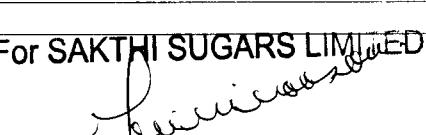
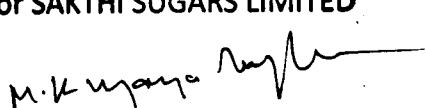
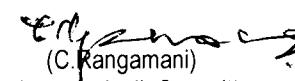
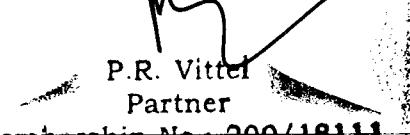


**FORM B**  
**Format of covering letter of the annual audit report to be filed with the stock exchanges**  
(Pursuant to Clause 31(a) of the Listing Agreement)

No.	Particulars	Details
1.	Name of the company	Sakthi Sugars Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2014
3.	Type of Audit Qualification	<p>Qualified:</p> <p>a. Regarding inclusion of a sum of Rs.40.40 crores in Other Non-current Assets which is to be written-off and that the loss of the Company is understated to that extent.</p> <p>b. Non-provision of interest and guarantee commission claim of Rs.44.10 crores by the holding company and that the loss of the Company is understated to that extent.</p>
4.	Frequency of Qualification	<p>a. Repetitive from the financial year ended 31<sup>st</sup> December 2009</p> <p>b. First time in the financial year ended 31.3.2014</p>
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>  Para 6 &amp; 7 (Basis for Qualified Opinion) of Independent Auditors' Report (Page No.23 of Annual Report)</p> <p><u>Management Response:</u>  Page 7 under the heading "Auditors Report" of Directors Report.</p>
6.	Additional comments from the Board/Audit Committee Chairman	---
7.	To be signed by	<p>For SAKTHI SUGARS LIMITED    Joint Managing Director</p>
	CEO/Managing Director	
	CFO	<p>For SAKTHI SUGARS LIMITED    M.K. VIJAYARAGHAVAN  CHIEF FINANCIAL OFFICER</p>
	Audit Committee Chairman	 (C. Rangamani) Chairman – Audit Committee
	Auditor of the Company	<p>For P N. Raghavendra Rao &amp; Co.  Chartered Accountants</p>  P.R. Vittel Partner Membership No.: 200/18111

2013-14

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



**SAKTHI SUGARS LIMITED**  
ANNUAL REPORT 2013-14

*śarvakaryogaḥitvam kriya śaktiḥ*

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  
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 C RANGAMANI

Sri B ELANGOVAN (Nominee of TIDCO)

Sri T A GANESH (Nominee of IDBI Bank)

Sri M K VIJAYARAGHAVAN  
Chief Financial Officer

Sri S BASKAR  
Senior Vice President - Finance &  
Company Secretary





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### Important Communication to Members

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by 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.99 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.



## 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 31<sup>st</sup> March 2014.

FINANCIAL RESULTS FOR THE YEAR ENDED 31 <sup>st</sup> MARCH 2014	(Rs.in lakhs)
Profit before finance cost and depreciation & amortization expense	1791.45
Less: Finance cost	18590.93
Depreciation & amortization expense	6638.21
	<hr/>
Profit/(Loss) before Tax	(25229.14)
	(23437.69)
Less: Income Tax expenses:	
Deferred Tax	(7499.36)
Profit / (Loss) after Tax	(15938.33)
Surplus from last year	(11464.08)
Closing balance	<hr/> (27402.41)

### REVIEW OF OPERATIONS

The decrease in quantum of cane crushed, uneconomical prices for sugar and power coupled with high sugarcane price had adverse impact on the financial results of the Company.

### SUGAR DIVISION

The quantum of sugarcane crushed at various units of the Company during the year 2013-14 is as under:

Name of the Units	Cane crushed (in tonnes)
Sakthinagar	7,61,395
Sivaganga	4,10,435
Modakkurichi	1,48,341
Dhenkanal	3,33,651

During the year under review, 1.47 lakhs MT of sugar was produced by the Company. There is substantial reduction in production as compared to the previous year due to reduced level of cane availability owing to drought condition.

### DISTILLERY DIVISION

During the year under review, 277.01 lakh litres of industrial alcohol was produced at Sakthinagar Distillery Unit and 77.32 lakh litres at Dhenkanal Distillery Unit.

### SOYA DIVISION

22,780 tonnes of soya bean was crushed in the soya plant during the year under review. This division had exported products worth Rs.2454.90 lakhs to various countries.

### CO-GENERATION DIVISION

The total power generated in the co-generation plants during the year was 1614.96 lakh units out of which 944.89 lakh units of power was exported to Tamilnadu Electricity Board.

### FUTURE OUTLOOK

The outlook of Indian Sugar Industry continues to be bleak. Sugar industry, the last one to be freed though not fully from Government regulations, is yet to get adjusted to the market equilibrium.



The sugar season 2014-15 may end in surplus production over consumption on all India basis and as such the realization on sugar may not improve without Government initiatives. The incentive announced by the Central Government for export of raw sugar is a step in the right direction to reduce the surplus. The steps intended to be taken by the Central Government like increase in duty on import of raw sugar and interest free loans for payment of arrears of cane will definitely help the industry to look up. It is hoped that appropriate measures will be taken by the Government for the survival of the dwindling sugar industry.

The Company expects a marginal drop in the quantity of cane crush during the current year as compared to the previous financial year. The drop in cane crush will have impact on the performance of the distillery and co-gen division due to reduced availability of molasses and bagasse.

The Company continues to be under the Corporate Debt Restructuring Scheme with respect to restructuring of its secured debts availed from Banks/Financial Institution. Since servicing of the loans from most of the Banks have become irregular/Non-performing assets, the Company has approached the CDR Forum for a second re-schedulement of the repayment terms.

## **DEPOSITS**

The Company has not accepted any deposit from public during the year under review. At the end of the financial year, 7 deposits amounting to Rs.1.15 lakhs (including interest) which were due for repayment remained unclaimed on their due dates.

## **CORPORATE ACTION**

During the financial year under review, the Company has issued and allotted 5,94,05,940 equity shares at a price of Rs.30.30 per share on preferential basis to A B T Limited, a company belonging to the Promoter Group, against the sum of Rs.180 crores brought in by that company, in terms of the Corporate Debt Restructuring Scheme approved by the CDR Empowered Group. This amount has been utilized for repayment of loans and payment of interest to banks as envisaged in the CDR package. After this allotment the Company has become subsidiary of AB T Limited.

A draft Scheme of Arrangement with the holders of FCCB (Series B) for settling their over dues aggregating to USD 15.6 million has been approved by the Board of Directors and necessary applications have been made to Stock Exchanges for approval as required under Listing Agreement. This Scheme is subject to the approval of the stock exchanges, SEBI, RBI and shareholders and bond holders of the Company, and sanctioning of the Scheme by the High Court of Judicature at Madras.

The Board of Directors at its meeting held on 14th August 2014 has approved voluntary delisting of the equity shares of the Company from Madras Stock Exchange for the reason that the said Exchange has submitted application to SEBI for voluntary exit as a Stock Exchange. Necessary application will be made by the Company to Madras Stock Exchange in this regard. The equity shares of the Company continue to remain listed on Bombay Stock Exchange and National Stock Exchange.

## **DIRECTORS**

IDBI Bank has withdrawn Sri V.M.Manogaran as its nominee on the Board of Directors of the Company effective from 1.2.2014 and in his place nominated Sri T.A.Ganesh. Sri S.Doreswamy, Director, resigned from the Board on personal grounds on 24.3.2014. The Directors place on record their appreciation of the valuable services rendered by Sri V.M.Manogaran and Sri S.Doreswamy during the tenure of their office as Directors of the Company.

With effect from 28.6.2013, Dr.M.Manickam was redesignated as Executive Vice Chairman and Sri M.Srinivaasan as Joint Managing Director.

Sri M.Balasubramaniam has been appointed as Managing Director of the Company and Sri M.Srinivaasan has been re-appointed as Joint Managing Director with effect from 28.6.2013 and 23.1.2014 respectively for a period of 5 years subject to the approval of the Central Government.

The Board has re-appointed Dr.M.Manickam as Executive Vice Chairman for a period of five years from 25.10.2014, subject to the approval of Banks, financial institution, as may be required, and of the members of the Company and Central Government.

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

1. Sri P.K.Chandran
2. Sri M.Balasubramaniam
3. Sri C.Rangamani

Pursuant to Section 149 of the Companies Act, 2013 and the Listing Agreement, the Board has recommended appointment of Sri C.Rangamani, Sri P.K.Chandran, Sri S.S.Muthuvelappan and Sri N.K.Vijayan, existing Independent Directors, as Independent Directors by the shareholders at the ensuing Annual General Meeting.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' responsibility statement, it is hereby confirmed:

- a. that in the preparation of the annual accounts for the financial year ended 31.3.2014, 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 11.2.2014 and 30.5.2014 on account of change in nominee of IDBI Bank and resignation of Sri S.Doreswamy. At present the Audit Committee comprises the following Directors as its members:

1. Sri C Rangamani, Chairman
2. Sri M Balasubramaniam
3. Sri N.K.Vijayan, and
4. Sri T.A.Ganesh

**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.

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 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 2014. 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.

During the financial year under review Sakthi Netherlands BV and Sakthi European Foreign Sales Corporation BV have been deregistered and the application for deregistration filed by Sakthi Holdings BV is pending disposal by the concerned authority.

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.

The Company holds 65% of the equity shares of Sakthi Auto Component Limited (SACL). As per the definition of subsidiary company under the Companies Act 2013, convertible preference shares should also be taken into consideration for determining the subsidiary status. Pursuant to the change in the definition, SACL has become an Associate Company and not a subsidiary company with effect from 1st April 2014. In view of this, the Indian and European step down subsidiaries of SACL are also not subsidiaries of the Company from that date.

**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 for a period of three consecutive years from the conclusion of the ensuing Annual General Meeting, pursuant to Section 139(2) of the Companies Act, 2013 read with Rule 6 (3) of the Companies (Audit and Auditors) Rules 2014. As required under the Proviso to Section 139(1) of the Companies Act 2013, the Company has obtained the written consent and certificate from M/s. P N Raghavendra Rao & Co. to the effect that their appointment, if made, will be in accordance with the conditions prescribed and that they satisfy the eligibility criteria provided in the said Act and Rules.

**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 2014. The due date of filing the Cost Audit Report is 27th September 2014.

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 2015. The remuneration to the Cost Auditors for the said financial year is subject to ratification by the shareholders in the ensuing Annual General Meeting.

For the year ended 31st March 2013, the due date for filing cost audit report for the Sugar, Industrial Alcohol and Power Divisions in XBRL mode, was 27th September 2013. The actual date of filing the cost audit reports was 27th September 2013.

**CONSERVATION OF ENERGY****a) Energy Conservation measures taken:**

In Sakthinagar, Grid separator system was provided in boiler to collect the un-burnt fly ash before APH and re-fire it in boiler furnace to improve the boiler efficiency.

**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:**

Increase in efficiency of boiler resulting in reduction in cost of fuel.

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 (i) the entire funded interest under the CDR Scheme included in Other Non-Current Assets will be written off during the financial year ending 31st March 2015 in four equal quarterly instalments; and (ii) the unprovided interest and guarantee commission to the holding company will be accounted subject to the approval of the CDR Empowered Group.

**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  
14<sup>th</sup> August 2014

N MAHALINGAM  
Chairman



## ANNEXURE - 1

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2014  
ENERGY CONSERVATION MEASURES

## FORM A

Disclosure of particulars with respect to conservation of energy

Particulars	Current Year	Previous Year
<b>A. POWER AND FUEL CONSUMPTION</b>		
<b>1. ELECTRICITY:</b>		
a) Purchased Units	<b>5930897</b>	5239522
Total Amount (Rs.in lakhs)	<b>428.10</b>	377.73
Rate/Unit (Rs.)	<b>7.22</b>	7.21
b) Own Generation		
i) Through Diesel Generator Units	<b>780071</b>	1877731
Diesel Oil (Ltrs)	<b>241807</b>	554137
Total Consumption Value	<b>132.92</b>	258.74
Units per Ltr of Diesel Oil	<b>3.23</b>	3.39
Cost/Unit (Rs.)	<b>17.04</b>	13.78
ii) Through Steam Turbine/Generator - Units	<b>61456923</b>	93029722
Units per Ltr of Fuel Oil/Gas	--	--
Cost/Unit	*	*
2. COAL		
Quantity (Tonnes)	<b>851.260</b>	1009.120
Total Cost (Rs.in lakhs)	<b>35.84</b>	52.70
Average Rate per Tonne (Rs.)	<b>4210.23</b>	5222.37
3. FURNACE OIL		
Quantity (KL)	<b>1.000</b>	25.500
Total Cost (Rs.in lakhs)	<b>0.40</b>	11.45
Average Rate per Litre (Rs.)	<b>40.00</b>	44.90
4. OTHERS/INTERNAL GENERATION		
a) Bagasse (MT)	<b>161812</b>	286976
Total Cost	--	**
Rate/Unit	--	--
b) Bio Gas		
Quantity (Cu.Mtr)	<b>2972180</b>	1869531
Total Cost	--	**
Rate/Unit	--	--
c) Paddy Husks		
Quantity (Tonnes)	<b>5588.654</b>	5106.358
Total Cost (Rs.in lakhs)	<b>262.51</b>	242.44
Rate/Unit (Rs.)	<b>4697.20</b>	4747.81

\* 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)	<b>34.98</b>	<b>0.30</b>	<b>231.63</b>	28.81	0.27	237.92
Furnace Oil (Ltrs)	--	--	<b>0.04</b>	--	--	0.21
Coal (MTs)	--	--	<b>0.01</b>	--	--	0.01
Others : Bio-gas (Cu.Mtrs)	--	<b>0.08</b>	--	--	0.04	--

On behalf of the Board of Directors

Coimbatore  
14<sup>th</sup> August 2014N 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
  - a) Bio-compost production with minimum raw material along with fly ash and lagoon sludge to enrich the fertilizer value of compost.
  - b) Laid out trials to ascertain the resistance to red rot disease for the sugarcane varieties under pipeline.
2. Benefits derived as a result of the above R&D
  - a. Maximisation of biomass recycle as fertilizer and removal of sludge from treatment units.
  - b. Reduced cost of cultivation
3. Future plan of action  
Strategies and measures to increase mechanical harvester efficiency  
Introduction of new varieties and drip irrigation in sugarcane field to supplement Post monsoon irrigation.
4. Expenditure on Research and Development (Rs.in lakhs)

a) Capital	--
b) Recurring	53.13
c) Total	53.13
d) Total R&D expenditure as a percentage of total turnover	0.08
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.4501.77 lakhs and soya products value dat Rs.2454.90 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	<u>6856.06</u>
Foreign Exchange used :	
1. Outgo :	
a) Professional fees	10.82
b) Travelling Expenses	6.24
c) Subscription and Membership Fees	0.83
d) Commission and others	<u>6.46</u>
	24.35
2. Import :	
Capital Goods	5.81
Total	<u>30.16</u>

On behalf of the Board of Directors

Coimbatore  
14<sup>th</sup> August 2014

N MAHALINGAM  
Chairman



## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY

The Company's philosophy on corporate governance endeavors 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, Executive Vice Chairman, Managing Director, Joint Managing Director and an Executive Director and six Non-Executive Directors including two Directors nominated by Financial Institution and Bank.

The Non-Executive Chairman, Executive Vice Chairman, Managing Director and Joint Managing Director 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 6 times during the financial year on 28.5.2013, 28.6.2013, 12.8.2013, 24.9.2013, 12.11.2013 and 11.2.2014. 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 2013-2014 Attendance at		As on 30.05.2014		
		Board	Last AGM	No. of other Directorships (1)	Committee Position (2)	
					Chairman	Member
Dr N Mahalingam Chairman	Promoter Non-Executive	4	Yes	4		
Dr M Manickam Executive Vice Chairman	Promoter Executive	3	No	10	2	-
Sri M Balasubramaniam Managing Director	Promoter Executive	6	Yes	12	1	4
Sri M Srinivaasan Joint Managing Director	Promoter Executive	6	Yes	9	-	
Sri V K Swaminathan Executive Director	Non-Promoter Executive	6	Yes	1		1
Sri P K Chandran	Independent Non-Executive	6	Yes	--		
Sri S S Muthuvelappan	Independent Non-Executive	6	Yes	--		



Name of the Director	Category of Directorship	Financial Year 2013-2014 Attendance at		No. of other Directorships (1)	As on 30.05.2014	
		Board	Last AGM		Committee Position (2)	
					Chairman	Member
Sri N K Vijayan	Independent Non-Executive	6	Yes	--		
Sri C Rangamani	Independent Non-Executive	5	Yes	1	-	-
Sri S Doreswamy (resigned w.e.f. 24.3.2014)	Independent Non-Executive	6	No	4	3	4
Sri B Elangovan Nominee of TIDCO	Independent Non-Executive	2	No	4		2
Sri V M Manogaran (withdrawn as nominee of IDBI Bank w.e.f. 1.2.2014)	Independent Non-Executive	2	No			
Sri T A Ganesh (Nominee of IDBI Bank from 1.2.2014)	Independent Non-Executive	1	No			

(1) Excluding directorships in private limited companies and Section 25 company

(2) Includes only Audit and Shareholders/Investors/Grievance Committees

#### c. Code of Conduct and Ethics

The Company has adopted a Code of Conduct for all Board Members and Senior Management Team of the Company. All Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. A declaration to this effect duly signed by the 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 11.2.2014 and 30.5.2014. At present the Audit Committee comprises the following Directors as its members:

Sri C Rangamani, Chairman  
Sri M Balasubramaniam  
Sri N K Vijayan, and  
Sri T A Ganesh

Except Sri M Balasubramaniam, Managing Director, other members of the Committee are Independent Non-Executive Directors for the purpose of Clause 49 of the Listing Agreement.

