alcohol | 13,937.56 | 14,043.88 |
| Power | 6,656.23 | 8,398.88 |
| Soya products | 12,177.59 | 10,150.89 |
| Bio earth | 187.18 | 179.77 |
| Carbon-di-oxide | 23.67 | 21.71 |
| Fusel oil | 0.11 | 1.10 |
| Magazines | 14.45 | 13.84 |
| Seeds | 63.29 | 11.94 |
| Iron castings | 116,691.54 | 105,615.61 |
| Pattern sale | 762.68 | 283.18 |
| Industrial valves | 512.18 | 283.04 |
| | 235,724.08 | 216,178.60 |
| Traded Goods | | |
| Fertilisers & chemicals | 1,012.76 | 840.85 |
| | | |
| Total (a) | 236,736.84 | 217,019.45 |
| b) Sale of Services | 863.28 | 949.52 |
| c) Other Operating revenues | | |
| Sale of used materials | 342.15 | 346.76 |
| Profit on sale of agri implements | -- | 28.73 |
| Duty drawback/other export incentive | 360.74 | 1,177.41 |
| Total (c) | 702.89 | 1,552.90 |
| | | |
| Total (a+b+c) | 238,303.01 | 219,521.87 |
| Less : Excise Duty | 8,602.22 | 6,650.99 |
| | | |
| TOTAL | 229,700.79 | 212,870.88 |



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| | Year Ended 31.03.2013 | Year Ended 31.03.2012 |
|--|--------------------------|--------------------------|
| NOTE No. 20 | | |
| OTHER INCOME | | |
| a) Interest income | 456.00 | 559.14 |
| b) Dividend income from non-current investments | 14.33 | 14.03 |
| c) Reduction in provision for diminution in value of investments | 6.68 | -- |
| d) Other non-operating income: | | |
| Rent receipts | 79.93 | 83.32 |
| Manpower services | -- | 63.54 |
| Profit on sale of fixed assets | 0.03 | 0.44 |
| Miscellaneous income | 293.63 | 597.37 |
| Development cost received | 51.98 | 1.47 |
| Sundry balance written off | 8.27 | 63.05 |
| | 433.84 | 809.19 |
| TOTAL | 910.85 | 1,382.36 |
| NOTE No. 21 | | |
| COST OF MATERIAL CONSUMED | | |
| a) Opening Stock | | |
| Molasses | 562.43 | 490.88 |
| Newsprint paper | 0.44 | 0.44 |
| Soyabean seeds & others | 2,084.07 | 3,107.69 |
| Soya products | 54.87 | 139.64 |
| Steel scrap, pig iron & others | 6,529.95 | 5,455.30 |
| Total (a) | 9,231.76 | 9,193.95 |
| b) Purchases | | |
| Sugarcane | 76,178.64 | 66,531.90 |
| Molasses | 1,369.40 | 1,675.93 |
| Raw sugar | 1,737.39 | 105.60 |
| Newsprint paper | 21.81 | 21.40 |
| Soyabean seeds & others | 7,119.67 | 6,933.31 |
| Soya products | 4.50 | 11.29 |
| Steel scrap, pig iron & others | 43,446.60 | 43,038.15 |
| Total (b) | 129,878.01 | 118,317.58 |
| c) Closing Stock | | |
| Molasses | 565.58 | 562.43 |
| Newsprint paper | 0.11 | 0.44 |
| Soyabean seeds & others | 149.34 | 2,084.07 |
| Soya products | 79.87 | 54.87 |
| Steel scrap, pig iron & others | 6,626.55 | 6,433.88 |
| Total (c) | 7,421.45 | 9,135.69 |
| TOTAL (a+b-c) | 131,688.32 | 118,375.84 |
| NOTE No. 22 | | |
| PURCHASES OF STOCK IN TRADE | | |
| Fertiliser & chemicals | 1,017.72 | 830.49 |



| | Year Ended 31.03.2013 | Year Ended 31.03.2012 |
|--|--------------------------|--------------------------|
| NOTE No. 23 | | |
| CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE | | |
| a) Opening Stock | | |
| Finished Goods | | |
| Sugar | 3,122.24 | 4,137.46 |
| Molasses | 378.08 | 425.91 |
| Industrial alcohol | 641.44 | 1,216.52 |
| Ethanol | 0.64 | 0.64 |
| Soya products | 718.16 | 486.34 |
| Bagasse | 13.85 | 4.49 |
| Bio earth | 5.23 | 1.93 |
| Fusel oil | 0.13 | 1.48 |
| Iron castings | 12,378.64 | 9,699.63 |
| | 17,258.41 | 15,974.40 |
| Work in Progress and Stock in trade | | |
| Sugar in process | 632.53 | 620.43 |
| Molasses in process | 73.74 | 106.28 |
| Fertilisers & chemicals | 190.76 | 151.06 |
| Iron castings | 3,999.10 | 2,709.51 |
| | 4,896.13 | 3,587.28 |
| | | |
| | 22,154.54 | 19,561.68 |
| | | |
| b) Closing Stock | | |
| Finished Goods | | |
| Sugar | 3,071.18 | 3,122.24 |
| Molasses | 424.62 | 378.08 |
| Industrial alcohol | 688.95 | 641.44 |
| Ethanol | 196.71 | 0.64 |
| Soya products | 627.97 | 718.16 |
| Bagasse | 30.77 | 13.85 |
| Bio earth | 3.95 | 5.23 |
| Fusel oil | 0.02 | 0.13 |
| Iron castings | 14,135.75 | 12,289.81 |
| | 19,179.92 | 17,169.58 |
| Work in Progress and Stock in trade | | |
| Sugar in process | 754.32 | 632.53 |
| Molasses in process | 82.40 | 73.74 |
| Fertilisers & chemicals | 224.31 | 190.76 |
| Iron castings | 4,458.27 | 3,934.67 |
| | 5,519.30 | 4,831.70 |
| | | |
| | 24,699.22 | 22,001.28 |
| | | |
| TOTAL (a-b) | (2,544.68) | (2,439.60) |