The Audit Committee met 5 times during the financial year on 28.5.2013, 12.8.2013, 24.9.2013, 12.11.2013 and 11.2.2014 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	4
Sri S Doreswamy*	5	5
Sri M Balasubramaniam	5	5
Sri N K Vijayan	5	5
Sri V M Manogaran**	5	1
Sri T A Ganesh**	5	--

\* Resigned on 24.3.2014

\*\*Sri V.M.Manogaran, Nominee of IDBI Bank, was substituted by Sri T.A.Ganesh with effect from 1.2.2014



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, Executive Vice Chairman, Managing Director, Joint Managing Director 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 Remuneration Committee met 2 times during the financial year on 28.6.2013 and on 12.11.2013 and all the members of the committee were present in both the meetings.

Nomination and Remuneration Committee has been constituted on 30.5.2014 in place of the Remuneration Committee pursuant to the requirement of Section 178 of the Companies Act 2013 and the Listing Agreement.

The details of (a) remuneration paid to the Chairman, Executive Vice Chairman, Managing Director, Joint Managing Director 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 31.3.2014 are given below:

<b>Name of the Director</b>	<b>Salary</b>	<b>Perquisites</b>	<b>Sitting Fees</b>	<b>Total</b>	<b>No. of Equity Shares held</b>
					<b>(Rs. in lakhs)</b>
Dr N Mahalingam	-	-	0.40	0.40	145100
Dr M Manickam	18.00	5.73	-	23.73	1914200
Sri M Balasubramaniam	2.90	0.92	-	3.82	337325
Sri M Srinivaasan	9.71	3.09	-	12.80	201000
Sri V K Swaminathan	7.20	5.66	-	12.86	2400
Sri PK Chandran	-	-	0.90	0.90	6424
Sri S SMuthuvelappan	-	-	0.90	0.90	2770
Sri N K Vijayan	-	-	1.10	1.10	1850
Sri C Rangamani	-	-	1.20	1.20	500
Sri S Doreswamy	-	-	1.10	1.10	500
Sri B Elangovan	-	-	0.20	0.20	-
Sri V M Manogaran	-	-	0.30	0.30	-
Sri T A Ganesh	-	-	0.10	0.10	-

1. Dr.M.Manickam, Executive Vice Chairman, was paid remuneration as per the terms of appointment approved by the members of the Company/Central Government. The abovesaid remuneration consists of fixed component only. The Company does not have any service contract with the Executive Vice Chairman.
2. Sri M Balasubramaniam, Managing Director, was paid remuneration as per the terms of appointment as Joint Managing Director-Finance by the members of the Company/Central Government for the period from 1.4.2013 to 27.6.2013. He was appointed as Managing Director of the Company effective from 28.6.2013, subject to the approval of the Central Government, which is yet to be received. As such he has not been paid remuneration from 28.6.2013 onwards. He is entitled for the said remuneration upon receipt of approval from the Central Government. The abovesaid remuneration consists of fixed component only. The Company does not have any service contract with the Managing Director.



3. Sri M Srinivaasan, Joint Managing Director, was paid remuneration as per the terms of appointment as Joint Managing Director by the members of the Company/Central Government for the period from 1.4.2013 to 22.1.2014. He was reappointed as Joint Managing Director of the Company effective from 23.1.2014, subject to the approval of the Central Government, which is yet to be received. As such he has not been paid remuneration from 23.1.2014 onwards. He is entitled for the said remuneration upon receipt of approval from the Central Government. The abovesaid remuneration consists of fixed component only. The Company has entered into an agreement with Joint Managing Director relating to his reappointment, subject to the approval of the Central Government.
4. 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.
5. No severance fee is payable to the Directors on termination of employment.
6. 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 30.6.2013, 30.9.2013, 31.12.2013 and 31.3.2014.

The Shareholders / Investors Grievance Committee is to look in to the redressal of share holders / 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 15 complaints from the shareholders during the financial year 2013-14. All the complaints were redressed to the satisfaction of the shareholders. No share transfer was pending as on 31.3.2014.

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 had 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 were placed before the Board of Directors of the Company.

In view of the change in the definition of subsidiary company in the Companies Act, 2013, Sakthi Auto Component Limited (SACL) and its step down subsidiaries are not subsidiaries of the Company with effect from 1.4.2014. With effect from that date SACL is an Associate Company within the meaning of Section 2(6) of the Companies Act, 2013. The nomination of a Director made by the Company on the Board of SACL pursuant to clause 49(III) (i) of the Listing Agreement has been withdrawn.

**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
49 <sup>th</sup>	29.09.2011 (15 Months)	Registered office at sakthinagar Bhavani Taluk, Erode District	3.15 p.m
50 <sup>th</sup>	20.09.2012	- do -	3.15 p.m
51 <sup>st</sup>	30.09.2013	- do -	3.15 p.m



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

Date of AGM	Special Resolutions with respect to -
29.09.2011 (49 <sup>th</sup> AGM)	Nil
20.09.2012 (50 <sup>th</sup> AGM)	Nil
30.09.2013 (51 <sup>st</sup> AGM)	Amendment to Article 125 of the Articles of Association

The following Special Resolutions were passed on 20th March 2014 through Postal Ballot:

- a. Authorisation of the Company's CDR Scheme as required under Regulation 10(2) of SEBI (Substantial Acquisition and Takeover) Regulations 2011.
- b. Amendment of Article 3 of the Regulation relating to Share Capital of the Articles of Association of the Company.
- c. Issue of 5,94,05,940 equity shares of Rs.10 each at a price of Rs.30.30 per shares to ABT Limited on Preferential Issue basis under Section 81(1A) of the Companies Act, 1956.

#### **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 transactions 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 in the preparation of financial statements and has not adopted a treatment different from that prescribed in the Accounting Standards.

The amount of Rs.180 crores brought into the Company by A B T Limited against which equity shares were allotted on preferential basis pursuant to the approved CDR Scheme had been utilized for re-payment of principal and payment of interest to banks as stipulated in the CDR Scheme.

#### **CEO/CFO CERTIFICATION**

The Managing Director and the Chief Financial Officer have certified to the Board in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31st March 2014.

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](http://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 appointment/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 : Tuesday, 30<sup>th</sup> September 2014  
Time : 2.45 p.m.  
Venue : Sakthi Nagar - 638 315,  
Erode District, Tamilnadu

## Financial Calendar for the financial year

Results for the quarter ending : From 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015  
30<sup>th</sup> June 2014 : Result announcement  
30<sup>th</sup> September 2014 : On or before 14<sup>th</sup> August 2014  
31<sup>st</sup> December 2014 : On or before 14<sup>th</sup> November 2014  
31<sup>st</sup> March 2015 (Audited) : On or before 14<sup>th</sup> February 2015  
Cut-off Date (Record Date) for the purpose of exercising voting rights : On or before 30<sup>th</sup> May 2015  
Date of Book Closure for the purpose of Annual General Meeting : 22nd August 2014  
Annual General Meeting : 27th September 2014 to 30<sup>th</sup> September 2014 (both days inclusive)  
Annual General Meeting : 30<sup>th</sup> September 2014

**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. 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

As Madras Stock Exchange Limited (MSE) has applied to SEBI for voluntary exit as a Stock Exchange, the Board of Directors at its meeting held on 14.8.2014 has approved voluntary delisting of the Company's equity shares from MSE.

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

	Series A	Series B
No.of Bonds Issued	200	400
No.of Bonds Converted	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.

In respect of FCCB (Series B), the Board of Directors has approved a Draft Scheme of Arrangement. This Scheme is subject to approval of stock exchanges, SEBI, RBI and shareholders and bondholders of the Company and sanction of the Scheme by the High Court of Judicature at Madras.

**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 2013 to March 2014 are given below:

Month		NSE		BSE		SENSEX (BSE)	
		High	Low	High	Low	High	Low
April	2013	25.80	18.50	25.65	18.65	19,623	18,144
May	2013	21.08	16.00	20.85	16.00	20,444	19,451
June	2013	17.00	13.15	17.10	13.35	19,860	18,467
July	2013	16.65	12.65	16.60	12.53	20,351	19,127
August	2013	14.15	11.70	14.12	11.62	19,569	17,449
September	2013	15.65	12.90	15.45	12.61	20,740	18,166
October	2013	17.80	13.35	17.75	13.50	21,205	19,265
November	2013	17.85	13.50	17.65	13.50	21,322	20,138
December	2013	18.00	14.20	19.00	15.00	21,484	20,569
January	2014	16.30	12.80	16.25	13.00	21,410	20,344
February	2014	15.95	11.00	16.00	12.35	21,141	19,963
March	2014	19.75	14.30	20.90	14.35	22,467	20,921

**REGISTRAR AND SHARE TRANSFER AGENTS**

Registered Office:  
Link Intime India Pvt. Ltd.,  
C-13, Parnalal 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, Sowrispalayam 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 31<sup>st</sup> March 2014**

Shareholdings	No.of shareholders	% of shareholders	Number of Shares	% of shareholding
1 - 500	38323	85.21	5179989	5.38
501 - 1000	3328	7.40	2735508	2.84
1001 - 2000	1602	3.56	2439736	2.54
2001 - 3000	600	1.33	1536007	1.60
3001 - 4000	267	0.59	960308	1.00
4001 - 5000	234	0.52	1110192	1.15
5001 - 10000	385	0.86	2818528	2.93
10001 & above	232	0.53	79433011	82.56
Total	44971	100.00	96213279	100.00

**Shareholding pattern as on 31<sup>st</sup> March 2014**

Category	No.of Shares held	% of shareholding
Promoters & Promoters Group	72103177	74.94
Nationalised Banks/other Banks	40600	0.04
Central / State Government Institutions	919099	0.96
Mutual Funds	6960	0.01
FIIs/NRIs	1010624	1.05
Private Bodies Corporate	3176176	3.30
Public	18956643	19.70
Total	96213279	100.00

**DEMATERIALISATION OF SHARES AND LIQUIDITY**

The shares of the Company are in compulsory demat segment. The Company's shares are available for demat both with 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 31<sup>st</sup> March 2014, 9,47,69,234 equity shares of the Company representing 98.50% 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. The details of unclaimed shares as on 31.3.2014 are given below:

Particulars	No. of Shares	No. of Shareholders
Outstanding at the beginning of the year (01.04.2013)	127511	2803
Shareholders approached for transfer during the year	380	8
Transferred during the year	380	8
Outstanding at the end of the year (31.03.2014)	127131	2795

**OTHER FACILITIES TO SHAREHOLDERS****a. Nomination Facility**

The Company is accepting nomination 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
<b>ADDRESS FOR CORRESPONDENCE</b>	:	Sakthi Sugars Limited 180, Race Course Road Coimbatore - 641 018 Phone Nos: 0422-4322222, 2221551 Fax Nos.: 0422-2220574, 4322488 E-mail : <a href="mailto:shares@sakthisugars.com">shares@sakthisugars.com</a> website : <a href="http://sakthisugars.com">sakthisugars.com</a>



## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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

## COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

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

- Separate Office is maintained for non-executive Chairman at the Company's expense.
- The tenure of Independent Directors is not being restricted to the period of 9 years in the aggregate since the Board of Directors is unanimously of the opinion that the length of the tenure on the Board would not have any material negative impact on the performance of Independent Directors and discharge of their duties towards the Company.
- The Company has constituted a Remuneration Committee. The Chairman of the Remuneration Committee was present at the last Annual General Meeting.
- The quarterly/half yearly financial results are published in leading English newspapers and also in Tamil Newspapers circulating in the district where the Registered Office of the Company is situate and are also hosted on the Company's website [www.sakthisugars.com](http://www.sakthisugars.com) and on the website [www.corpfiling.co.in](http://www.corpfiling.co.in). 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.

Necessary steps are being taken to comply with the requirements of the amended Clause 49 of the Listing Agreement within the time stipulated thereunder.

On behalf of the Board of Directors

Coimbatore  
14<sup>th</sup> August 2014

N MAHALINGAM  
Chairman

## Annual Declaration by 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 as applicable as on date, 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 31.03.2014.

Coimbatore  
14<sup>th</sup> August 2014

M BALASUBRAMANIAM  
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 31<sup>st</sup> March 2014, 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  
(Firm Regn. No. : FRN003328S)

Coimbatore  
14<sup>th</sup> August 2014

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. Implementation of another cogeneration plant of 25 MW per hour capacity at Sakthinagar is slowed down on account of financial constraints.

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 16.54 lakh MT with an average sugar recovery of 8.82% of sugar from the cane crushed. The Company has sold 13.00 lakh quintals of sugar valued at Rs.386.08 crores. In Distillery Division 354.33 lakh Litres of Industrial Alcohol was produced for the year ended 31st March 2014. In the cogeneration plants 1614.96 lakh units of power was generated of which 944.89 Lakh units of power was exported to the State grid.

### Industry Structure and Developments

Sugar production for the sugar season 2013-14 is expected to be 25 million tonnes despite delayed monsoon which is almost same as that of the last season at 25.1 Million tonnes. In Tamilnadu, there is considerable reduction in production of sugar due to drought condition that prevailed during the planting period.

Although there has been slight increase in sugar price, the spurt has not lasted long and the trend tends to be softened. With ever increasing cost of cane, there is no corresponding increase in the market price for sugar. The measures taken by the Central government by announcing incentive for export of raw sugar for supporting the domestic sugar market has a positive impact for the industry.

Over the past few years, the continuous rise in cane prices has resulted in non-viability with consequential arrears towards cane supply. The SEFASU scheme for provision of interest free loans to companies has helped the industry to reduce its level of arrears to certain extent. It is expected that the sugar season 2014-15 may have surplus production over consumption on all India basis and the possibility of getting increased price for sugar is remote.

### Opportunities

India is the largest consumer and second largest producer of sugar in world. Sugar is an essential item of mass consumption and with increase in income and spending power, the consumption pattern of rural India is changing. The consumption of sugar is increasing and there is scope for further increase in demand as India is still lagging behind from many advanced countries in respect of per capita consumption of sugar. Thus there are opportunity in production and consumption of higher quantity of sugar in coming period. Further there is no alternative to sugar as sweetener having mass consumption.

There is possibility of increasing the quantum of admixture of ethanol with petrol beyond 5% which will have a positive impact on the realization for sugar and alcohol.

The demand and price for power may go up when Government permits sale of power to third parties / captive consumption.

### Threats

Being an agro based industry, the operations are subject to the vagaries of monsoon.

Unreasonable increase in cane price in comparison to sugar selling price makes the sugar sector unviable.



#### **Segment wise and Product wise performance**

Segment wise results are given in the accounts for the year ended 31.3.2014. 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.71035.74 lakhs (Rs. 117365.98 lakhs). The year has ended with a loss of Rs.23437.69 lakhs after providing Rs.18590.93 lakhs for finance cost and Rs.6638.21 lakhs for depreciation and amortization expense (previous year loss Rs. 11747.76 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 on the rolls of the Company was 1769 as at the financial year ended on 31st March 2014. 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  
14<sup>th</sup> August 2014

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, 2014, 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 notified under 'the Companies Act, 1956' (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of Ministry of Corporate Affairs in respect of the section 133 of the Companies Act 2013. 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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.

### Basis for Qualified Opinion

6. *In our opinion, a sum of Rs.40.40 Crores included in Other Non-current Assets requires to be written off and the loss of the Company is under stated to that extent.*
7. *The Company has not provided for the interest and guarantee commission claim of Rs.44.10 Crores by its holding company. Hence in our opinion, the losses of the Company are under stated to that extent.*

### Qualified Opinion

8. In our opinion, and to the best of our information and according to the explanations given to us, except for the effect of the matters stated in the Basis for Qualified Opinion paragraph, 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, 2014;
  - (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.

### Emphasis of Matter

9. We draw attention to Note No, 38(A) (iii) to the financial statement which specifies the claim challenged by the Company. Our opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

10. 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.



11. 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 matters referred to in the Basis for Qualified Opinion paragraph, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated September 13, 2013 of Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013; and
- (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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  
(Firm Regn. No. : FRN003328S)

Coimbatore  
30<sup>th</sup> May 2014

P.R.VITTEL  
Partner  
Membership Number : 018111

**Annexure referred to in paragraph 10 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 the information and explanations given to us, the Company has taken unsecured loan amounting to Rs.57.44 crores from companies covered in the register maintained under section 301 of the Act. The maximum amount involved during the year is Rs.240.15 crores. The terms and conditions of the loan are 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 certain occasions.