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| | Year Ended 31.03.2013 | Year Ended 31.03.2012 |
|---|--------------------------|--------------------------|
| NOTE No. 24 | | |
| EMPLOYEE BENEFITS EXPENSE | | |
| Salaries and Wages | 13,881.69 | 13,387.07 |
| Contribution to Provident and other funds | 2,352.25 | 2,451.51 |
| Staff welfare expenses | 1,330.44 | 1,115.32 |
| TOTAL | 17,564.38 | 16,953.90 |
| NOTE No. 25 | | |
| FINANCE COSTS | | |
| Interest expense: | | |
| On borrowings | 20,200.84 | 17,319.98 |
| On trade payable | 1,181.51 | 974.59 |
| Other borrowing costs | 130.08 | 85.41 |
| (Gain)/Loss on foreign currency transaction (net) | (61.12) | 372.90 |
| TOTAL | 21,451.31 | 18,752.88 |
| NOTE No. 26 | | |
| DEPRECIATION AND AMORTIZATION EXPENSES | | |
| Depreciation | 10,462.36 | 9,823.05 |
| Less : Transfer from Revaluation reserve | 3,164.92 | 2,879.49 |
| | 7,297.44 | 6,943.56 |
| Amortization expenses | 4,067.90 | 4,342.21 |
| TOTAL | 11,365.34 | 11,285.77 |
| NOTE No. 27 | | |
| OTHER EXPENSES | | |
| Manufacturing Expenses: | | |
| Consumption of stores and spares parts | 19,919.21 | 18,497.29 |
| Printing and publication charges | 33.91 | 30.74 |
| Power and fuel | 18,079.25 | 15,842.23 |
| Water charges | 224.44 | 163.51 |
| Fettling and machining charges | 2,329.11 | 2,415.49 |
| Rent | 535.21 | 398.53 |
| Lease rent | 42.25 | 45.53 |
| Repairs to buildings | 304.90 | 249.96 |
| Repairs to machinery | 6,782.88 | 5,029.17 |
| Repairs to others | 497.31 | 462.45 |
| Insurance | 486.06 | 445.46 |
| Rates and taxes, excluding taxes on income | 611.96 | 348.05 |



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| | Year Ended 31.03.2013 | Year Ended 31.03.2012 |
|---|--------------------------|--------------------------|
| NOTE No. 27 (contd.) | | |
| Effluent disposal expenses | 417.63 | 420.81 |
| State administrative service fees | 180.00 | 169.85 |
| Royalty | 23.03 | 27.11 |
| Selling and distribution expenses: | | |
| Packing materials | 1,452.71 | 1,293.97 |
| Selling and distribution expenses | 2,774.67 | 2,798.36 |
| Freight and transport on finished goods | 2,395.01 | 2,416.59 |
| Commission and brokerage | 48.16 | 52.95 |
| Other Administrative expenses: | | |
| Travelling expenses | 491.24 | 483.61 |
| Printing, postage, telephone & telex | 442.37 | 340.10 |
| Freight and transport | 232.89 | 162.02 |
| Donations | 5.86 | 91.29 |
| Legal and professional charges | 1,333.87 | 1,062.13 |
| Excise Duty on stock adjustments | 41.53 | 187.31 |
| Administrative and other expenses | 935.65 | 964.21 |
| Bank charges | 185.20 | 223.72 |
| Effluent on soil/crop - R & D expenses | 23.47 | 21.29 |
| Data processing charges | 21.35 | 24.14 |
| Payment to Auditor | | |
| As auditors | 31.25 | 26.25 |
| Taxation matters | 4.01 | 10.05 |
| Consolidated audit report | 0.50 | 2.25 |
| Management services & others | 13.16 | 6.43 |
| Service tax | 5.02 | 2.35 |
| Reimbursement of expenses | 1.49 | 2.08 |
| Managerial remuneration | 156.94 | 76.38 |
| Directors sitting fees | 8.35 | 10.50 |
| Provision for diminution in investments | -- | 178.96 |
| Loss on sale of fixed assets | -- | 428.07 |
| Loss on sale of used materials | 15.03 | 0.14 |
| Deferred revenue expenditure written off | 206.03 | 246.22 |
| Irrecoverable advances written off | 128.07 | 25.57 |
| TOTAL | 61,420.98 | 55,683.12 |