(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 explanation given to us and records of the Company, the statutory dues that have not been deposited on account of any dispute are as under:

Name of the Statute	Nature of dues	Amount (Rs. in Crores)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax	60.85 0.46	2009-10 & 2010-11 2008-09	Commissioner of Income Tax (Appeals) Coimbatore. Income Tax Appellate Tribunal, Chennai.
Tamilnadu General Sales Tax Act, 1959	Sales Tax	11.19 0.28	1983-84 to 1995-96 2000-01	Madras High Court, Chennai. Additional Commissioner (CT)/(RP), Chennai.
The Central Excise Act, 1944	Excise Duty	11.66 4.45 0.09 0.13	2002-03, 2006-07 2006-07, 2008-2010 2006-07, 2009, 2009-2011 1992-93	Madras High Court, Chennai. CESTAT, Chennai. Commissioner of Central Excise (Appeals). High Court of Orissa, Cuttack.
Finance Act, 1994	Service Tax	3.56 0.18	2005, 2006, 2007 & 2008, 2009-2011 2006, 2009-10, 2010-11 & 2011-12	CESTAT, Chennai. Commissioner of Central Excise (Appeals).
PWD, State Govt. of Tamilnadu	Water Charges	9.04	1964-65 to 1999-2000 & 1993-94 to 2014	Madras High Court, Chennai.
Orissa Irrigation Act, 1959	Water Charges	0.06	2004-05, 2005-06	High Court of Orissa, Cuttack.
Tamilnadu Prohibition Act, 1937	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.

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 of Default	Amount since paid (Rs. in Crores)
Principal	101.10	April 2012 to February 2014	0.90 (3rd May, 2014)
Interest	55.56	April 2012 to February 2014	0.32 (3rd May, 2014)



b) Default in repayment of dues to an Institution:

Particulars	Amount of Default (Rs. in Crores)	Period of Default	Amount since paid (Rs. in Crores)
Principal	14.37	January 2012 to February 2014	Nil
Interest	5.41	January 2012 to February 2014	Nil

c) The Company has not issued 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 loans taken by its subsidiaries the outstanding amounts as at March 31, 2014 is Rs.423.29 crores (Previous year Rs.375.05 crores). Based the Management 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 utilized 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. According to the information and explanations given to us, the Company has made preferential allotment of shares, during the year, to a company covered in the register maintained under section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.

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  
(Firm Regn. No. : FRN003328S)

Coimbatore  
30<sup>th</sup> May 2014

P R VITTEL  
Partner  
M. No. 018111

**BALANCE SHEET AS AT 31.03.2014**

(Rs. in lakhs)

	Note No.	As at 31.03.2014	As at 31.03.2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	1	<b>9,621.33</b>	3,680.73
(b) Reserves and Surplus	2	<b>35,747.43</b>	45,104.44
		<b>45,368.76</b>	48,785.17
<b>(2) NON-CURRENT LIABILITIES</b>			
(a) Long term borrowings	3	<b>58,263.36</b>	86,542.58
(b) Other long term liabilities	4	<b>2,731.96</b>	2,719.53
(c) Long term provisions	5	<b>2,201.35</b>	1,999.49
		<b>63,196.67</b>	91,261.60
<b>(3) CURRENT LIABILITIES</b>			
(a) Short term borrowings	6	<b>12,883.88</b>	9,603.93
(b) Trade payables		<b>27,470.37</b>	27,252.03
(c) Other current liabilities	7	<b>54,136.26</b>	41,189.18
(d) Short term provisions	8	<b>7,197.38</b>	709.29
		<b>101,687.89</b>	78,754.43
<b>TOTAL (1 to 3)</b>		<b>210,253.32</b>	218,801.20
<b>II. ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
(a) Fixed Assets			
(i) Tangible assets	9	<b>101,383.03</b>	106,820.83
(ii) Intangible assets	10	<b>14,581.89</b>	17,947.44
(iii) Capital work-in-progress		<b>14,893.43</b>	14,874.96
		<b>130,858.35</b>	139,643.23
(b) Non-current investments	11	<b>16,308.62</b>	16,311.38
(c) Deferred tax assets (net)		<b>11,234.50</b>	3,735.14
(d) Long term loans and advances	12	<b>21,796.13</b>	22,124.96
(e) Other non-current assets	13	<b>7,262.25</b>	8,203.82
		<b>187,459.85</b>	190,018.53
<b>(2) CURRENT ASSETS</b>			
(a) Inventories	14	<b>13,084.28</b>	9,894.36
(b) Trade receivables	15	<b>4,571.08</b>	11,073.66
(c) Cash and cash equivalents	16	<b>683.96</b>	1,616.78
(d) Short term loans and advances	17	<b>4,179.16</b>	5,901.67
(e) Other current assets	18	<b>274.99</b>	296.20
		<b>22,793.47</b>	28,782.67
<b>TOTAL (1 and 2)</b>		<b>210,253.32</b>	218,801.20

The Notes form part of these financial statements.

Vide our report annexed  
 For P N RAGHAVENDRA RAO & Co  
 Chartered Accountants  
 (Firm Regn. No. : FRN003328S)

P R VITTEL  
 Partner  
 M. No. 018111

Coimbatore  
 30<sup>th</sup> May 2014

M MANICKAM  
 Executive Vice Chairman

M BALASUBRAMANIAM  
 Managing Director

S BASKAR  
 Senior Vice President - Finance &  
 Company Secretary



# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2014

(Rs. in lakhs)

	Note No.	Year Ended 31.03.2014	Year Ended 31.03.2013
<b>I. Revenue from Operations (Gross)</b>		<b>71,704.59</b>	118,989.97
Less : Excise duty		976.48	1,948.62
Revenue from Operations (Net)	19	<b>70,728.11</b>	117,041.35
<b>II. Other Income</b>	20	<b>307.63</b>	324.63
<b>III. Total Revenue (I + II)</b>		<b>71,035.74</b>	117,365.98
<b>IV. Expenses:</b>			
Cost of material consumed	21	57,541.21	88,338.32
Purchase of stock in trade	22	381.74	1,017.72
Changes in inventories of finished goods, work-in-progress and stock in trade	23	(4,696.83)	(328.40)
Employee benefits expense	24	5,948.73	6,027.08
Finance costs	25	18,590.93	13,680.63
Depreciation and amortization expense	26	6,638.21	6,598.08
Other expenses	27	10,069.44	13,780.31
Total expenses		<b>94,473.43</b>	129,113.74
<b>V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)</b>		<b>(23,437.69)</b>	(11,747.76)
<b>VI. Exceptional Items</b>		--	--
<b>VII. Profit/(Loss) before extraordinary items and tax (V-VI)</b>		<b>(23,437.69)</b>	(11,747.76)
<b>VIII. Extraordinary Items</b>		--	--
<b>IX. Profit/(Loss) before tax (VII-VIII)</b>		<b>(23,437.69)</b>	(11,747.76)
<b>X. Tax Expense:</b>			
1. Current tax		--	--
2. Deferred tax		(7,499.36)	(3,005.37)
		<b>(7,499.36)</b>	(3,005.37)
<b>XI. Profit/(Loss) for the year from continuing operations (IX-X)</b>		<b>(15,938.33)</b>	(8,742.39)
<b>XII. Earnings per equity share of Rs.10/- each:</b>			
1. Basic		(42.00)	(23.75)
2. Diluted		(42.00)	(23.75)

The Notes form part of these financial statements.

Vide our report annexed

For P N RAGHAVENDRA RAO & Co  
Chartered Accountants

(Firm Regn. No. : FRN003328S)

P R VITTEL  
Partner  
M. No. 018111

Coimbatore  
30<sup>th</sup> May 2014

M MANICKAM  
Executive Vice Chairman

M BALASUBRAMANIAM  
Managing Director

S BASKAR  
Senior Vice President - Finance &  
Company Secretary



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014

(Rs. in lakhs)

Particulars	2013-14	2012-13
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax as per statement of Profit and Loss	(23,437.69)	(11,747.76)
Adjustment for:		
Depreciation and Amortisation Expense	6,638.21	6,598.08
Finance Costs	18,590.93	13,680.63
Miscellaneous Expenses & Other exp. written off	164.26	199.38
Provision for diminution in value of Investments	2.76	(6.68)
Loss on Sale of Assets	0.66	-
Dividend Income	(14.84)	(14.21)
Interest Income	(141.34)	(156.31)
Profit on Sale of Assets	(4.55)	(0.03)
	<b>25,236.09</b>	20,300.86
Operating Profit before Working Capital Changes	1,798.40	8,553.10
Adjustment for:		
Inventories	(3,189.92)	2,004.54
Trade and Other Receivables	6,474.76	(634.79)
Other Current Assets	(19.51)	2,876.35
Loans and Advances	1,380.29	1,116.71
Trade and Other Payables	1,545.38	8,177.91
	<b>6,191.00</b>	13,540.72
Cash Generated from Operations	7,989.40	22,093.82
Income Tax Paid	(6.63)	(12.03)
Net Cash from Operating Activities	<b>7,982.77</b>	22,081.79
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(182.29)	(3,202.27)
Sale of Fixed Assets	14.41	2.20
Investment Income	156.18	170.52
Advance to Subsidiary/Related Parties	513.42	(3,974.90)
Net Cash from/(used) in Investing Activities	<b>501.72</b>	(7,004.45)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Issue of Equity Shares	5,940.60	-
Premium on Issue of Equity Shares	12,059.41	-
Finance Costs Paid	(9,937.54)	(13,106.30)
Proceeds from Long Term Borrowings	900.00	644.00
Repayment of Long Term Borrowings	(3,508.10)	(11,360.08)
Short Term Borrowings (net)	2,170.73	(822.97)
Loans from Related Parties (net)	(17,042.41)	3,605.50
Net Cash used in Financing Activities	<b>(9,417.31)</b>	(21,039.85)
Net Increase in Cash and Cash Equivalents	(932.82)	(5,962.51)
Opening Balance of Cash and Cash Equivalents	<b>1,616.78</b>	7,579.29
Closing Balance of Cash and Cash Equivalents	<b>683.96</b>	1,616.78

Vide our report annexed

For P N RAGHAVENDRA RAO & Co  
Chartered Accountants

(Firm Regn. No. : FRN003328S)

P R VITTEL  
Partner  
M. No. 018111

Coimbatore  
30<sup>th</sup> May 2014

M MANICKAM  
Executive Vice Chairman

M BALASUBRAMANIAM  
Managing Director

S BASKAR  
Senior Vice President - Finance &  
Company Secretary



## NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

As at 31.03.2014

As at 31.03.2013

### NOTE No. 1

#### SHARE CAPITAL

##### Authorised

11,00,00,000 Equity Shares of Rs.10 each  
(5,00,00,000)

50,00,000 Preference Shares of Rs.100 each  
(50,00,000)

11,000.00  
5,000.00

5,000.00  
5,000.00

16,000.00  
10,000.00

##### Issued

9,63,29,948 Equity Shares of Rs.10 each  
(3,69,24,008)

9,632.99  
3,692.40

9,632.99  
3,692.40

##### Subscribed and Paid up

9,62,13,279 Equity Shares of Rs.10 each fully paid up  
(3,68,07,339)

9,621.33  
3,680.73

TOTAL

9,621.33  
3,680.73

#### Reconciliation of Number of Shares

Equity Shares at the beginning of the year

Add: Shares issued/allotted on preferential basis

Equity Shares at the end of the year

No. of Shares

3,68,07,339

5,94,05,940

9,62,13,279

No. of Shares

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.

#### Shares held by the holding Company

ABT Limited 67463540 8057600

#### List of Shareholders holding more than 5%

ABT Limited 67463540 8057600  
Dr.M.Manickam -- 1874200

#### Terms of security convertible into Equity Shares

##### Foreign Currency Convertible Bonds (FCCB)

- a. No. of bonds outstanding
- b. Date of maturity
- c. Value of bonds for conversion (Rs. in lakhs)
- d. Conversion price (Rs. Per share)
- e. Earliest date of conversion
- f. Date of expiry of conversion right

Series A

10	10
30.5.2009	30.5.2009
448.90	448.90
208.00	208.00
10.07.2006	10.07.2006
30.5.2019	30.5.2019

Series B

156	156
31.5.2011	31.5.2011
7,002.84	7,002.84
190.00	190.00
10.07.2006	10.07.2006
31.5.2021	31.5.2021

- a. No. of bonds outstanding
- b. Date of maturity
- c. Value of bonds for conversion (Rs. in lakhs)
- d. Conversion price (Rs. Per share)
- e. Earliest date of conversion
- f. Date of expiry of conversion right



## NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31.03.2014	As at 31.03.2013
<b>NOTE No. 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Capital reserve</b>		
Balance as per last Balance Sheet	625.24	625.24
<b>Capital redemption reserve</b>		
Balance as per last Balance Sheet	2,512.27	2,512.27
<b>Securities premium account</b>		
Balance as per last Balance Sheet	11,309.11	11,063.25
Add: Premium on Allotment of Shares during the year	12,059.41	--
Add: Premium on FCCB - Earlier year reversed	--	245.86
	<b>23,368.52</b>	11,309.11
Less:- Premium on FCCB	3,159.65	--
	<b>20,208.87</b>	11,309.11
<b>Revaluation reserve</b>		
Balance as per last Balance Sheet	42,077.67	44,403.31
Less: Depreciation on revalued assets (Refer Note No.26)	2,318.44	2,325.64
	<b>39,759.23</b>	42,077.67
<b>Subsidy from Government</b>		
Balance as per last Balance Sheet	44.23	44.23
<b>Surplus</b>		
Balance as per last Balance Sheet	(11,464.08)	(2,721.69)
Net Profit/(Loss) after tax	(15,938.33)	(8,742.39)
	<b>(27,402.41)</b>	(11,464.08)
	<b>35,747.43</b>	45,104.44
<b>NOTE No. 3</b>		
<b>LONG TERM BORROWINGS</b>		
<b>(a) Term Loans</b>		
Secured Loans		
From Banks	41,883.89	49,861.70
From Other Parties	4,569.40	5,912.53
	<b>46,453.29</b>	55,774.23
Unsecured Loans		
From Other Parties	6,370.06	7,174.24
	<b>6,370.06</b>	7,174.24
	<b>52,823.35</b>	62,948.47
<b>(b) Loans and advances from Related parties (Unsecured)</b>		
(For details please refer to Note No.35)	5,437.49	23,589.12
<b>(c) Long term maturities of finance lease obligations (Secured)</b>		
	2.52	4.99
	<b>58,263.36</b>	86,542.58
	<b>TOTAL</b>	

**NOTE No. 3 (Contd.)****NATURE OF SECURITY AND OTHER TERMS OF LONG TERM BORROWINGS:****A) SECURED LOANS FROM BANKS****Nature of Security**

1 Term loans amounting to Rs. 32233.46 lakhs (Rs.40387.27 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.1074.85 lakhs (Rs.1353.85 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

3 Term loans amounting to Rs.8120.58 lakhs (Rs. 8120.58 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.

4 Term Loan amounting to Rs.5 lakhs (Nil) out of sanctioned Limit of Rs.5000 lakhs sanctioned under SEFASU Scheme is secured/to be secured by

- a) Pari passu first charge on fixed assets pertaining to Co generation Plant at Sakthi Nagar.
- b) Subservient pari passu charge on the fixed assets of the Company after the existing CDR Loans, except the assets charged on exclusive basis.

5 Term Loan amounting to Rs.450 lakhs (Nil) is secured by

- a) First charge on the Company's property situated at 180 Race Course Road, Coimbatore.
- b) Subservient charge on the fixed assets of the Company after the existing CDR Loans, except the assets charged on exclusive basis.

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

7 Guarantees given by Directors/Others:

- a) Term Loans amounting to Rs.38029.89 lakhs (Rs.46457.70 lakhs) are guaranteed by Dr. N.Mahalingam, Dr. M.Manickam, Sri.M.Balasubramaniam and Sri. M.Srinivaasan.
- b) Term Loan amounting to Rs.3404 lakhs (Rs.3404 lakhs) is guaranteed by Dr. M.Manickam, Sri.M.Balasubramaniam and Sri. M.Srinivaasan.
- c) Term Loan amounting to Rs.450 lakhs (Nil) is guaranteed by Dr. M.Manickam.
- d) Term Loan amounting to Rs.3000 lakhs (Rs.3000 lakhs) is additionally secured by corporate guarantee and collateral security given by a group company.

**Terms of Repayment**

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

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

Term Loan of Rs.3000 lakhs (Rs.3000 lakhs) is repayable in 8 quarterly instalments 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 instalments 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 instalments commencing from September 2017.

Rate of Interest 12.75% p.a (12.75% p.a)

The Loan is repayable in 36 monthly instalments commencing from April 2016.

Rate of Interest Nil

The Loan is repayable in 10 quarterly instalments from January 2014.

Rate of Interest 11.50% p.a (Nil)

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

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

	Amount (Rs.in lakhs)	Period	Since paid (Rs. in lakhs)
Principal	10109.91 (4710.91)		90.00 (197.58)
Interest	5555.93 (2293.76)	Varying period from April 2012 to February 2014	32.49 (309.97)

**B) SECURED LOANS FROM OTHER PARTIES****Nature of Security**

- 1 Term loan amounting to Rs.1839.37 lakhs (Rs.2299.21 lakhs) is 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) 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.
- 2 Term loan amounting to Rs. 2168.73 lakhs (Rs.2891.65 lakhs) is secured by exclusive second charge on the assets of Sugar and Cogen units of the Company at Sivaganga.
- 3 Term loan amounting to Rs.561.30 lakhs (Rs.721.67 lakhs) is secured by exclusive second charge on the assets of Sugar and Cogen units of the Company at Modakuruchi.
- 4 Guarantees given by Directors:
 

Term Loans amounting to Rs.1839.37 lakhs (Rs.2299.21 lakhs) is guaranteed by Dr.N.Mahalingam, Dr. M.Manickam, Sri.M.Balasubramaniam and Sri. M.Srinivaasan.