NOTES FORMING PART OF FINANCIAL STATEMENTS

28 Employee Benefits:

Gratuity and Provident Fund

Gratuity, Provident Fund and Employees State Insurance are defined Contribution Plans. The expenses recognised in the Statement of Profit and Loss : (Rs. in lakhs)

| Particulars | Year ended 31.03.2013 | Year ended 31.03.2012 |
|---------------------------|--------------------------|--------------------------|
| Gratuity | 352.17 | 306.91 |
| Provident Fund | 468.23 | 431.59 |
| Employees State Insurance | 45.85 | 48.33 |

SAKTHI SUGARS LIMITED (Holding Company)

Disclosure report under Accounting Standard-15 - Leave Salary

Type of Plan: Long Term Compensated Absence as per Actuarial valuation (Rs. in lakhs)

| Particulars | Year ended 31.03.2013 | Year ended 31.03.2012 |
|---|--------------------------|--------------------------|
| I Principal Actuarial Assumptions (Expressed as weighted average) | | |
| Discount Rate | 8.05% | 8.00% |
| Salary escalation rate | 7.00% | 7.00% |
| Attrition rate | 3.00% | 3.00% |
| 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 | 550.38 | 486.33 |
| Interest Cost | 42.83 | 37.15 |
| Current Service Cost | 103.81 | 23.59 |
| Past Service cost-(non vested benefits) | -- | -- |
| Past service cost-(vested benefits) | -- | -- |
| Benefits paid | -36.78 | -43.94 |
| Actuarial loss/(gain) on obligation (balancing figure) | -1.09 | 47.25 |
| PVO as at the end of the period | 659.15 | 550.38 |
| 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 | 36.78 | 43.94 |
| Benefits paid | 36.78 | -43.94 |
| Actuarial gain/(loss) on obligation (balancing figure) | -- | -- |
| Fair value on plan assets as at the end of the period | -- | -- |



Disclosure report under Accounting Standard-15 - Leave Salary (Contd.)

(Rs. in lakhs)

| Particulars | Year ended 31.03.2013 | Year ended 31.03.2012 |
|---|--------------------------|--------------------------|
| 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 | 1.09 | -47.25 |
| Actuarial gain/(loss) for the period-Plan Assets | -- | -- |
| Total (gain)/loss for the period | -1.09 | 47.25 |
| Actuarial (gain)/loss recognized in the period | -1.09 | 47.25 |
| 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 | 659.15 | 550.38 |
| Fair value of plan assets | -- | -- |
| Difference | 659.15 | 550.38 |
| Unrecognised transitional liability | -- | -- |
| Unrecognised past service cost-non vested benefits | -- | -- |
| Liability recognized in the balance sheet | 659.15 | 550.38 |
| VII Expenses Recognised in the Statement of Profit and Loss | | |
| Current service cost | 103.81 | 23.59 |
| Interest Cost | 42.83 | 37.15 |
| Expected return on plan assets | -- | -- |
| Net actuarial (gain)/loss recognised in the year | -1.09 | 47.25 |
| 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 | 145.55 | 107.99 |
| VIII Movements in the Liability Recognized in the Balance Sheet | | |
| Opening net liability | 550.38 | 486.33 |
| Expenses as above | 145.55 | 107.99 |
| Contribution paid | -36.78 | -43.94 |
| Closing net liability | 659.15 | 550.38 |
| IX Amount for the Current Period | | |
| Present value of obligation | 659.15 | 550.38 |
| Plan Assets | -- | -- |
| Surplus(Deficit) | -659.15 | -550.38 |
| X Major Categories of Plan Assets (as Percentage of Total Plan Assets) | Nil | Nil |



Sakthi Auto Component Limited (SACL)

(Rs. in lakhs)

| Particulars | Year ended 31.03.2013 | Year ended 31.03.2012 |
|---|--------------------------|--------------------------|
| I Principal Actuarial Assumptions (Expressed as weighted average) | | |
| Discount Rate | 8.05% | 8.00% |
| Salary escalation rate | 7.00% | 7.00% |
| Attrition rate | 3.00% | 3.00% |
| 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 | 67.38 | 46.34 |
| Interest Cost | 5.23 | 3.57 |
| Current Service Cost | 28.77 | 7.94 |
| Past Service cost-(non vested benefits) | -- | -- |
| Past service cost-(vested benefits) | -- | -- |
| Benefits paid | -4.74 | -3.52 |
| Actuarial loss/(gain) on obligation (balancing figure) | -16.18 | 13.05 |
| PVO as at the end of the period | 80.45 | 67.38 |
| 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 | 4.74 | 3.52 |
| Benefits paid | -4.74 | -3.52 |
| 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 | -16.18 | 13.05 |
| Actuarial gain/(loss) for the period-Plan Assets | -- | -- |
| Total (gain)/loss for the period | -16.18 | 13.05 |
| Actuarial (gain)/loss recognized in the period | -16.18 | 13.05 |
| Unrecognized actuarial (gain)/loss at the end of the year | -- | -- |



Sakthi Auto Component Limited (SACL) (Contd.)