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

	Amount (Rs.in lakhs)	Period	Since paid (Rs. in lakhs)
Principal	1437.01 (862.20)		-- (--)
Interest	540.50 (169.50)	Varying period from April 2012 to February 2014	-- (--)

**C) UNSECURED LOANS FROM OTHER PARTIES**

- i) Loan amounting to Rs.1395 lakhs (Rs.1485 lakhs).
- ii) Loan amounting to Rs.2710.48 lakhs (Rs.3349.43 lakhs) 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.

Rs. 315 lakhs (Rs.405 lakhs) is repayable in 7 (9) half yearly instalments and the balance amount of Rs.1080 lakhs (Rs.1080 lakhs) to be adjusted by supply of bagasse.

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

Repayable in 60 monthly instalments.

**D) FINANCE LEASE OBLIGATIONS**

Hire Purchase Loan amounting to Rs. 2.52 lakhs (Rs.4.99 lakhs) is secured by hypothecation of vehicles so financed.

Repayable in 36 monthly instalments.



(Rs. in lakhs)

As at 31.03.2014

As at 31.03.2013

**NOTE No. 4****OTHER LONG TERM LIABILITIES**

Other Payables

**2,731.96**

2,719.53

**NOTE No. 5****LONG TERM PROVISIONS**

Provision for employee benefits

**2,201.35**

1,999.49

**NOTE No. 6****SHORT TERM BORROWINGS**

(a) Loans repayable on demand

Secured Loans

From Banks

From Other Parties

**8,889.81**

6,398.40

**--**

1,856.46

**8,889.81**

8,254.86

Unsecured Loans

From Banks

From Other Parties

**1,000.00****--****1,043.00**

507.22

**2,043.00**

507.22

**10,932.81**

8,762.08

(b) Loans and advances from related parties (Unsecured)  
(For details please refer to Note No. 35)**1,951.07**

841.85

**TOTAL****12,883.88**

9,603.93

**NATURE OF SECURITY FOR SHORT TERM BORROWINGS****A) SECURED LOANS FROM BANKS**

- 1 Working capital loans amounting to Rs.5144.31 lakhs (Rs.4415.10 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 amounting to Rs.1495.65 lakhs (Nil) is 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.
  - c) Additionally secured by exclusive first charge on the Coke Bottling Plant at Sivaganga Unit.
- 3 Term Loan amounting to Rs.400 lakhs (Nil) is secured by receivables from TNEB against supply of power from co-generation plant at Sakthinagar.
- 4 Working capital loan (Bills Discounting facility) amounting to Rs.608.53 lakhs (Rs.1182.09 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.
- 5 Working capital loan (Bills Discounting facility) amounting to Rs.352.07 lakhs (Nil) is secured by receivables from TNEB against supply of power from co-generation plant at Sakthinagar.
- 6 Working capital loan amounting to Rs.889.25 lakhs (Rs. 801.21 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 immovable and movable assets of the Company's Sakthinagar Distillery Unit, Dhenkanal Sugar and Distillery Units and Soya Unit.

**NOTE No. 6 (Contd.)**

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

8 Guarantees given by Directors:

- Working capital loans amounting to Rs.5752.84 lakhs (Rs.5597.19 lakhs) are guaranteed by Dr. N.Mahalingam, Dr. M.Manickam, Sri.M.Balasubramaniam and Sri. M.Srinivaasan.
- Working capital loan amounting to Rs.889.25 lakhs (Rs.801.21 lakhs) is guaranteed by Dr. N.Mahalingam, and Dr. M.Manickam.
- Working capital loan amounting to Rs.1495.65 lakhs (Nil) is guaranteed by Dr. M.Manickam.
- Working capital loans amounting to Rs.752.08 lakhs (Nil) are guaranteed by Sri.M.Balasubramaniam and Sri. M.Srinivaasan.

**B) SECURED LOANS FROM OTHER PARTIES**

1 Bills Finance facilities amounting to Nil (Rs.1856.46 lakhs) are secured by

- Receivables from TNEB against supply of power from co-generation plants at Sakthinagar and Modakuruchi.
- Exclusive first charge on the fixed assets pertaining to Co-generation Plant at Sakthinagar.

2 Guarantees given by Directors:

Short term borrowing amounting to Nil (Rs.1856.46 lakhs) is guaranteed by Dr. M.Manickam, Sri.M.Balasubramaniam and Sri.M.Srinivaasan

(Rs. in lakhs)

As at 31.03.2014

As at 31.03.2013

**NOTE No. 7****OTHER CURRENT LIABILITIES**

Current maturities of long term debts	36,983.61	29,405.61
Current maturities of finance lease obligations	2.48	60.99
Interest accrued but not due on borrowings	136.67	282.75
Interest accrued and due on borrowings	9,549.31	4,926.34
Unclaimed dividends	19.00	33.90
Unclaimed matured deposits	1.15	3.00
Unclaimed matured debentures	4.06	5.10
Other Payables:		
Statutory remittance	568.13	729.15
Advance from customers	2,896.58	2,896.47
Other liabilities	3,328.81	2,178.71
Liabilities for capital expenditure	646.46	667.16
	7,439.98	6,471.49
TOTAL	54,136.26	41,189.18

**NOTE No. 8****SHORT TERM PROVISIONS**

Provision for employee benefits	168.46	141.92
Premium/interest payable on FCCB	6,326.04	--
Other provisions	702.88	567.37
TOTAL	7,197.38	709.29



## NOTES TO FINANCIAL STATEMENTS

### NOTE No. 9

#### TANGIBLE ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	AS ON 01.04.2013	ADDITIONS	DELETIONS / WRITTEN BACK	AS ON 31.03.2014	UPTO 31.03.2013	FOR THE YEAR	WITHDRAWN	UPTO 31.03.2014	AS ON 31.03.2013	AS ON 31.03.2014
A. Land	14024.28	-	-	14024.28	-	-	-	-	14024.28	14024.28
B. Buildings	20384.05	15.14	-	20399.19	2233.94	529.74	-	2763.68	18150.11	17635.51
C. Plant and equipment	94714.73	130.32	1.37	94843.68	20894.25	4927.78	0.19	25821.84	73820.48	69021.84
D. Furniture and fixtures	378.07	0.95	1.13	377.89	263.42	13.70	0.61	276.51	114.65	101.38
E. Vehicles	1104.23	0.30	28.53	1076.00	715.21	67.29	21.14	761.36	389.02	314.64
F. Office equipment	1246.60	17.11	2.85	1260.86	947.91	52.60	1.42	998.09	298.69	261.77
G. Others (Dev of property eco friendly trees)	23.60	-	-	23.60	-	-	-	-	23.60	23.60
<b>Total</b>	<b>131875.56</b>	<b>163.82</b>	<b>33.88</b>	<b>132005.50</b>	<b>25054.73</b>	<b>5591.11</b>	<b>23.36</b>	<b>30622.48</b>	<b>103820.83</b>	<b>101383.03</b>
H. Work in progress	14874.96	50.50	32.03	14893.43	-	-	-	-	14874.96	14893.43
<b>TOTAL FOR THE YEAR</b>	<b>146750.52</b>	<b>214.32</b>	<b>65.91</b>	<b>146898.93</b>	<b>25054.73</b>	<b>5591.11</b>	<b>23.36</b>	<b>30622.48</b>	<b>121695.79</b>	<b>116276.46</b>
<b>TOTAL FOR THE PREVIOUS YEAR</b>	<b>143553.93</b>	<b>3257.00</b>	<b>60.41</b>	<b>146750.52</b>	<b>19500.07</b>	<b>5558.18</b>	<b>3.52</b>	<b>25054.73</b>	<b>124053.86</b>	<b>121695.79</b>

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

### NOTE No. 10

#### INTANGIBLE ASSETS

PARTICULARS	GROSS BLOCK			AMORTISATION			NET BLOCK		
	AS ON 01.04.2013	ADDITIONS	DELETIONS	AS ON 31.03.2014	UPTO 31.03.2013	FOR THE YEAR	UPTO 31.03.2014	AS ON 31.03.2013	AS ON 31.03.2014
Goodwill	33655.44	-	-	33655.44	15708.00	3365.54	19073.56	17947.44	14581.89
<b>TOTAL FOR THE YEAR</b>	<b>33655.44</b>	<b>-</b>	<b>-</b>	<b>33655.44</b>	<b>15708.00</b>	<b>3365.54</b>	<b>19073.56</b>	<b>17947.44</b>	<b>14581.89</b>
<b>TOTAL FOR THE PREVIOUS YEAR</b>	<b>33655.44</b>	<b>-</b>	<b>-</b>	<b>33655.44</b>	<b>12342.46</b>	<b>3365.54</b>	<b>15708.00</b>	<b>21312.98</b>	<b>17947.44</b>



As at 31.03.2014

As at 31.03.2013

**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  
6,38,60,000 Shares of Rs.10 each

**15,157.86**

13,157.86

**15,157.86**

13,157.86

**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

**15,158.15**

13,158.15

**Total of Equity instrument**

**15,586.52**

13,586.52



As at 31.03.2014

As at 31.03.2013

**NOTE No. 11 (Contd.)****(b) Investments in Preference shares****i. Subsidiary**

20,00,000 15% Participatory Cumulative Convertible Preference Shares in Sakthi Auto Component Ltd

--

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

895.90

2,895.90

**(c) Investments in Government/Trust Securities**

Investment in Govt. Securities

1.24

1.24

Less: Provision for diminution in value of Investments

16,483.66

16,483.66

TOTAL

175.04

172.28

16,308.62

16,311.38

Aggregate amount of quoted Investments

428.37

428.37

Market value of quoted Investments

620.36

654.77

Aggregate amount of unquoted Investments

16,055.29

16,055.29

Provision for diminution in value of Investments

175.04

172.28

**NOTE No. 12****LONG TERM LOANS AND ADVANCES - Unsecured, considered good**

a) Capital advances

2,264.53

2,183.70

b) Security Deposits

202.46

166.85

c) Loans and advances to related parties

16,999.89

17,513.31

(for details please see Note No. 35)

d) Other Loans and Advances:

Loans and advance due by officers

137.81

118.62

Advance Income-tax

235.08

235.08

MAT Credit Entitlement

1,849.11

1,849.11

Advance for Purchases &amp; Others

107.25

58.29

TOTAL

2,329.25

2,261.10

21,796.13

22,124.96

**NOTE No. 13****OTHER NON-CURRENT ASSETS**

Long term Trade receivables - Unsecured, considered good

77.02

49.20

Funded Interest under CDR Scheme

4,040.43

5,050.54

Sundry Deposits

3,144.80

3,104.08

TOTAL

7,262.25

8,203.82



As at 31.03.2014

As at 31.03.2013

**NOTE No. 14****INVENTORIES**

## a) Raw Materials:

Molasses - Distillery Unit	223.34	565.58
Soyabean	4.53	149.34
Soya Flour	184.29	79.87
News print paper	1.22	0.11
	<b>413.38</b>	<b>794.90</b>

## b) Work in Progress:

Sugar	455.89	754.32
Molasses	83.04	82.40
	<b>538.93</b>	<b>836.72</b>

## c) Finished goods:

Sugar	8,343.17	3,071.18
Molasses - Sugar Unit	126.10	424.62
Industrial Alcohol	374.28	688.94
Ethanol	--	196.71
Soya Products	<b>1,120.55</b>	627.96
Bio-Earth	9.51	3.95
Fusel Oil	3.42	0.02
Bagasse	85.28	30.77
	<b>10,062.31</b>	<b>5,044.15</b>

## d) Stock in Trade:

Chemicals, Fertilisers & Others	200.79	224.31
---------------------------------	--------	--------

## e) Stores and spares:

Stores and spares	1,866.75	2,990.75
-------------------	----------	----------

## f) Other Stock:

Standing crop	2.12	3.53
---------------	------	------

TOTAL

13,084.28

9,894.36

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  
 Trade Receivables outstanding for a period less than six months

TOTAL

2,503.32

4,625.02

2,067.76

6,448.64

**4,571.08**

11,073.66



As at 31.03.2014

As at 31.03.2013

**NOTE No. 16****CASH AND CASH EQUIVALENTS**

Cash and cash equivalents:

Balances with banks	325.35	1,349.22
Cash on hand	44.67	102.98
Earmarked balance with banks:		
Unpaid dividend/interest warrants	23.62	38.00
Margin money with banks/security against borrowings	290.32	126.58
	<b>683.96</b>	<b>1,616.78</b>

Margin money with banks includes deposits with maturity period of more than 12 months of Rs.238.69 lakhs (Rs.11.58 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)	36.16	57.49
Other Loans and Advances:		
Security Deposits	1.47	68.15
Loans and advance due by officers	198.45	233.76
Prepaid expenses	334.15	545.14
Deposits with Government authorities	1,451.68	1,682.40
Advance Income-tax	72.48	65.85
Advance for purchases & others	2,084.77	3,248.88
	<b>4,143.00</b>	<b>5,844.18</b>
	<b>4,179.16</b>	<b>5,901.67</b>

**NOTE No. 18****OTHER CURRENT ASSETS**

Outstanding income and interest receivable

Year Ended  
31.03.2014Year Ended  
31.03.2013**NOTE No. 19****REVENUE FROM OPERATIONS****a) Sale of Products****Manufactured Goods**

Sugar	38,608.30	84,697.60
Industrial alcohol	14,542.30	13,937.56
Power	3,129.14	6,656.23
Ethanol	955.81	--
Soya products	13,239.47	12,177.59
Bio earth	166.04	187.18



## NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended 31.03.2014	Year Ended 31.03.2013
<b>NOTE No. 19 (Contd.)</b>		
Carbon-di-oxide	17.77	23.67
Fusel oil	1.24	0.11
Magazines	16.35	14.45
Seeds	334.91	63.29
	<b>71,011.33</b>	<b>117,757.68</b>
<b>Traded Goods</b>		
Fertilisers & chemicals	425.74	1,012.76
	<b>71,437.07</b>	<b>118,770.44</b>
	--	2.81
<b>b) Sale of Services</b>		
<b>c) Other Operating revenues</b>		
Sale of used materials	139.87	41.06
Duty drawback/other export incentive	127.65	175.66
	<b>267.52</b>	<b>216.72</b>
	<b>71,704.59</b>	<b>118,989.97</b>
Less : Excise Duty	976.48	1,948.62
	<b>70,728.11</b>	<b>117,041.35</b>
<b>NOTE No. 20</b>		
<b>OTHER INCOME</b>		
a) Interest income	141.34	156.31
b) Dividend income from non-current investment	14.84	14.21
c) Reduction in provision for diminution in value of investments	--	6.68
d) Other non-operating income:		
Rent receipts	79.12	74.61
Profit on sale of fixed assets	4.55	0.03
Miscellaneous income	65.05	64.66
Sundry balance written back	2.73	8.13
	<b>151.45</b>	<b>147.43</b>
	<b>307.63</b>	<b>324.63</b>
<b>NOTE No. 21</b>		
<b>COST OF MATERIAL CONSUMED</b>		
<b>a) Opening Stock</b>		
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
	<b>794.90</b>	<b>2,701.81</b>
<b>b) Purchases</b>		
Sugarcane	43,857.20	76,178.64
Molasses	2,129.82	1,369.40
Raw Sugar	10.00	1,737.39
Newsprint paper	24.48	21.81
Soyabean seeds & others	11,130.20	7,119.67
Soya products	7.99	4.50
	<b>57,159.69</b>	<b>86,431.41</b>



	Year Ended 31.03.2014	Year Ended 31.03.2013
<b>NOTE No. 21 (Contd.)</b>		
<b>c) Closing Stock</b>		
Molasses	223.34	565.58
Newsprint paper	1.22	0.11
Soyabean seeds & others	4.53	149.34
Soya Products	184.29	79.87
Total (c)	413.38	794.90
TOTAL (a+b-c)	57,541.21	88,338.32
<b>NOTE No. 22</b>		
<b>PURCHASES OF STOCK IN TRADE</b>		
Fertiliser & chemical	381.74	1,017.72
<b>NOTE No. 23</b>		
<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE</b>		
<b>a) Opening Stock</b>		
<b>Finished Goods</b>		
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
Total (a)	5,044.17	4,879.77
<b>Work in Progress and Stock in trade</b>		
Sugar in process	754.32	632.53
Molasses in process	82.40	73.74
Fertilisers & chemicals	224.31	190.76
Total (a)	1,061.03	897.03
	6,105.20	5,776.80
<b>b) Closing Stock</b>		
<b>Finished Goods</b>		
Sugar	8,343.17	3,071.18
Molasses	126.10	424.62
Industrial alcohol	374.28	688.95
Ethanol	--	196.71
Soya products	1,120.55	627.97
Bagasse	85.28	30.77
Bio earth	9.51	3.95
Fusel oil	3.42	0.02
Total (a)	10,062.31	5,044.17



## NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended 31.03.2014	Year Ended 31.03.2013
<b>NOTE No. 23 (Contd.)</b>		
<b>Work in Progress and Stock in trade</b>		
Sugar in process	<b>455.89</b>	754.32
Molasses in process	<b>83.04</b>	82.40
Fertilisers & chemicals	<b>200.79</b>	224.31
	<b>739.72</b>	1,061.03
Total (b)	<b>10,802.03</b>	6,105.20
TOTAL (a-b)	<b>(4,696.83)</b>	(328.40)
<b>NOTE No. 24</b>		
<b>EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	<b>4,966.56</b>	5,148.98
Contribution to provident and other funds	<b>436.53</b>	407.62
Staff welfare expenses	<b>545.64</b>	470.48
	<b>5,948.73</b>	6,027.08
<b>NOTE No. 25</b>		
<b>FINANCE COSTS</b>		
Interest expense:		
On borrowings	<b>16,858.21</b>	12,691.72
On trade payable	<b>1,689.24</b>	1,181.51
Other borrowing costs	<b>30.36</b>	60.58
(Gain)/Loss on foreign currency transaction (net)	<b>13.12</b>	(253.18)
	<b>18,590.93</b>	13,680.63
<b>NOTE No. 26</b>		
<b>DEPRECIATION AND AMORTIZATION EXPENSE</b>		
Depreciation	<b>5,591.11</b>	5,558.18
Less : Transferred from Revaluation reserve	<b>2,318.44</b>	2,325.64
	<b>3,272.67</b>	3,232.54
Amortization expenses	<b>3,365.54</b>	3,365.54
	<b>6,638.21</b>	6,598.08
<b>NOTE No. 27</b>		
<b>OTHER EXPENSES</b>		
<b>Manufacturing Expenses:</b>		
Consumption of stores and spares	<b>2,125.58</b>	3,792.73
Printing and publication charges	<b>35.39</b>	33.91
Power and fuel	<b>2,162.20</b>	2,067.90
Water charges	<b>42.58</b>	75.22
Rent	<b>66.84</b>	56.92
Repairs to buildings	<b>193.93</b>	228.55



(Rs. in lakhs)

	Year Ended 31.03.2014	Year Ended 31.03.2013
<b>NOTE No. 27</b>		
Repairs to machinery	<b>1,887.95</b>	3,425.57
Repairs to others	<b>292.03</b>	332.16
Insurance	<b>143.33</b>	134.15
Rates and taxes, excluding taxes on income	<b>326.87</b>	554.11
Effluent disposal expenses	<b>353.39</b>	417.63
State administrative service fees	<b>138.71</b>	180.00
<b>Selling and Distribution Expenses:</b>		
Selling and distribution expenses	<b>77.37</b>	287.03
Freight & transport on finished goods	<b>535.06</b>	567.11
Commission and brokerage	<b>32.15</b>	48.16
<b>Other Administrative Expenses:</b>		
Travelling expenses	<b>292.36</b>	333.27
Printing, postage, telephone & telex	<b>206.33</b>	220.76
Freight and transport	<b>31.26</b>	38.99
Donations	<b>16.83</b>	0.48
Legal and professional charges	<b>261.74</b>	76.02
Excise Duty on stock adjustments	<b>86.40</b>	27.73
Administrative and other expenses	<b>298.42</b>	291.55
Bank charges	<b>127.86</b>	89.76
R & D expenses	<b>20.49</b>	23.47
Data processing charges	<b>18.60</b>	21.35
Payment to Auditors:		
As Auditors	<b>18.00</b>	18.00
Taxation matters	<b>1.00</b>	1.90
Consolidated Audit Report	<b>0.50</b>	0.50
Management & other services	<b>11.26</b>	7.33
Service tax	<b>3.64</b>	3.77
Reimbursement of expenses	<b>1.95</b>	1.42
Managerial remuneration	<b>53.21</b>	75.79
Directors sitting Fees	<b>6.98</b>	4.70
Provision for diminution in value of investments	<b>2.76</b>	--
Loss on sale of fixed assets	<b>0.66</b>	--
Loss on sale of used materials	<b>26.13</b>	15.03
Deferred revenue expenditure written off	<b>164.25</b>	199.38
Irrecoverable advances written off	<b>5.43</b>	127.96
<b>TOTAL</b>	<b>10,069.44</b>	13,780.31



## NOTES TO FINANCIAL STATEMENTS

### NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
<b>28 Value of imports calculated on C.I.F. basis:</b>		
Capital goods	<b>5.81</b>	0.37
<b>29 Expenditure in foreign currency:</b>		
i) Professional fees	<b>10.82</b>	4.54
ii) Interest/Premium on FCCB redeemed	--	1401.43
iii) Travelling expenses	<b>6.24</b>	10.83
iv) Subscription/Membership Fee	<b>0.83</b>	0.83
v) Commission and others	<b>6.46</b>	18.16
Total	<b>24.35</b>	<b>1435.79</b>

(Rs. in lakhs)

Particulars	Year Ended 31.03.2014		Year Ended 31.03.2013	
	Value	%	Value	%
<b>30 Value of Raw Materials, Chemicals and Stores and Spares Consumed:</b>				
Raw Material :				
Imported	--	--	1737.39	1.97
Indigenous	<b>57541.21</b>	<b>100.00</b>	<b>86600.93</b>	<b>98.03</b>
Total	<b>57541.21</b>	<b>100.00</b>	<b>88338.32</b>	<b>100.00</b>
Chemicals, Stores and Spares :				
Imported	9.72	0.46	5.35	0.14
Indigenous	<b>2115.86</b>	<b>99.54</b>	<b>3787.38</b>	<b>99.86</b>
Total	<b>2125.58</b>	<b>100.00</b>	<b>3792.73</b>	<b>100.00</b>

(Rs. in lakhs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
<b>31 Earnings in foreign currency :</b>		
FOB value of exports	<b>6856.06</b>	5494.41

### 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 31.03.2014	Year ended 31.03.2013
Gratuity	<b>302.19</b>	262.98
Provident Fund	<b>366.22</b>	342.96
Employees State Insurance	<b>10.11</b>	11.12



## 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 31.03.2014	Year ended 31.03.2013
<b>I Principal Actuarial Assumptions (Expressed as weighted average)</b>		
Discount Rate	9.10%	8.05%
Salary escalation rate	8.00%	7.00%
Attrition rate	3.00%	3.00%
Expected rate of return on Plan Assets	--	--
<b>II Changes in the Present Value of the Obligation (PVO)-reconciliation of Opening and Closing Balances</b>		
PVO as at the beginning of the period	659.15	550.38
Interest cost	57.67	42.83
Current service cost	57.02	103.81
Past service cost-(non vested benefits)	--	--
Past service cost-(vested benefits)	--	--
Benefits paid	-50.89	-36.78
Actuarial loss/(gain) on obligation (balancing figure)	-26.33	-1.09
PVO as at the end of the period	696.62	659.15
<b>III Changes in the Fair Value of Plan Assets - Reconciliation of Opening and Closing Balances</b>		
Fair value of plan assets as at the beginning of the period	--	--
Expected return on Plan Assets	--	--
Contributions	50.89	36.78
Benefits paid	-50.89	-36.78
Actuarial gain/(loss) on obligation (balancing figure)	--	--
Fair value on plan assets as at the end of the period	--	--
<b>IV Actual Return on Plan Assets</b>		
Expected return on Plan Assets	--	--
Actuarial gain/(loss) on Plan Assets	--	--
Actual return on Plan Assets	--	--
<b>V Actual Gain/ Loss Recognized</b>		
Actuarial gain/(loss) for the period-Obligation	26.33	1.09
Actuarial gain/(loss) for the period-Plan Assets	--	--
Total (gain)/loss for the period	-26.33	-1.09
Actuarial (gain)/loss recognized in the period	-26.33	-1.09
Unrecognized actuarial (gain)/loss at the end of the year	--	--
<b>VI Amounts Recognised in the Balance Sheet and Related Analyses</b>		
Present value of the obligation	696.62	659.15
Fair value of Plan Assets	--	--
Difference	696.62	659.15
Unrecognised transitional liability	--	--
Unrecognised past service cost-non vested benefits	--	--
Liability recognized in the balance sheet	696.62	659.15



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

(Rs. in lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
<b>VII Expenses Recognised in the Statement of Profit and Loss</b>		
Current service cost	<b>57.02</b>	103.81
Interest Cost	<b>57.67</b>	42.83
Expected return on Plan Assets	--	--
Net actuarial (gain)/loss recognised in the year	<b>-26.33</b>	-1.09
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	<b>88.36</b>	145.55
<b>VIII Movements in the Liability Recognized in the Balance Sheet</b>		
Opening net liability	<b>659.15</b>	550.38
Expenses as above	<b>88.36</b>	145.55
Contribution paid	<b>-50.89</b>	-36.78
Closing net liability	<b>696.62</b>	659.15
<b>IX Amount for the Current Period</b>		
Present value of obligation	<b>696.62</b>	659.15
Plan Assets	--	--
Surplus(Deficit)	<b>-696.62</b>	-659.15
<b>X Major Categories of Plan Assets (as Percentage of Total Plan Assets)</b>	<b>NIL</b>	<b>NIL</b>

## 33 Segment information for the year ended 31.03.2014:

(Rs. in lakhs)

REVENUE	SUGAR		INDUSTRIAL ALCOHOL		SOYA PRODUCTS		POWER		TOTAL	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
<b>PRIMARY</b>										
External Sales	<b>38215.78</b>	83818.30	<b>15543.15</b>	14107.80	<b>13572.50</b>	12239.49	<b>3129.14</b>	6656.23	<b>70460.57</b>	116821.82
Inter Segment Sales	<b>8236.80</b>	13700.89	<b>1.86</b>	1.11	--	--	<b>5286.37</b>	9336.45	<b>13525.03</b>	23038.45
Operating Income	<b>267.32</b>	271.73	<b>12.43</b>	17.13	<b>138.73</b>	77.87	<b>0.49</b>	0.23	<b>418.97</b>	366.96
Total Revenue	<b>46719.90</b>	97790.92	<b>15557.44</b>	14126.04	<b>13711.23</b>	12317.36	<b>8416.00</b>	15992.91	<b>84404.57</b>	140227.23
Segment Result	<b>-8743.68</b>	-3770.18	<b>5942.33</b>	5119.45	<b>620.81</b>	764.86	<b>642.15</b>	3122.63	<b>-1538.39</b>	5236.76
Unallocated Corporate Expenses/ Income (Net)									<b>3449.71</b>	3460.20
Operating Profit									<b>-4988.10</b>	1776.56
Finance Cost									<b>18590.93</b>	13680.63
Interest Income									<b>141.34</b>	156.31
Profit from Ordinary activities									<b>-23247.69</b>	-11747.76
Net Profit/Loss before Tax									<b>-23247.69</b>	-11747.76



## 33 Segment information for the year ended 31.03.2014: (Contd.)

(Rs. in lakhs)

REVENUE	SUGAR		INDUSTRIAL ALCOHOL		SOYA PRODUCTS		POWER		TOTAL	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Less: Income-tax:									--	--
Current Tax									-7499.36	-3005.37
Deferred Tax									-15938.33	-8742.39
Net Profit/Loss after Tax										
<b>OTHER INFORMATION</b>										
Segment Assets	<b>54494.14</b>	76664.15	<b>12068.77</b>	13648.46	<b>7151.85</b>	7664.13	<b>36024.62</b>	41410.00	<b>109739.38</b>	139386.74
Unallocated Corporate Assets									<b>20958.60</b>	21009.60
Total Assets									<b>130697.98</b>	160396.34
Segment Liabilities									<b>100604.12</b>	120396.82
Unallocated Corporate Liabilities									--	--
Deferred Tax Liability(+)/Asset (-)									<b>-11237.50</b>	-3735.34
Total Liabilities									<b>89369.62</b>	116661.68
Capital Expenditure	<b>84.74</b>	1099.59	<b>12.65</b>	355.03	<b>3.69</b>	25.68	<b>81.21</b>	1721.97	<b>182.29</b>	3202.27
Depreciation/Amortization	<b>5061.65</b>	5042.02	<b>281.42</b>	267.44	<b>125.02</b>	124.83	<b>1170.12</b>	1163.79	<b>6638.21</b>	6598.08
<b>SECONDARY</b>										
Revenue by Geographical Market										
India	<b>42218.13</b>	94060.47	<b>15557.44</b>	14126.04	<b>11256.33</b>	9379.56	<b>8416.00</b>	15992.91	<b>77447.90</b>	133558.98
Outside India	<b>4501.77</b>	3730.45	--	--	<b>2454.90</b>	2937.80	--	--	<b>6956.67</b>	6668.25

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

## 34 Borrowing Cost Capitalised

Particulars	31.03.2014	31.03.2013
Borrowing cost capitalised and included in Capital Work in Progress	--	1506.36

## 35 Related Parties Disclosure:

## I. Related Parties:

## a. Holding Company

ABT Limited

## b. Subsidiary Companies

Sakthi Auto Component Limited

Sakthi Auto Ancillary Private Limited

## c. Associates

ABT Industries Limited

ABT Info Systems Pvt. Ltd

ABT Foods Limited

Anamallais Bus Transport Pvt. Ltd

Sakthi Finance Limited

Sri Chamundeswari Sugars Limited

Nachimuthu Industrial Association

The Gounder &amp; Co

**Related Parties Disclosure: (contd.)****d. Key Managerial Personnel (KMP)**

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

**e. Relatives of Key Managerial Personnel**

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

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

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

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	Holding Company	Susidiaries	Associates	Key Managerial Personnel	Enterprises in which KMP/ relatives of KMP have significant influence	Total
<b>Purchase</b>						
Purchase of Materials		<b>4.57</b> (5.39)				<b>4.57</b> (5.39)
Purchase of Fuel					<b>44.92</b> (81.01)	<b>44.92</b> (81.01)
Purchase of Milk			<b>4.42</b> (4.70)			<b>4.42</b> (4.70)
<b>Sales</b>						
Sale of Materials		<b>5.79</b> (0.83)				<b>5.79</b> (0.83)
<b>Rendering of services</b>						
Rent Receipts	<b>12.60</b> (12.83)					<b>12.60</b> (12.83)
EB Receipts	<b>3.41</b> (8.89)					<b>3.41</b> (8.89)
Water & Technical Service charges receipts			<b>15.11</b> (16.49)			<b>15.11</b> (16.49)
Advertisement Receipts			<b>13.80</b> (13.48)		<b>4.80</b> (4.72)	<b>18.60</b> (18.20)
<b>Receiving of services</b>						
Interest Payments	<b>134.90</b> (--)	<b>57.85</b> (62.38)	<b>17.96</b> (37.29)			<b>210.70</b> (99.67)
Printing charges			<b>12.29</b> (16.10)			<b>12.29</b> (16.10)
Electricity Charges	<b>1.14</b> (0.73)					<b>1.14</b> (0.73)
Rent Payments	<b>15.84</b> (15.84)					<b>15.84</b> (15.84)
Vehicle Purchase/Maintenance			<b>12.73</b> (14.54)			<b>12.73</b> (14.54)

**II Related Parties Transactions : (contd.)**

(Rs. in lakhs)

Nature of Transactions	Holding Company	Susidiaries	Associates	Key Managerial Personnel	Enterprises in which KMP/ relatives of KMP have significant influence	Total
Transport charges	250.09 (294.50)					250.09 (294.50)
Purchase of Computer Consumables			16.52 (15.68)			16.52 (15.68)
Promoter Contribution	--					--
Unsecured loan	(9000.00)					(9000.00)
	--					--
	(3500.00)					(3500.00)
<b>Managerial Remuneration</b>						
Remuneration paid to Whole time				53.21		53.21
Directors				(75.79)		(75.79)
Remuneration paid to				0.40		0.40
Non-whole time Director				(0.40)		(0.40)
<b>Balance outstanding at the end of the year</b>				21.67		21.67
Payable to Key Managerial Personnel				(31.42)		(31.42)
Loans and advances	6.64 (6.20)	16993.14 (17087.13)	35.96 (172.40)		0.30 (305.07)	17036.05 (17570.80)
Borrowings	4344.99 (22442.82)	203.67 (214.81)	2833.49 (1764.51)		6.42 (8.83)	7388.56 (24430.97)

Figures in brackets are that of the previous year

**36 Earnings Per Share :**

Particulars	2013-14	2012-13
Basic :		
a) Face value per Share (Rs.)	10	10
b) Profit After Tax (Rs. In lakhs)	-15938.33	-8742.39
c) The weighted average No. of Equity Shares	37946631	36807339
d) Earnings per Share - Basic (Rs.)	-42.00	-23.75
Diluted :		
a) The weighted average No. of Equity Shares	37946631	36807339
b) Earnings per Share - Diluted (Rs.)	-42.00	-23.75

**37 Deferred Tax :**

(Rs. in lakhs)

Particulars	31.03.2014	31.03.2013
A) Deferred Tax Liability:		
Arising out of depreciation of Fixed Assets (Net)	9962.49	10025.04
Difference in treatment of expenses/income (Net)	3516.77	6014.43
	13479.26	16039.47
B) Deferred Tax Asset:		
Carried forward losses/Unabsorbed depreciation	24713.76	19774.61
Net Deferred Tax Liability (+) /Asset (-)	-11234.50	-3735.14

**38 Contingent liabilities:**

(Rs. in lakhs)

Particulars	31.03.2014	31.03.2013
A) Claims against the Company not acknowledged as debts:		
(i) Income tax matters	6349.34	6590.29
(ii) Purchase tax/sales tax matters	2484.29	2296.58
(iii) Corporate Guarantee given to foreign subsidiaries		
(a) Guarantee amount	33030.60	27817.52
(b) Outstanding amount	35031.34	28838.95
(iv) Others	7823.04	7659.51
B) Guarantees issued by bankers	239.01	83.00
C) Corporate guarantee given for loans to Indian subsidiaries		
(i) Guarantee amount	12603.49	18522.42
(ii) Outstanding amount	7297.84	8666.00

**39 Commitments:**

(Rs. in lakhs)

Particulars	31.03.2014	31.03.2013
Estimated amount of contracts remaining to be executed on capital account and not provided for	2160.93	2217.71

**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 2013-14:

Name of the Company	Outstanding as on 31.03.2014 (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)
Holding Company ABT Limited	4344.99 Cr. (22442.82) Cr.	22614.60 (25742.15)	96213279 (36807339)	-- (--)
Subsidiary Sakthi Auto Component Limited	16993.14 Dr. (17087.13) Dr.	17180.61 (18479.94)	-- (--)	63860000 (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.3.82 lakhs (11.02 lakhs) in the Beverage Division, which has been provided for.
43. Funded Interest under CDR Scheme for Rs.4040.43 lakhs (Rs.5050.54 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  
(Firm Regn. No. : FRN003328S)

P R VITTEL  
Partner  
M. No. 018111

Coimbatore  
30<sup>th</sup> May 2014

M MANICKAM  
Executive Vice Chairman

M BALASUBRAMANIAM  
Managing Director

S BASKAR  
Senior Vice President - Finance &  
Company Secretary



## 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 account.
- v. Inter segmental transfer price is not recognised.

#### b) Expenditure Recognition:

- i. The cane price is written off on the basis of determination of statutory price and agreed price over and above statutory price.
- ii. The Excise duty appearing in the statement of profit and loss account as an expenditure represents excise duty provision for difference between opening and closing stock of finished goods.