(Rs. in lakhs)

| Particulars | Year ended 31.03.2013 | Year ended 31.03.2012 |
|---|--------------------------|--------------------------|
| VI Amounts Recognised in the Balance Sheet and Related Analyses | | |
| Present value of the obligation | 67.38 | 67.38 |
| Fair value of plan assets | -- | -- |
| Difference | 67.38 | 67.38 |
| Unrecognised transitional liability | -- | -- |
| Unrecognised past service cost-non vested benefits | -- | -- |
| Liability recognized in the balance sheet | 67.38 | 67.38 |
| VII Expenses Recognised in the Statement of Profit and Loss | | |
| Current service cost | 28.77 | 7.94 |
| Interest Cost | 5.23 | 3.57 |
| Expected return on plan assets | -- | -- |
| Net actuarial (gain)/loss recognised in the year | -16.18 | 13.05 |
| 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 | 17.82 | 24.56 |
| VIII Movements in the Liability Recognized in the Balance Sheet | | |
| Opening net liability | 67.38 | 46.34 |
| Expenses as above | 17.81 | 24.56 |
| Contribution paid | -4.74 | -3.52 |
| Closing net liability | 80.45 | 67.38 |
| IX Amount for the Current Period | | |
| Present value of obligation | 80.45 | 67.38 |
| Plan Assets | -- | -- |
| Surplus(Deficit) | 80.45 | -67.38 |
| X Major Categories of Plan Assets (as Percentage of Total Plan Assets) | Nil | Nil |



Sakthi Auto Ancillary Pvt. Limited (SAAPL)

(Rs. in lakhs)

| Particulars | Year ended 31.03.2013 | Year ended 31.03.2012 |
|---|--------------------------|--------------------------|
| I Principal Actuarial Assumptions (Expressed as weighted average) | | |
| Discount Rate | 8.05% | 8.57% |
| Salary escalation rate | 5.50% | 5.50% |
| Attrition rate | 2.00% | 2.00% |
| Expected rate of return on Plan Assets | 8.05% | 8.00% |
| II Changes in the Present Value of the Obligation (PVO) - Reconciliation of Opening and Closing Balances | | |
| PVO as at the beginning of the period | 40.78 | 33.65 |
| Interest Cost | 3.28 | 2.87 |
| Current Service Cost | 7.22 | 6.84 |
| Past Service cost-(non vested benefits) | -- | -- |
| Past service cost-(vested benefits) | -- | -- |
| Benefits paid | -- | -0.34 |
| Actuarial loss/(gain) on obligation (balancing figure) | -5.01 | -2.24 |
| PVO as at the end of the period | 46.26 | 40.78 |
| 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 | 21.38 | 15.03 |
| Expected return on plan assets | 1.72 | 1.21 |
| Contributions | -- | 4.00 |
| Benefits paid | -- | -0.34 |
| Actuarial gain/(loss) on obligation (balancing figure) | -0.01 | 1.48 |
| Fair value on plan assets as at the end of the period | 23.09 | 21.38 |
| IV Actual Return on Plan Assets | | |
| Expected return on plan assets | 1.72 | 1.21 |
| Actuarial gain/(loss) on plan assets | -0.01 | 1.48 |
| Actual return on plan assets | 1.71 | 2.69 |
| V Actual Gain/Loss Recognized | | |
| Actuarial gain/(loss) for the period-Obligation | -5.02 | -2.24 |
| Actuarial gain/(loss) for the period-Plan Assets | 0.01 | -1.48 |
| Total (gain)/loss for the period | -5.01 | -3.72 |
| Actuarial (gain)/loss recognized in the period | -5.01 | -3.72 |
| Unrecognized actuarial (gain)/loss at the end of the year | -- | -- |



Sakthi Auto Ancillary Pvt. Limited (SAAPL) (Contd.)

(Rs. in lakhs)

| Particulars | Year ended 31.03.2013 | Year ended 31.03.2012 |
|---|--------------------------|--------------------------|
| VI Amounts Recognised in the Balance Sheet and Related Analyses | | |
| Present value of the obligation | 46.26 | 40.78 |
| Fair value of plan assets | 23.09 | 21.38 |
| Difference | -23.16 | -19.39 |
| Unrecognised transitional liability | -- | -- |
| Unrecognised past service cost-non vested benefits | -- | -- |
| Liability recognized in the balance sheet | -23.16 | -19.39 |
| VII Expenses Recognised in the Statement of Profit and Loss | | |
| Current service cost | 7.22 | 6.84 |
| Interest Cost | 3.28 | 2.87 |
| Expected return on plan assets | -1.72 | -1.21 |
| Net actuarial (gain)/loss recognised in the year | -5.00 | -3.71 |
| 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 | 3.77 | 4.78 |
| VIII Movements in the Liability Recognized in the Balance Sheet | | |
| Opening net liability | -19.39 | -18.61 |
| Expenses as above | -3.77 | -4.78 |
| Contribution paid | -- | 4.00 |
| Closing net liability | -23.16 | -19.39 |
| IX Amount for the Current Period | | |
| Present value of obligation | 46.25 | 40.78 |
| Plan Assets | 23.09 | 21.38 |
| Surplus(Deficit) | -23.16 | -19.39 |
| X Major Categories of Plan Assets (as Percentage of Total Plan Assets) | Nil | Nil |



29 Segment information for the year ended 31.03.2013:

(Rs. in lakhs)

| REVENUE | SUGAR | | INDUSTRIAL ALCOHOL | | SOYA PRODUCTS | | POWER | | IRON CASTINGS | | TOTAL | |
|--|----------|----------|--------------------|----------|---------------|----------|----------|----------|---------------|-----------|-----------|-----------|
| | 31.03.13 | 31.03.12 | 31.03.13 | 31.03.12 | 31.03.13 | 31.03.12 | 31.03.13 | 31.03.12 | 31.03.13 | 31.03.12 | 31.03.13 | 31.03.12 |
| PRIMARY | | | | | | | | | | | | |
| External Sales | 83818.30 | 76260.57 | 14107.80 | 14206.91 | 12239.49 | 10160.23 | 6656.23 | 8398.88 | 111312.80 | 101341.87 | 228134.62 | 210368.46 |
| Inter Segment Sales | 13700.89 | 9105.26 | 1.11 | 1.26 | -- | -- | 9336.45 | 8069.92 | -- | -- | 23038.45 | 17176.44 |
| Operating Income | 270.90 | 1206.09 | 17.13 | 11.99 | 77.87 | 60.56 | 0.23 | 2.65 | 1634.00 | 2030.32 | 2000.13 | 3311.61 |
| Total Revenue | 97790.09 | 86571.92 | 14126.04 | 14220.16 | 12317.36 | 10220.79 | 15992.91 | 16471.45 | 112946.80 | 103372.19 | 253173.20 | 230856.51 |
| Segment Result | -3770.18 | -2047.03 | 5119.45 | 4621.72 | 764.86 | 225.07 | 3122.63 | 7176.19 | 7867.02 | 6585.94 | 13103.78 | 16561.89 |
| Unallocated Corporate Expenses/ Income (Net) | | | | | | | | | | | 3460.20 | 3450.56 |
| Operating Profit | | | | | | | | | | | 9643.58 | 13111.33 |
| Finance Cost | | | | | | | | | | | 21451.31 | 18859.63 |
| Interest Income | | | | | | | | | | | 456.00 | 559.14 |
| Profit from Ordinary activities | | | | | | | | | | | -11351.73 | -5189.16 |
| Net Profit/Loss before Tax | | | | | | | | | | | -11351.73 | -5189.16 |
| Less: Income-tax: | | | | | | | | | | | 43.38 | 15.69 |
| Deferred Tax | | | | | | | | | | | -2316.10 | 126.57 |
| Net Profit/Loss after Tax | | | | | | | | | | | -9079.01 | -5331.42 |
| OTHER INFORMATION | | | | | | | | | | | | |
| Segment Assets | 76664.15 | 98516.04 | 13648.46 | 13045.13 | 7664.13 | 8234.03 | 41410.00 | 40505.61 | 88710.56 | 86176.51 | 228097.30 | 246477.32 |
| Unallocated Corporate Assets | | | | | | | | | | | 54007.50 | 52316.07 |
| Total Assets | | | | | | | | | | | 282104.80 | 298793.39 |
| Segment Liabilities | | | | | | | | | | | 192340.86 | 197570.37 |
| Deferred Tax Liability(+)/Asset (-) | | | | | | | | | | | -1829.27 | 480.98 |
| Total Liabilities | | | | | | | | | | | 190511.59 | 198051.35 |
| Capital Expenditure | 1099.59 | 1162.28 | 355.03 | -- | 25.68 | 54.09 | 1721.97 | 217.80 | 4584.42 | 8055.62 | 7786.69 | 9489.79 |
| Depreciation & Amortisation | 5042.02 | 4984.21 | 267.44 | 263.25 | 124.83 | 124.11 | 1163.79 | 1156.82 | 4767.26 | 4757.38 | 11365.34 | 11285.77 |
| SECONDARY | | | | | | | | | | | | |
| Revenue by Geographical Market | | | | | | | | | | | | |
| India | 94059.64 | 76617.47 | 14126.04 | 14220.16 | 9379.56 | 8236.32 | 15992.91 | 16471.45 | 50057.53 | 42042.29 | 183615.68 | 157587.69 |
| Outside India | 3730.45 | 9954.45 | -- | -- | 2937.80 | 1984.47 | -- | -- | 62889.27 | 61329.90 | 69557.52 | 73268.82 |

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

30 Related Parties Disclosure:

I. Related Parties:

a. Holding Company

Sakthi Sugars Limited

b. Subsidiary companies

Sakthi Auto Component Limited

Sakthi Auto Ancillary Private Limited

Orlandofin B.V.