### 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 account.

The Company has opted for Life Insurance Corporation of India Group Gratuity Scheme. For calculating gratuity liability, the premium ascertained by LIC has been taken into account.

Provision for liability in respect of leave encashment benefits are made based on actuarial valuation made by an independent actuary as at 31.03.2014.

**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. Earning per share:**

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

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

**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 cancelable 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	--	-98.96	--	1020.98
1978	366487	33883	9.25	706.32	-27.36	--	-27.36	--	1021.26
1979	767844	64299	8.37	1201.64	52.40	--	52.40	--	1037.86
1980	624399	54680	8.76	2323.30	303.52	58.24	245.28	12	1068.08
1981	648514	57236	8.83	2400.96	138.32	67.22	71.10	17.5	1207.00
1982▲	1121964	104305	9.30	3861.03	322.10	99.89	222.21	20	1396.35
1983	803716	79295	9.87	3371.42	248.52	194.78	53.74	15	1846.66
1984	336704	34375	10.12	3063.41	109.28	108.20	1.08	15	2024.62
1985	697491	70103	10.05	3211.28	297.71	128.91	168.80	16	2122.82
1986	704626	72150	10.24	3739.00	211.46	116.05	95.41	15	2229.53
1987	496762	48791	9.82	3647.90	173.62	150.86	22.76	--	2443.58
1989●	934601	96145	10.28	5087.15	849.45	249.08	600.37	30	4530.72
1990	1122219	108421	9.66	8762.84	989.65	377.09	612.56	20	6101.95
1991	1130173	107984	9.55	7474.44	801.55	394.37	407.18	20	6617.61
1992	1091843	103723	9.50	11200.64	1010.49	409.11	601.38	20	8540.39
1993	1115158	107158	9.61	11547.77	1027.03	411.07	615.96	20	11387.44
1994	956993	89163	9.36	18109.42	1521.21	489.38	1031.83	24	17649.21
1995	1724621	159199	9.28	21701.32	1859.60	782.45	1077.15	24	18638.23
1996	2345289	211267	9.00	33568.19	2953.13	857.58	2095.55	24	26042.75
1997	2106840	191940	9.11	33442.13	2022.05	1019.11	1002.94	20	30242.48
1998	1569438	143991	9.21	36753.07	2478.28	1414.47	1063.81	--	32548.89
1999▲	2607462	246609	9.43	40788.52	2298.23	1860.97	437.26	--	35155.94
2000	2161594	212600	9.86	36393.04	2102.55	1485.66	616.89	--	28394.91
2001	2316874	233278	10.04	45197.53	1596.80	1272.83	323.97	--	29463.22
2002	1914453	193302	10.04	45022.47	1791.99	1309.48	482.51	--	30771.78
2003	1472547	192505 ■	9.80	32221.35	-3968.28	1347.49	-5315.77	--	61006.09 ★
2004	499480	124559 ■	10.15	30313.24	-3339.32	948.67	-4287.99	--	56054.15
2005	847934	257611 ■	9.30	63942.19	3972.94	1158.49	2814.45	--	56273.16
2006	2746916	347702 ■	9.52	89601.78	10835.71	1218.85	9616.86	15	60637.41
2007	3477203	336996 ■	9.56	76651.73	4358.84	1340.87	3017.97	15	91376.04
2008●	4416309	400678	9.07	103847.83	-4419.38	4294.29	-8713.67	--	136053.62 *
2009	2045681	427288 ■	9.22	140435.07	15496.43	3025.71	12470.72	--	138730.83
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
2014	1653822	147240	8.82	71704.59	-20165.02	3272.67	-23437.69	--	146898.93

▲ 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	Auto Ancillary Pvt. Ltd	Orlandofin BV	Sakthi Service GmbH	Sakthi Portugal SA	Sakthi Auto Mauritius Ltd
	a	b	c	d	e	f
Financial Year ended	31.03.2014	31.03.2014	31.12.2013	31.12.2013	31.12.2013	31.12.2013
Share Capital	24631.00	359.13	14.86	22.30	4983.87	3.01
Reserves	41068.82	1141.07	71529.64	19132.02	12930.00	(48.18)
Total Assets	126601.12	6818.81	108329.70	19156.46	55622.17	2.75
Total Liabilities	60901.30	5318.61	36785.20	2.14	37708.30	47.92
Details of Investments (except investment in subsidiaries)	7.02	--	--	--	--	--
Turnover	55833.17	9429.80	--	--	64536.87	--
Profit before taxation	1997.36	245.18	43866.65	(3.05)	205.32	(9.09)
Provision for taxation	797.30	66.28	--	--	6.86	--
Profit after taxation	1200.06	178.90	43866.65	(3.05)	198.46	(9.09)
Proposed dividend	--	--	--	--	--	--

Note: In respect of subsidiaries under c to e, the financial statements are translated at the exchange rate as on 28.03.2014 i.e. EUR 1 = Rs. 82.5765 and f USD 1 = Rs. 60.0998.



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

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, 2014, 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 five of the subsidiaries viz Sakthi Auto Ancillary Private Limited, Orlandofin BV, Sakthi Service GmbH, Sakthi Portugal SA and Sakthi Auto Mauritius Limited whose financial statements reflects total assets of Rs.1483.98 Crores as at 31st March 2014 with respect to Sakthi Auto Ancillary Private Limited and 31st December 2013 with respect to other companies, total revenue of Rs.747.28 Crores and net cash flow of Rs. 5.47 Crores for the period then ended. With respect to three of the subsidiaries viz Sakthi Auto Ancillary Private 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 two of the subsidiaries viz Orlandofin 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.

### Basis for Qualified Opinion

7. *In respect of Sakthi Sugars Limited, in our opinion, a sum of Rs.40.40 Crores included in Other Non-current Assets requires to be written off and the loss of the Company is understated to that extent.*



## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

8. *In respect of Sakthi Sugars Limited, in our opinion, the Company has not provided for the interest and guarantee commission claim of Rs.44.10 Crores by its holding company. Hence in our opinion, the losses of the Company are under stated to that extent.*

### Qualified Opinion

9. 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 (the "Act") read with the General Circular No.15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
10. In our opinion, and to the best of our information and according to the explanations given to us, except for the effect of the matters stated in the Basis for Qualified Opinion, 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, 2014;
  - (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.

### Emphasis of Matter

11. We draw attention to Note No. 33(A) (iii) to the consolidated financial statements which specifies the claim challenged by the Company. Our opinion is not qualified in respect of this matter.

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

Coimbatore  
30<sup>th</sup> May 2014

P R VITTEL  
Partner  
M. No. 018111



## CONSOLIDATED BALANCE SHEET AS AT 31.03.2014

(Rs. in lakhs)

	Note No.	As at 31.03.2014	As at 31.03.2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS' FUNDS :</b>			
(a) Share capital	1	24,427.71	21,925.73
(b) Reserves and surplus	2	104,216.70	75,117.38
		<hr/> 128,644.41	<hr/> 97,043.11
<b>(2) MINORITY INTEREST</b>		981.77	513.37
<b>(3) NON-CURRENT LIABILITIES</b>			
(a) Long-term borrowings	3	72,907.16	102,803.75
(b) Other Long term liabilities	4	3,631.99	3,525.74
(c) Long term Provisions	5	2,658.87	2,390.16
		<hr/> 79,198.02	<hr/> 108,719.65
<b>(4) CURRENT LIABILITIES</b>			
(a) Short-term borrowings	6	38,799.00	32,242.06
(b) Trade Payables		52,173.82	47,594.98
(c) Other current liabilities	7	101,251.81	82,194.97
(d) Short term Provisions	8	12,547.46	4,635.55
		<hr/> 204,772.09	<hr/> 166,667.56
<b>TOTAL (1 to 4)</b>		413,596.29	372,943.69
<b>II. ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
(a) Fixed Assets			
(i) Tangible assets	9	188,151.24	192,496.34
(ii) Intangible assets	10	20,807.50	21,592.97
(iii) Capital work-in-progress		16,833.21	15,360.51
		<hr/> 225,791.95	<hr/> 229,449.82
(b) Goodwill on consolidation		85,479.42	278.72
(c) Non-current investments	11	1,160.05	47,395.53
(d) Deferred tax assets (net)		8,638.19	1,829.27
(e) Long-term loans and advances	12	8,351.64	8,133.05
(f) Other non-current assets	13	7,813.11	8,747.53
		<hr/> 337,234.36	<hr/> 295,833.92
<b>(2) CURRENT ASSETS</b>			
(a) Inventories	14	40,315.87	36,343.52
(b) Trade receivables	15	23,716.95	26,743.04
(c) Cash and cash equivalents	16	2,254.02	3,893.14
(d) Short-term loans and advances	17	9,476.98	9,580.96
(e) Other current assets	18	598.11	549.11
		<hr/> 76,361.93	<hr/> 77,109.77
<b>TOTAL (1 and 2)</b>		413,596.29	372,943.69

The Notes form part of these financial statements.

Vide our report annexed

For P N RAGHAVENDRA RAO & Co  
Chartered Accountants

(Firm Regn. No. : FRN003328S)

P R VITTEL  
Partner  
M. No. 018111

Coimbatore  
30<sup>th</sup> May 2014

M MANICKAM  
Executive Vice Chairman

M BALASUBRAMANIAM  
Managing Director

S BASKAR  
Senior Vice President - Finance &  
Company Secretary



# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2014

(Rs. in lakhs)

	Note No.	Year Ended 31.03.2014	Year Ended 31.03.2013
<b>I. Revenue from Operations (Gross)</b>		<b>206,773.40</b>	238,303.01
Less : Excise duty		<b>8,038.51</b>	8,602.22
Revenue from Operations (Net)	19	<b>198,734.89</b>	229,700.79
<b>II. Other income</b>	20	<b>1,251.19</b>	910.85
<b>III. Total revenue (I + II)</b>		<b>199,986.08</b>	230,611.64
<b>IV. EXPENSES:</b>			
Cost of material consumed	21	<b>103,102.56</b>	131,688.32
Purchase of stock in trade	22	<b>381.74</b>	1,017.72
Changes in inventories of finished goods, - work-in-progress and stock in trade	23	<b>(2,241.06)</b>	(2,544.68)
Employee benefits expense	24	<b>19,800.76</b>	17,564.38
Finance costs	25	<b>27,159.60</b>	21,451.31
Depreciation and amortization expense	26	<b>12,769.76</b>	11,365.34
Other expenses	27	<b>61,842.01</b>	61,420.98
Total expenses		<b>222,815.37</b>	241,963.37
<b>V. Profit/(Loss) before exceptional and extraordinary - items and tax (III-IV)</b>		<b>(22,829.29)</b>	(11,351.73)
<b>VI. Exceptional Items</b>		<b>--</b>	--
<b>VII. Profit/(Loss) before extraordinary items and tax (V-VI)</b>		<b>(22,829.29)</b>	(11,351.73)
<b>VIII. Extraordinary items</b>		<b>(45,693.99)</b>	--
<b>IX. Profit/(loss) before tax (VII-VIII)</b>		<b>22,864.70</b>	(11,351.73)
<b>X. Tax Expenses:</b>			
1. Current tax		<b>513.00</b>	438.77
2. MAT credit entitlement		<b>(409.30)</b>	(395.39)
3. Deferred tax		<b>(6,732.63)</b>	(2,316.10)
		<b>(6,628.93)</b>	(2,272.72)
<b>XI. Profit/(Loss) after tax (IX -X)</b>		<b>29,493.63</b>	(9,079.01)
<b>XII. Minority interest</b>		<b>468.40</b>	60.73
<b>XIII. Profit/(Loss) after tax (after adjustment of Minority interest)</b>		<b>29,025.23</b>	(9,139.74)
<b>XIV. Earnings per equity share:</b>			
1. Basic		<b>76.49</b>	(24.83)
2. Diluted		<b>76.49</b>	(24.83)

The Notes form part of these financial statements.

Vide our report annexed

For P N RAGHAVENDRA RAO & Co  
Chartered Accountants

(Firm Regn. No. : FRN003328S)

P R VITTEL  
Partner  
M. No. 018111

Coimbatore  
30<sup>th</sup> May 2014

M MANICKAM  
Executive Vice Chairman

M BALASUBRAMANIAM  
Managing Director

S BASKAR  
Senior Vice President - Finance &  
Company Secretary



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014

(Rs. in lakhs)

Particulars	2013-14	2012-13
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax as per statement of Profit and Loss	22,864.70	(11,351.73)
Adjustment for:		
Depreciation and Amortisation Expenses	12,769.76	11,365.34
Finance Costs	27,159.60	21,451.31
Miscellaneous Expenses & Other exp. written off	166.34	206.03
Provision for diminution in value of Investments	2.76	(6.68)
Loss on Sale of Assets	2.71	-
Dividend Income	(14.96)	(14.33)
Interest Income	(373.44)	(456.00)
Profit on Sale of Assets	(4.86)	(0.03)
	39,707.91	32,545.64
Operating Profit before Working Capital Changes	62,572.61	21,193.91
Adjustment for:		
Inventories	(3,972.35)	(960.45)
Trade and Other Receivables	2,998.27	(2,625.64)
Other Current Assets	(96.87)	2,931.95
Loans and Advances	33.97	705.58
Trade and Other Payables	7,800.12	7,940.89
Intangible Assets / Misc. Expenditure Paid	(3,642.87)	(1,847.30)
	3,120.27	6,145.03
Cash Generated from Operations	65,692.88	27,338.94
Foreign Exchange Fluctuation (net)	(213.38)	(7.04)
Income Tax Paid	(469.91)	(779.35)
Net Cash from Operating Activities	65,009.59	26,552.55
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(4,062.37)	(7,786.69)
Sale of Fixed Assets	23.79	2.20
Investment Income	388.40	470.33
Investments in Subsidiaries and Exchange Fluctuation	(49,057.88)	1,550.88
Sale / Purchase of Investments - Others	24.32	24.00
Net Cash used in Investing Activities	(52,683.74)	(5,739.28)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Equity Shares	5,940.60	-
Premium on Issue of Equity Shares	12,059.41	-
Redemption of Preference Shares	(3,438.62)	-
Finance Costs Paid	(17,363.53)	(20,092.90)
Loss due to Foreign Exchange Fluctuation	4,952.43	(189.66)
Proceeds from Long Term Borrowings	2,174.94	3,592.37
Repayment of Long Term Borrowings	(7,010.18)	(15,183.53)
Short Term Borrowings (net)	6,360.64	(1,535.08)
Loans from Related Parties (net)	(17,640.66)	5,939.78
Net Cash used in Financing Activities	(13,964.97)	(27,469.02)
Net Increase in Cash and Cash Equivalents	(1,639.12)	(6,655.75)
Opening Balance of Cash and Cash Equivalents	3,893.14	10,548.89
Closing Balance of Cash and Cash Equivalents	2,254.02	3,893.14

Vide our report annexed

For P N RAGHAVENDRA RAO & Co  
Chartered Accountants

(Firm Regn. No. : FRN003328S)

P R VITTEL  
Partner  
M. No. 018111

Coimbatore  
30<sup>th</sup> May 2014

M MANICKAM  
Executive Vice Chairman

M BALASUBRAMANIAM  
Managing Director

S BASKAR  
Senior Vice President - Finance &  
Company Secretary



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

As at 31.03.2014

As at 31.03.2013

### NOTE No. 1

#### SHARE CAPITAL

##### Authorised

11,00,00,000	Equity Shares of Rs.10 each	11,000.00	5,000.00
(5,00,00,000)		5,000.00	5,000.00
50,00,000	Preference Shares of Rs.100 each	16,000.00	10,000.00
(50,00,000)			

##### Issued

9,63,29,948	Equity Shares of Rs.10 each	9,632.99	3,692.40
(3,69,24,008)		9,632.99	3,692.40

##### Subscribed and Paid up

9,62,13,279	Equity Shares of Rs.10 each fully paid up	9,621.33	3,680.73
(3,68,07,339)			

##### Issued by Subsidiary Company

--	Series A 15% Participatory Cumulative Convertible	--	6,082.50
(60,82,500)	Preference Shares of Rs. 100 each fully paid up		
--	Series B 15% participatory Cumulative Convertible	--	10,137.50
(101,37,500)	Preference Shares of Rs. 100 each fully paid up		
--	Series I 15% Participatory Cumulative Convertible	--	1,215.00
(12,15,000)	Preference Shares of Rs. 100 each fully paid up		
--	Series II 15% Participatory Cumulative Convertible	--	810.00
(8,10,000)	Preference Shares of Rs. 100 each fully paid up		
46,68,884	Series A 16.96% Participatory Cumulative compulsorily Convertible	4,668.88	--
(--)	Preference Shares of Rs. 100 each fully paid up		
1,01,37,500	Series B 16.96% Participatory Cumulative compulsorily Convertible	10,137.50	--
(--)	Preference Shares of Rs. 100 each fully paid up		
TOTAL		24,427.71	21,925.73

##### a) Reconciliation of Number of Shares

###### i) Sakthi Sugars Limited

Equity Shares at the beginning of the year  
Add: Share issued/allotted on preferential basis

Equity Shares at the end of the year

###### ii) Sakthi Auto Component Limited

Preference shares at the beginning of the year  
Less:- Preference Shares converted to Equity shares during the period  
Preference shares at the end of the year

No. of Shares	No. of Shares
36,807,339	36,807,339
59,405,940	--
96,213,279	36,807,339
18,245,000	18,245,000
3,438,616	--
14,806,384	18,245,000

##### b) Rights, Preferences and Restrictions of each class of Shares

###### i) Sakthi Sugars Limited

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.)