Sakthi Auto Mauritius Limited

c. Associates

ABT Limited

ABT Industries Limited

ABT Info Systems Pvt. Limited

ABT Foods Limited

Anamallais Bus Transport Pvt. Limited

Sakthi Finance Limited

Sri Chamundeswari Sugars Limited

Nachimuthu Industrial Association

The Gounder & Co.

J S Auto Cast Foundry India Pvt. Limited

d. Key Managerial Personnel (KMP)

Dr. N Mahalingam, Chairman

Dr. 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, Managing Director of Sakthi Portugal, S.A.

e. Relatives of Key Managerial Personnel

There has been no transaction with relatives of key managerial personnel

f. Enterprises in which key managerial personnel/relatives of key managerial personnel have significant influence

Anamallais Retreading Corporation

N.Mahalingam & Company

Sakthi Automobiles

Sakthi Coffee Estates (P) Limited

ABT Textiles (P) Limited

Sri Bhagavathi Textiles Limited

Sri Sakthi Textiles Limited

Note : Information has been furnished with respect to individuals/entities with whom/which related party transactions had taken place during the year



II Related Parties Transactions :

(Rs. in lakhs)

| Nature of Transactions | Associates | Key Managerial Personnel | Relatives of Key Managerial Personnel | Enterprises in which KMP/ relatives of KMP have significant influence | Total |
|--|----------------|--------------------------|---------------------------------------|---|----------------|
| Purchase | | | | | |
| Purchase of Materials | 140.17 | | | | 140.17 |
| | (5.02) | | | | (5.02) |
| Purchase of Fuel | | | | 81.01 | 81.01 |
| | | | | (52.24) | (52.24) |
| Purchase of Milk | 4.70 | | | | 4.70 |
| | (4.23) | | | | (4.23) |
| Sales | | | | | |
| Sale of Materials | 2.89 | | | | 2.89 |
| | (13.98) | | | | (13.98) |
| Rendering of services | | | | | |
| Rent Receipts | 12.83 | | | | 12.83 |
| | (13.28) | | | | (13.28) |
| EB Receipts | 8.89 | | | | 8.89 |
| | (8.86) | | | | (8.86) |
| Water & Technical Service charges receipts | 16.49 | | | | 16.49 |
| | (17.07) | | | | (17.07) |
| Advertisement Receipts | 13.48 | | | 4.72 | 18.20 |
| | (13.32) | | | (4.68) | (18.00) |
| Receiving of services | | | | | |
| Interest Payments | 2463.98 | | | | 2463.98 |
| | (241.60) | | | | (241.60) |
| Printing charges | 24.30 | | | | 24.30 |
| | (19.76) | | | | (19.76) |
| Others | 2.70 | | | | 2.70 |
| | (3.14) | | | | (3.14) |
| Electricity Charges | 0.73 | | | | 0.73 |
| | (0.62) | | | | (0.62) |
| Rent Payments | 15.84 | | | | 15.84 |
| | (15.56) | | | | (15.56) |
| Lease Rent | 5.40 | | | | 5.40 |
| | (3.60) | | | | (3.60) |
| Vehicle Purchase/Maintenance | 35.57 | | | 31.43 | 67.00 |
| | (17.04) | | | (34.25) | (51.29) |
| Transport charges | 294.50 | | | | 294.50 |
| | (243.22) | | | | (243.22) |
| Purchase of Computer Consumables | 15.68 | | | | 15.68 |
| | (15.40) | | | | (15.40) |
| Service Tax on Management Fees | -- | | | | -- |
| | (14.51) | | | | (14.51) |
| Promoter Contribution | 9000.00 | | | | 9000.00 |
| | (9000.00) | | | | (9000.00) |
| Unsecured loan | 3500.00 | | | | 3500.00 |
| | (5786.90) | | | | (5786.90) |



II RELATED PARTIES TRANSACTIONS (Contd.) :

(Rs. in lakhs)

| Nature of Transactions | Associates | Key Managerial Personnel | Relatives of Key Managerial Personnel | Enterprises in which KMP/relatives of KMP have significant influence | Total |
|---|-------------------------------|--------------------------|---------------------------------------|--|-------------------------------|
| Managerial Remuneration | | | | | |
| Remuneration paid to whole time Directors | | 156.94 (76.38) | | | 156.94 (76.38) |
| Remuneration paid to non-whole time Director | | 0.40 (0.50) | 0.80 (2.10) | | 1.20 (2.60) |
| Balance outstanding at the end of the year | | | | | |
| Payable to Key Managerial Personnel | | 77.63 (74.36) | | | 77.63 (74.36) |
| Loans and advances | 263.44 (262.96) | | | 305.07 (319.25) | 568.51 (582.21) |
| Borrowing | 28923.30 (22982.96) | | | 8.83 (9.39) | 28932.13 (22992.35) |