## ii) Sakthi Auto Component Limited

16.96% Participatory Cumulative compulsorily Convertible Preference Shares (Series A and B) Holders of these shares, under section 87(2) of the Companies Act 1956, (corresponding to section 47 of Companies Act 2013), get voting rights on par with those of the equity shareholders when dividends on them remain in arrears for a period of two years. The Company has not declared any dividends on these shares since their issue in 2007. Voting rights under section 87(2) have therefore been accrued on these holdings.

Part of these shares, amounting to Rs. 3438.62 lakhs were converted in to equity shares on 28.05.2013 under an agreement with the holders of these shares. This class of preference shares are convertible into equity shares on 28.05.2018.

## c) Shares held by the Holding Company

	ABT Limited	67463540	8057600 (Rs. in lakhs)
		As at 31.03.2014	As at 31.03.2013
<b>List of Shareholders holding more than 5%</b>			
<b>In Holding Company</b>			
ABT Limited		67463540	8057600
Dr.M.Manickam		--	1874200
<b>In Subsidiary Company</b>			
<b>16.96% Participatory Cumulative Convertible Preference Shares</b>			
Castle Titanium (Mauritius) Limited		14,806,384	18245000
<b>Terms of security convertible into Equity Shares</b>			
Foreign Currency Convertible Bonds (FCCB)		<b>Series A</b>	<b>Series A</b>
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
<b>NOTE No. 2</b>			
<b>RESERVES AND SURPLUS</b>			
<b>Capital reserve</b>		3,924.91	13,793.42
<b>Capital redemption reserve</b>		2,512.27	2,512.27
<b>Securities premium account</b>			
Balance as per last Balance Sheet		11,309.11	11,063.25
Add: Premium on allotment of shares during the year		12,059.41	--
Add: Premium on FCCB - Earlier year reversed		--	245.86
Less:- Premium on FCCB		23,368.52	11,309.11
		3,159.65	--
		20,208.87	11,309.11



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

As at 31.03.2014      As at 31.03.2013

### NOTE No. 2 (Contd.)

#### Debenture redemption reserve

Balance as per last Balance Sheet  
Add: Transfer from Surplus

1,074.48	891.54
122.37	182.94
<b>1,196.85</b>	<b>1,074.48</b>

#### Revaluation reserve

Balance as per last Balance Sheet  
Less: Depreciation on Revalued Assets  
(Refer note No. 26)

<b>72,467.15</b>	75,632.07
3,157.72	3,164.92
<b>69,309.43</b>	<b>72,467.15</b>

#### Subsidy from Government

Balance as per last Balance Sheet

44.23	44.23
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#### Preference share redemption reserve

Balance as per last Balance Sheet  
Add: Transferred from Surplus

95.00	76.00
19.00	19.00
<b>114.00</b>	<b>95.00</b>

#### Foreign exchange fluctuation reserve

On account of Investment/Advances in Orlandofin BV

<b>6,563.04</b>	2,362.47
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#### Surplus

Balance as per last Balance Sheet  
Net Profit/(Loss) after tax

<b>(28,540.76)</b>	(19,199.07)
<b>29,025.23</b>	(9,139.74)

Less : Transfer to Debenture redemption reserve  
Transfer to Preference share redemption reserve

<b>484.47</b>	(28,338.81)
<b>122.37</b>	182.94
<b>19.00</b>	19.00

<b>343.10</b>	(28,540.75)
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TOTAL

<b>104,216.70</b>	75,117.38
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### NOTE No. 3

#### LONG TERM BORROWINGS

a) Debentures

Secured redeemable Non-convertible Debentures

985.54	699.64
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b) Term loans

Secured Loans

From Banks	48,817.32
From Other Parties	5,467.24

58,128.94	6,533.54
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Unsecured Loans

From Banks	466.72
From Other Parties	6,399.63

1,054.71	7,444.19
----------	----------

c) Loans and Advances from related parties (Unsecured)

(For details please refer Note No.30)

6,866.35	8,498.90
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d) Long term maturities of finance lease obligations (Secured)

61,150.91	73,161.38
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TOTAL

<b>9,648.07</b>	27,485.03
<b>1,122.64</b>	1,457.70
<b>72,907.16</b>	<b>102,803.75</b>



## 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 Rs.985.54 lakhs (Rs.699.64 lakhs) are secured by residual charge on the immovable properties of the Company situated at Mukasi Pallangoundenpalayam, Koonampatti and Sengalipalayam Villages Tirupur Dist, Tamil Nadu and are redeemable on maturity date mentioned against each series.

Series	31.03.2014			31.03.2013		
	No. of Debentures	Amount outstanding (Rs. in lakhs)	Maturity date	No. of Debentures	Amount outstanding (Rs. in lakhs)	Maturity date
<b>13% SRNCD:</b>						
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
NCD-43/13-14	70110	70.11	29/06/2015			
NCD-42/13-14	77950	77.95	24/06/2015			
NCD-41/13-14	69380	69.38	09/06/2015			
NCD-40/13-14	74370	74.37	23/05/2015			
NCD-39/13-14	108080	108.08	14/05/2015			
NCD-38/13-14	89000	89.00	07/05/2015			
NCD-37/13-14	126850	126.85	02/05/2015			
NCD-36/13-14	71280	71.28	26/04/2015			
NCD-35/13-14	98910	98.91	19/04/2015			
NCD-34/13-14	122400	122.40	10/04/2015			
NCD-33/13-14	77210	77.21	05/04/2015			
	<b>985540</b>	<b>985.54</b>			<b>699640</b>	<b>699.64</b>

Interest is payable on maturity.

**NOTE No. 3 (Contd.)****B Secured Loans from Banks :****SAKTHI SUGARS LIMITED (HOLDING COMPANY) :****Nature of Security**

1. Term loans amounting to Rs. 32233.46 lakhs (Rs.40387.27 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.1074.85 lakhs (Rs.1353.85 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.
3. Term loans amounting to Rs.8120.58 lakhs (Rs. 8120.58 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.
4. Term Loan amounting to Rs.5 lakhs (Nil) out of sanctioned Limit of Rs.5000 lakhs sanctioned under SEFASU scheme is secured/to be secured by:
  - a) Pari passu first charge on fixed assets pertaining to Co-generation Plant at Sakthi nagar.
  - b) Subservient pari passu charge on the fixed assets of the Company after the existing CDR Loans except the assets charged on exclusive basis.
5. Term Loan amounting to Rs.450 lakhs (Nil) is secured by:
  - a) First charge on the Company's property situated at 180, Race Course Road, Coimbatore.
  - b) Subservient charge on the fixed assets of the Company after the existing CDR Loans except the assets charged on exclusive basis.
6. The Term loans under 1 & 2 above are further secured by pledge of shares held by promoters in the Company.

**Terms of Repayment**

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

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

Term loan of Rs.3000 lakhs (Rs. 3000 lakhs) is repayable in 8 quarterly instalments 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 instalments 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 instalments commencing from September 2017. Rate of Interest 12.75% p.a. (12.75% p.a.)

The Loan is repayable in 36 monthly instalments commencing from April 2016.

Rate of Interest Nil

The Loan is repayable in 10 quarterly instalments commencing from January 2014.

Rate of Interest 11.50% p.a (Nil)

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

7. Guarantees given by Directors/Others:
  - a) Term Loans amounting to Rs.38029.89 lakhs (Rs.46457.70 lakhs) are guaranteed by Dr.N.Mahalingam, Dr.M.Manickam, Sri.M.Balasubramaniam and Sri.M.Srinivaasan.
  - b) Term Loan amounting to Rs.3404 lakhs (Rs.3404 lakhs) is guaranteed by Dr.M.Manickam, Sri.M.Balasubramaniam and Sri.M.Srinivaasan.
  - c) Term Loan amounting to Rs.450 lakhs (Nil) is guaranteed by Dr.M.Manickam.
  - d) Term Loan amounting to Rs.3000 lakhs (Rs.3000 lakhs) is additionally secured by corporate guarantee and collateral security given by a group company.

8. Period and amount of continuing default as on the date of Balance Sheet

	Amount (Rs.in lakhs)	Period	Since paid (Rs. in lakhs)
Principal Interest	10109.91 (4710.91) 5555.93 (2293.76)	Varying period from April 2012 to February 2014	90.00 (197.58) 32.49 (309.97)

**SAKTHI AUTO COMPONENT LIMITED (SACL):**

<b>Nature of Security</b>	<b>Terms of Repayment</b>
1. Term loan amounting to Rs.1141.31 lakhs (Rs.1291.49 lakhs) is secured by: <ol style="list-style-type: none"><li>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 charged on exclusive basis).</li><li>b) Escrow of receivables from Maruti Suzuki India Ltd.</li><li>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.</li></ol>	Repayable in 96 monthly instalments commencing from January 2011 Rate of Interest: BR +4.25%
2. Term loan amounting to Rs. 3559.78 lakhs (Rs. 4028.52 lakhs) is secured by: <ol style="list-style-type: none"><li>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 charged on exclusive basis)</li><li>b) Escrow of receivables from Maruti Suzuki India Ltd.</li><li>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.</li></ol>	Repayable in 96 monthly instalments commencing from January 2011. Rate of Interest: BR +4.25%

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

3. Term loan amounting to Rs. 2232.34 lakhs (Rs. 2754.33 lakhs) is secured by:

- Exclusive charge on the Machineries purchased out of the term loan.
- Escrow of receivables from Ijin 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.
- 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).

4. 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.

5. Guarantees given by Directors/Others:

- Term Loans amounting to Rs.4701.08 lakhs (Rs.5320.01 lakhs) are guaranteed by Dr. M. Manickam Chairman and Managing Director, Sri.M.Balasubramaniam and Sri. M.Srinivaasan, Directors of SACL.
- Term Loans amounting to Rs.2232.34 lakhs (Rs.2754.33 lakhs) are guaranteed by Dr. M. Manickam Chairman and Managing Director of SACL.
- Term Loans amounting to Rs.4701.08 Lakhs (Rs.5320.01 lakhs) are further guaranteed by Sakthi Sugars Limited, the holding Company.

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

- Term loan amounting to Nil (Rs.2.27 lakhs)
- Term loan amounting to Nil (Rs.1.78 lakhs)
- Term loan amounting to Nil (Rs.14.99 lakhs)

**Terms of Repayment**

43 equal monthly instalments beginning from October 2010.

48 equal monthly instalments 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**

- Term Loan amounting to Nil (Rs.173.86 lakhs) is secured by the Pledge over land and buildings of the Portugal unit.
- An amount of Rs.31379.07 lakhs (Rs.26426.64 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 instalments upto April 2014



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

**C Secured Loans from Other Parties**

**SAKTHI SUGARS LIMITED (HOLDING COMPANY)**

**Nature of Security**

1. Term loan amounting to Rs.1839.37 lakhs (Rs.2299.21 lakhs) is 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) 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.
2. Term loan amounting to Rs. 2168.73 lakhs (Rs.2891.65 lakhs) is secured by exclusive second charge on the assets of Sugar and Cogen units of the Company at Sivaganga.
3. Term loan amounting to Rs. 561.30 lakhs (Rs.721.67 lakhs) is secured by exclusive second charge on the assets of Sugar and Cogen units of the Company at Modakuruchi.

4. Guarantees given by Directors:

Term Loan amounting to Rs.1839.37 lakhs (Rs.2299.21 lakhs) is guaranteed by Dr.N.Mahalingam, Dr.M.Manickam, Sri.M.Balasubramaniam and Sri. M.Srinivaasan.

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

	Amount (Rs.in lakhs)	Period	Since paid (Rs. in lakhs)
Principal	1437.01 (862.20)	Varying period	Nil (Nil)
Interest	540.50 (169.50)	from January 2012 to February 2014	Nil (Nil)

**SAKTHI AUTO COMPONENT LIMITED (SACL):**

**Nature of Security**

1. Term loan amounting to Rs.229.93 lakhs (Rs.296.89 lakhs) is secured by exclusive charge on the Machineries purchased out of the term loan.
2. Term loan amounting to Rs.114.89 lakhs (Rs.179.22 lakhs) is secured by exclusive charge on the Machineries purchased out of the term loan.
3. Term loan amounting to Rs.93.17 lakhs (Rs.144.90 lakhs) is secured by exclusive charge on the Machineries purchased out of the term loan.
4. Term loans amounting to Rs.459.85 lakhs (Nil) are secured by first exclusive charge by way of hypothecation on specific equipments and machineries.

5. Guarantees given by Directors/Others:

Term Loans amounting to Rs.897.85 lakhs (Rs.621.01 Lakhs) are guaranteed by Dr. M. Manickam Chairman and Managing Director of SACL.

**Terms of Repayment**

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

Repayable in 10 half yearly instalments from May 2013.

Rate of Interest 7.00% p.a. (7.00% p.a.)

Repayable in 10 half yearly instalments from February 2014.

Rate of Interest 7.00% p.a. (7.00% p.a.)

**Terms of Repayment**

60 equal monthly instalments beginning from 25th January 2013. Rate of Interest : 15.75%

60 equal monthly instalments beginning from 16th February 2013. Rate of Interest : 13.58%

60 equal monthly instalments beginning from 16th April 2013. Rate of Interest : 12.41%

54 equal monthly instalments beginning from 15th December 2013. Rate of Interest : 15%



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

**(D) Unsecured Loans from Banks:**

**SAKTHI AUTO COMPONENT LIMITED (SACL):**

**Nature of Security**

1. Loan Amounting to Rs.138.98 lakhs (Rs.225.60 lakhs) is secured by collateral security given by Sakthi Sugars Limited, the holding company.
2. Guarantees given by Directors/Others:
  - a) Loan amounting to Rs.138.98 lakhs (Rs.225.60 lakhs) is guaranteed by Dr. M. Manickam Chairman & Managing director of SACL.
  - b) Loans amounting to Rs.138.98 lakhs (Rs.225.60 lakhs) is further guaranteed by Sakthi Sugars Limited, the holding Company.

**Terms of Repayment**

84 equal monthly instalments beginning from May 2009.

**SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):**

**Nature of Security**

1. Loan amounting to Rs.71.53 lakhs (Rs.118.00 lakhs) is secured by one specific asset of the holding company.
2. Loan amounting to Nil (Rs.9.08 lakhs) is secured by demand promissory note.
3. Guarantees given by Directors/Others:
  - a) Loan amounting to Rs.71.53 lakhs (Rs.118.00 lakhs) is guaranteed by Dr. M. Manickam Chairman & Managing director of SACL.
  - b) Loans amounting to Nil (Rs.9.08 lakhs) is guaranteed by the Managing Director and Joint Managing Director of SAAPL.

**Terms of Repayment**

84 equal monthly instalments beginning from May 2009 after initial moratorium period of 5 Months.

36 equal monthly instalments beginning from January 2012.

**EUROPEAN SUBSIDIARY:**

Loan amounting to Rs.256.21 lakhs (Rs.702.03 lakhs).

Repayable in instalments upto April 2016.

**E) Unsecured Loans from Other Parties**

**SAKTHI SUGARS LIMITED (HOLDING COMPANY):**

**Nature of Security**

1. Loan amounting to Rs 1395 lakhs (Rs. 1485 lakhs).
2. Loan Amounting to Rs.2710.48 lakhs (Rs. 3349.43 lakhs) 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.