Figures in brackets are that of the previous year

31 Earnings Per Share :

| Particulars | 2012-13 | 2011-12 |
|--|-----------------|----------|
| Basic : | | |
| a) Face value per Share (Rs.) | 10 | 10 |
| b) Profit After Tax (Rs. In lakhs) | -9139.74 | -5410.57 |
| c) The weighted average No. of Equity Shares | 36807339 | 36807339 |
| d) Earnings per Share - Basic (Rs.) | -24.83 | -14.70 |
| Diluted: | | |
| a) The weighted average No. of Equity Shares | 36807339 | 36807339 |
| b) Earnings per Share - Diluted (Rs.) | -24.83 | -14.70 |

32 Deferred Tax :

(Rs. in lakhs)

| Particulars | 31.03.2013 | 31.03.2012 |
|---|-----------------|------------|
| A) For Indian Companies: | | |
| i) Deferred Tax Liability: | | |
| Arising out of depreciation of Fixed Assets (Net) | 13125.93 | 12502.75 |
| Difference in treatment of expenses/income (Net) | 6245.58 | 7987.00 |
| Total | 19371.51 | 20489.75 |
| ii) Deferred Tax Asset: | | |
| Carried forward losses/unabsorbed depreciation | 21490.83 | 20340.53 |
| Net Deferred Tax Liability (+) / Asset (-) | -2119.32 | 149.22 |



Deferred Tax : (contd.)

(Rs. in lakhs)

| Particulars | 31.03.2013 | 31.03.2012 |
|--|-----------------|----------------|
| B) For Foreign Companies: | | |
| i) Deferred Tax Liability: | | |
| Revaluation of tangible Fixed Assets | 969.50 | 1113.63 |
| Non-reimbursable investment subsidies | 110.03 | 119.08 |
| Total | <u>1079.53</u> | <u>1232.71</u> |
| ii) Deferred Tax Assets: | | |
| Provisions not tax deductible | 54.26 | 32.46 |
| Corporate income tax credit | 285.00 | 280.07 |
| Tax losses | 450.22 | 588.42 |
| Total | <u>789.48</u> | <u>900.95</u> |
| Net Deferred Tax Liability (+) / Asset (-) | <u>290.05</u> | <u>331.76</u> |
| Deferred Tax Liability (+) / Asset (-) (A+B) | <u>-1829.27</u> | <u>480.98</u> |

33 Contingent liabilities:

(Rs. in lakhs)

| Particulars | 31.03.2013 | 31.03.2012 |
|--|------------|------------|
| A) Claims against the Company not acknowledged as debts: | | |
| (i) Income tax matters | 6621.51 | 5712.37 |
| (ii) Purchase tax/sales tax matters | 2296.58 | 2758.18 |
| (iii) Others | 8174.51 | 5915.55 |
| B) Guarantees issued by bankers | 1278.43 | 1910.84 |
| C) Corporate guarantee provided: | | |
| (i) Guarantee amount | 69748.94 | 79140.58 |
| (ii) Outstanding amount | 61123.08 | 56427.56 |
| D) Export obligation | | |
| Duty component to be paid in case of non fulfillment of obligation | -- | 188.64 |

34 Commitments:

(Rs. in lakhs)

| Particulars | 31.03.2013 | 31.03.2012 |
|--|------------|------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 3433.40 | 4022.42 |



35 Disclosure pursuant to AS-28 on Impairment of Assets:

During the year, a 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, except to the extent of Rs.11.02 lakhs (Rs.237.12 lakhs) in the Beverage Division, which has been provided for.

36 Funded Interest under CDR Scheme for Rs.5050.54 lakhs (Rs.6060.65 lakhs) included in Other Non Current Asset in Note No.13 is to be written off over a period of time as and when it becomes payable and it is not realizable in value.

37 The Company has opted to recognize foreign exchange fluctuation based on maturity of obligation in conformity with the option given by Notification No: GSR 913(E) dated 29th December 2011 issued by the Ministry of Corporate Affairs.

38 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure.



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:**
Inventories of raw materials, work-in-progress, stores, finished products and stock-in-trade are valued at the lower of cost and net realizable value. By-products and 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 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.
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:**
 - 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.
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. 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, sales return.



- i) Gross turnover includes excise duty but exclude sales tax.
- ii) Dividend income is accounted for in the year it is received.
- 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 Statement of Profit and loss.
- 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) The excise duty appearing in the statement of profit and loss as an expenditure represents excise duty provision for difference between opening and closing stock of finished goods.
- iii) 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.

9. Foreign currency transactions:

Recognition of foreign exchange fluctuation is based on the maturity of obligations.

10. Retirement Benefits:

Parent Company and Indian Subsidiaries:

Contribution payable by the Company under defined contribution schemes towards Provident fund, Employees State Insurance and Superannuation fund for the year are charged to profit and loss account. Gratuity is recognized based on the defined contribution plan/actuarial valuation depending on the unit wise adoption of the same.

Provision for liability in respect of Leave encashment benefits are made based on actuarial valuation made by an independent actuary in the units where the policy of accumulation of leave for encashment on retirement is there.

11. Segment Reporting:

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.

12. 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.

13. Earnings 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.



14. **Impairment of Assets:**
Impairment, if any, is recognized in accordance with the applicable Accounting Standard.
15. **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.
16. **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 statement of profit and loss.
17. **Basis of Consolidation:**
The Consolidated Financial Statements include the Financial Statements of Sakthi Sugars Limited and its following subsidiaries:

| Name of the subsidiary | Country of incorporation | Proportion of ownership Interest (%) |
|---------------------------------------|---------------------------------|---|
| Sakthi Auto Component Limited | India | 100.00 |
| Sakthi Auto Ancillary P Limited | India | 51.83 |
| 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 Foreign Sales Corporation B.V. | Netherlands | 100.00 |
| Sakthi Holdings B.V. | Netherlands | 100.00 |
| Sakthi Auto Mauritius Limited | Mauritius | 100.00 |

The following step down subsidiaries viz. Sakthi Europe Verwaltungs-GmbH and the Sweden subsidiaries, are not consolidated since there is a long term restrictions in the flow of cash from these subsidiaries to the holding company as the said subsidiaries are under the control of the administrators appointed by the respective courts in Germany and Sweden.

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.

E-MAIL ADDRESS REGISTRATION FORM

(In terms of Circular Nos. 17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011 respectively issued by Ministry of Corporate Affairs, Government of India)

(For shares held in physical form)

Link Intime India Pvt. Limited

Unit: Sakthi Sugars Limited

"Surya" 35, May Flower Avenue

Behind Senthil Nagar

Sowripalayam Road,

Coimbatore - 641 028

I/We, Member(s) of Sakthi Sugars Limited, hereby give my/our approval to receive electronically Annual Report(s), Notice(s) of General Meeting(s) and other document(s) that the Ministry of Corporate Affairs may allow to be sent in electronic mode.

I/We request you to note my/our e-mail address, as mentioned below. If there is any change in the e-mail address, I/We will promptly communicate the same to you.

| | |
|-----------------------------------|--|
| Folio No. | |
| Name of the first/sole Member | |
| e-mail address (to be registered) | |

Place :

Date :

(Signature of first/sole Member)



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 51st Annual General Meeting of the Company to be held on 30th September, 2013 and of any adjournment thereof.

Signed this day of 2013.

Folio No. :

* Client ID No. :

* DP ID No. :

Affix
Revenue
Stamp

Note : The Proxy form must be deposited at the Registered Office of the Company at Sakthinagar, Bahavani 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 demat 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 51st Annual General Meeting held on 30th September, 2013 at Sakthinagar, 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 demat form.

** Please indicate whether Member or Proxy



SAKTHI SUGARS LIMITED

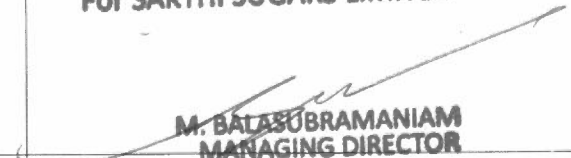
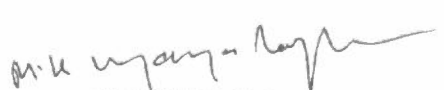


CORPORATE OFFICE

180 RACE COURSE ROAD, COIMBATORE - 641 018

FORM B

Format of covering letter of the annual audit report to be filed with the stock exchanges

(Pursuant to Clause 31(a) of Listing Agreement)

| No. | Particulars | Details |
|-----|---|--|
| 1. | Name of the Company | Sakthi Sugars Limited |
| 2. | Annual financial statements for the year ended | 31 st March 2013 |
| 3. | Type of Audit Qualification | Qualified - Regarding inclusion of a sum of Rs.50.51. crores in Other Non-current Assets which is to be written-off and that the loss of the company is under stated to that extent. |
| 4. | Frequency of Qualification | Repetitive from the financial year ended 31 st December 2009 |
| 5. | Draw attention to relevant notes in the annual financial statement and management response to the qualification in the directors report | <p><u>Auditors Qualification:</u></p> <p>Para 6 (Audit Qualification) of Independent Auditors' Report (Page No.32 of Annual Report)</p> <p>Management Response:- Para 2 of Page No.14 of Directors' Report</p> |
| 6. | Additional comments from the Board/Audit Committee Chairman | --- |
| 7. | To be signed by | |
| | . CEO/Managing Director | <p align="center">For SAKTHI SUGARS LIMITED</p>  <p align="center">M. BALASUBRAMANIAM MANAGING DIRECTOR</p> |
| | . CFO | <p align="center">For SAKTHI SUGARS LIMITED</p>  <p align="center">M.K. VIJAYARAGHAVAN CHIEF FINANCIAL OFFICER</p> |
| | . Audit Committee Chairman | <p align="center">X </p> <p align="center">(C.Rangamani) Chairman - Audit Committee</p> |
| | . Auditor of the Company | <p align="center">For P.N.Raghavendra Rao & Co. (ICAI Regn. No.FRN003328S)</p>  <p align="center">(P.R.Vittel) Partner Membership Number:018111</p> |