**Terms of Repayment**

Rs.315 lakhs (Rs.405 lakhs) is repayable in 7 (9) half yearly instalments and the balance amount of Rs.1080 lakhs (Rs.1080 lakhs) to be adjusted by supply of bagasse.

Repayable in 60 monthly instalments.

**SAKTHI AUTO COMPONENT LIMITED (SACL):**

Loan under Sales Tax Deferral amounting to Rs.29.57 lakhs

Instalments beginning from December 2006 to April 2015.

**NOTE No. 3 (Contd.)****SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):****Nature of Security**

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

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

**Terms of Repayment**

36 equal monthly instalments beginning from February 2012.

36 equal monthly instalments beginning from May 2011.

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

Hire Purchase Loan amounting to Rs. 2.52 lakhs (Rs. 4.99 lakhs) is secured by hypothecation of vehicles so financed.

**Terms of Repayment**

Repayable in 36 Monthly Instalments

**SAKTHIAUTO COMPONENT LIMITED (SACL):**

Hire Purchase Finance amounting to Rs. 2.87 lakhs (Rs. 5.13 lakhs) are secured by hypothecation of the vehicles so financed.

Repayable in 36 Monthly Instalments

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

1. HP Vehicle loans amounting to Rs.4.29 lakhs (Rs.1.64 lakhs) are secured by hypothecation of vehicles so financed.
2. HP Machinery loans amounting to Rs.16.12 lakhs (Rs.119.52 lakhs) are secured by hypothecation of machineries so financed.
3. HP Machinery loan amounting to Rs.115.34 lakhs (Rs.114.25 lakhs) is secured by hypothecation of machineries so financed.
4. HP Machinery loan amounting to Rs.115.85 lakhs (Rs. 131.15 lakhs) is secured by hypothecation of machineries so financed.
5. Guarantees given by Directors:

Loans amounting to Rs.251.60 lakhs (Rs.366.56 lakhs) are guaranteed by the Managing Director and Joint Managing Director of SAAPL.

**Terms of Repayment**

Repayable in 36 Monthly Instalments

Repayable in 48 Monthly Instalments

Repayable in 60 Monthly Instalments

Repayable in 84 Monthly Instalments

**EUROPEAN SUBSIDIARY:**

Lease finance facilities amounting to Rs.865.65 lakhs (Rs.1081.02 lakhs) are secured by the equipments so financed.

Repayable in instalments upto January 2017.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

As at 31.03.2014

As at 31.03.2013

### NOTE No. 4

#### OTHER LONG TERM LIABILITIES

Other Payables

**3,631.99**

3,525.74

### NOTE No. 5

#### LONG TERM PROVISIONS

Provision for employee benefits

**2,658.87**

2,390.16

### NOTE No. 6

#### SHORT TERM BORROWINGS

(a) Loans repayable on Demand

Secured Loans

From Banks

From Other Parties

**26,548.34**

**649.65**

**27,197.99**

20,968.41

2,362.57

23,330.98

Unsecured Loans

From Banks

From Other Parties

**7,427.95**

**2,529.66**

**9,957.61**

5,032.19

2,431.79

7,463.98

**37,155.60**

30,794.96

(b) Loans and advances from related parties (Unsecured)  
(For details please see Note No. 30)

TOTAL

**1,643.40**

1,447.10

**38,799.00**

32,242.06

#### 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.5144.31 lakhs (Rs.4415.10 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 amounting to Rs.1495.65 lakhs (Nil) is 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.
  - c) Additionally secured by exclusive first charge on the Coke Bottling Plant at Sivaganga Unit.
3. Term Loan amounting to Rs.400 lakhs (Nil) is secured by:
 

Receivables from TNEB against supply of power from co-generation plant at Sakthinagar.

**NOTE No. 6 (Contd.)**

4. Working capital loan (Bills Discounting facility) amounting to Rs.608.53 lakhs (Rs.1182.09 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.
5. Working capital loan (Bills Discounting facility) amounting to Rs.352.07 lakhs (Nil) is secured by: Receivables from TNEB against supply of power from co-generation plant at Sakthinagar.
6. Working capital loan amounting to Rs.889.25 lakhs (Rs.801.21 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 immovable and movable assets of the Company's Sakthinagar Distillery Unit, Dhenkanal Sugar and Distillery Units and Soya Unit.
7. The loans under 1 & 4 above are further secured by pledge of shares held by promoters in the Company.
8. Guarantees given by Directors:
  - a) Working capital loans amounting to Rs.5752.84 lakhs (Rs.5597.19 lakhs) are guaranteed by Dr.N.Mahalingam, Dr.M.Manickam, Sri.M.Balasubramaniam and Sri.M.Srinivaasan.
  - b) Working capital loan amounting to Rs.889.25 lakhs (Rs.801.21 lakhs) is guaranteed by Dr. N.Mahalingam, and Dr. M.Manickam.
  - c) Working capital loan amounting to Rs. 1495.65 lakhs (Nil) is guaranteed by Dr. M.Manickam.
  - d) Working capital loans amounting to Rs.752.08 lakhs (Nil) are guaranteed by Sri.M.Balasubramaniam and Sri. M.Srinivaasan.

**SAKTHIAUTO COMPONENT LIMITED (SACL):**

1. Working capital facility of Rs.2477.19 lakhs (Rs.1499.53 Lakhs) is secured by:
  - a) Hypothecation of finished goods, raw materials, stock in process and stores and spares of the Company ranking paripassu 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.499.39 lakhs (Rs.495.84 lakhs) is secured by:  
Hypothecation of raw materials, work in progress, finished goods and stores of the Company ranking paripassu with Indian Overseas Bank.
3. Working capital facility amounting to Rs.4010.47 lakhs (Rs.3013.83 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.22.98 lakhs (Rs.103.83 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.3857.58 lakhs (Rs.3933.09 lakhs) is secured by:
  - a) Exclusive first charge on the entire receivables from Ijin 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 Indian Overseas Bank and Bank of India (except assets charged on exclusive basis).



**NOTE No. 6 (Contd.)**

6. Working capital facility amounting to Nil (Rs.400.00 Lakhs) is secured by:  
Subservient charge on the current and movable fixed assets of the Company.
7. Working capital facility amounting to Rs.1493.09 Lakhs (Rs.531.59 lakhs) is secured by:  
Exclusive charge on the current and future receivables from Volvo and GM Orion and GM Brazil outstandings, monies receivables, claims, bills, engagements, securities, rights, choses-in action etc.
8. Letter of Credit facility of Rs.699.65 lakhs (Rs.798.67 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).
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 facilities outstanding amounting to Rs.7187.31 lakhs (Rs. 5312.03 lakhs) are guaranteed by Dr. M. Manickam Chairman and Managing Director, Sri.M.Balasubramaniam and Sri. M.Srinivaasan, Directors of SACL.
  - b) Working Capital facilities outstanding amounting to Rs.5873.04 lakhs (Rs.5464.35 lakhs) are guaranteed by Dr. M. Manickam Chairman and Managing Director of SACL.
  - c) Working Capital facilities outstanding amounting to Rs.1500.00 lakhs (Rs.1499.53 lakhs) are further guaranteed by Sakthi Sugars Limited, the holding Company.

**SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):**

1. Working capital facility of Rs.848.56 lakhs (Rs.778.74 lakhs).
2. Letter of Credit facility of Rs.139.92 lakhs (Rs.137.60 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.3609.70 lakhs (Rs.2877.29 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 Nil (Rs.1856.46 lakhs) are secured by:
  - a) Receivables from TNEB against supply of power from co-generation plants at Sakthinagar and Modakurichi.
  - b) Exclusive first charge on the fixed assets pertaining to Co-generation Plant at Sakthinagar.
2. Guarantees given by Directors:  
Short term borrowing amounting to Nil (Rs.1856.46 lakhs) are guaranteed by Dr.M.Manickam, Sri.M.Balasubramaniam and Sri.M.Srinivaasan.

**SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):**

Sale Bill factoring facility of Rs.649.66 lakhs (Rs.506.11 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

**NOTE No. 6 (Contd.)**(C) **Unsecured Loans From Banks:****SAKTHI AUTO COMPONENT LIMITED (SACL):**

Unsecured loan amounting to Rs.200 lakhs (Rs.200 lakhs) is secured by collateral security and corporate guarantee by a promoter company and personal guarantee of Dr. M. Manickam Chairman and Managing Director of SACL.

**SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):**

Overdraft facility of Rs.202.70 lakhs (Rs.202.49 lakhs) is secured by one specific asset of a promoter company and personal guarantee of Dr. M. Manickam Chairman & Managing Director of SACL.

**EUROPEAN SUBSIDIARY:**

Bill factoring facilities amounting to Rs.6025.24 lakhs (Rs.4629.70 lakhs) are repayable in instalments upto October 2015.

(Rs. in lakhs)

**As at 31.03.2014****As at 31.03.2013****NOTE No. 7****OTHER CURRENT LIABILITIES**

Current maturities of long term debts	74,430.55	62,275.51
Current maturities of finance lease obligations	581.50	559.72
Interest accrued but not due on borrowings	525.72	670.12
Interest accrued and due on borrowings	13,363.27	7,599.30
Unclaimed dividends	19.00	33.90
Unclaimed matured deposits	1.20	3.14
Unclaimed matured debentures	19.10	147.41
Other payables:		
Statutory remittance	1,717.08	1,503.86
Advance from customers	2,981.42	3,017.22
Other liabilities	6,524.53	5,292.05
Liabilities for capital expenditure	1,088.44	1,092.74
	<b>12,311.47</b>	<b>10,905.87</b>
<b>TOTAL</b>	<b>101,251.81</b>	<b>82,194.97</b>

**NOTE No. 8****SHORT TERM PROVISIONS**

Provision for employee benefits	180.51	156.60
Premium payable on FCCB	6,326.04	--
Other provisions	6,040.91	4,478.95
<b>TOTAL</b>	<b>12,547.46</b>	<b>4,635.55</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE NO. 9

#### TANGIBLE ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	AS ON 01.04.2013	ADDITIONS	DELETIONS/ ADJUSTMENTS	AS ON 31.03.2014	UPTO 31.03.2013	FOR THE YEAR	WITHDRAWN	UPTO 31.03.2014
A. Land	31050.59	-	-	31050.59	-	-	-	31050.59
B. Buildings	35988.78	242.09	-	36230.87	4145.05	1209.49	-	31843.73
C. Plant and equipment	165770.46	2277.71	9.28	168038.89	33216.68	9845.23	3.35	132553.78
D. Furniture and fixtures	443.56	3.53	1.13	445.96	304.56	17.82	0.61	321.77
E. Vehicles	1485.99	72.45	58.97	1499.47	875.22	112.60	45.21	942.61
F. Office equipment	2108.37	40.98	2.85	2146.50	1482.95	125.63	1.42	1607.16
G. Others	23.60	-	-	23.60	-	-	-	23.60
<b>Total</b>	<b>236871.35</b>	<b>2636.76</b>	<b>72.23</b>	<b>239435.88</b>	<b>40024.46</b>	<b>11310.77</b>	<b>50.59</b>	<b>51284.64</b>
H. Work in progress	15407.59	2073.61	647.99	16833.21	-	-	-	15407.59
<b>TOTAL FOR THE YEAR</b>	<b>252278.94</b>	<b>4710.37</b>	<b>720.22</b>	<b>252278.94</b>	<b>40024.46</b>	<b>11310.77</b>	<b>50.59</b>	<b>51284.64</b>
<b>TOTAL FOR THE PREVIOUS YEAR</b>	<b>244500.16</b>	<b>10242.97</b>	<b>2464.19</b>	<b>252278.94</b>	<b>29568.86</b>	<b>10462.34</b>	<b>6.74</b>	<b>40024.46</b>
								<b>212254.48</b>
								<b>204984.45</b>
								<b>214931.30</b>
								<b>212254.48</b>

Note:1) Land, Buildings, Plant and Equipment of Sakthi Sugars Ltd. have been evaluated 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 assets amounting to Rs.9389.16 lakhs and Rs.22901.60 lakhs respectively have been credited to Revaluation Reserve.

### NOTE NO. 10

#### INTANGIBLE ASSETS

PARTICULARS	GROSS BLOCK			AMORTISATION			NET BLOCK	
	AS ON 01.04.2013	ADDITIONS	DELETIONS	AS ON 31.03.2014	UPTO 31.03.2013	FOR THE YEAR	UPTO 31.03.2014	AS ON 31.03.2013
A. Goodwill	33655.44	-	-	33655.44	15708.01	3365.54	19073.55	17947.43
B. Product Development	12013.62	3617.87	-	15631.49	8154.71	1251.17	9405.88	3858.91
<b>TOTAL FOR THE YEAR</b>	<b>45669.06</b>	<b>3617.87</b>	<b>-</b>	<b>49286.93</b>	<b>23862.72</b>	<b>4616.71</b>	<b>28479.43</b>	<b>21806.34</b>
<b>TOTAL FOR THE PREVIOUS YEAR</b>	<b>43821.76</b>	<b>1847.30</b>	<b>-</b>	<b>45669.06</b>	<b>19794.81</b>	<b>4067.91</b>	<b>23862.72</b>	<b>24026.95</b>
								<b>21806.34</b>



As at 31.03.2014

As at 31.03.2013

**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

Suryadev Alloys and Power P. Limited  
64,800 Shares of Rs.10 each

**2.27**

--

**402.15**

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

**430.64**

428.37

**II. Unquoted****i. Subsidiaries**

Sakthi Europe Verwaltungs GmbH, Germany

**--**

21.00

**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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31.03.2014	As at 31.03.2013
<b>NOTE No. 11 (Contd.)</b>		
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	6.00
	<b>7.29</b>	14.97
Total of Unquoted Investments	<b>7.29</b>	35.97
<b>Total of Equity instrument</b>	<b>437.93</b>	464.34
 <b>(b) Investment in Preference shares</b>		
<b>Associates</b>		
8,95,900 - 5% Redeemable Non-Convertible Cumulative Preference Shares in Sri Chamundeswari Sugars Limited	895.90	895.90
 <b>(c) Investment in Government/Trust Securities</b>		
Investment in Govt. Securities	1.26	20.17
 <b>Investment in Partnership firm</b>		
Sakthi Europe GmbH & Co Germany	--	46,187.40
Less: Provision for Diminution in value of Investments	<b>1,335.09</b>	47,567.81
	<b>175.04</b>	172.28
<b>TOTAL</b>	<b>1,160.05</b>	47,395.53
 Aggregate amount of Quoted Investments	430.64	428.37
Market value of Quoted Investments	620.36	654.77
Aggregate amount of Unquoted Investments	904.45	47,139.44
Provision for Diminution in value of Investments	175.04	172.28
 <b>NOTE No. 12</b>		
<b>LONG TERM LOANS AND ADVANCES - Unsecured, considered good</b>		
a) Capital Advances	2,595.68	2,563.85
b) Security Deposits	1,224.26	1,259.62
c) Loans and Advances to related parties (for details please see Note No. 30)	6.75	426.18
d) Other Loans and Advances:		
Loans and advance due by officers	137.81	118.62
Advance Income-tax	449.31	379.02
MAT Credit entitlement	3,646.54	3,188.11
Advance for Purchases & Others	291.29	197.65
<b>TOTAL</b>	<b>4,524.95</b>	3,883.40
	<b>8,351.64</b>	8,133.05



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

As at 31.03.2014      As at 31.03.2013

### NOTE No. 13

#### OTHER NON-CURRENT ASSETS

Long term Trade receivables - Unsecured, considered good	77.02	49.20
Funded Interest under CDR Scheme	4,040.43	5,050.54
Sundry Deposits	3,695.66	3,647.79
<b>TOTAL</b>	<b>7,813.11</b>	<b>8,747.53</b>

### NOTE No. 14

#### INVENTORIES

a) Raw Materials		
Molasses - Distillery Unit	223.34	565.58
Soyabean	4.53	149.34
Soya Flour	184.29	79.87
News print paper	1.22	0.11
Steel Scrap, Pig Iron and Others	7,893.56	6,626.55
	<b>8,306.94</b>	<b>7,421.45</b>
b) Stock in Process		
Sugar	455.89	754.32
Molasses	83.04	82.40
Iron Castings and Industrial Valves	5,757.47	4,458.27
	<b>6,296.40</b>	<b>5,294.99</b>
c) Finished goods		
Sugar	8,343.17	3,071.18
Molasses - Sugar Unit	126.10	424.62
Industrial Alcohol	374.28	688.94
Ethanol	--	196.71
Soya Products	1,120.55	627.96
Bio-Earth	9.51	3.95
Fusel Oil	3.42	0.02
Bagasse	85.28	30.77
Iron Castings and Industrial Valves	12,489.68	14,135.75
	<b>22,551.99</b>	<b>19,179.90</b>
d) Stock in Trade		
Chemicals, Fertilisers & Others	200.81	224.33
e) Stores and spares		
Stores and spares	2,957.61	4,219.32
f) Other Stock		
Standing crop	2.12	3.53
<b>TOTAL</b>	<b>40,315.87</b>	<b>36,343.52</b>

For mode of valuation please refer Sl. No. 2 in Significant Accounting Policies.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31.03.2014	As at 31.03.2013
<b>NOTE No. 15</b>		
<b>TRADE RECEIVABLES - Unsecured, considered good</b>		
Trade Receivables outstanding for a period exceeding six months	3,820.96	4,706.53
Trade Receivables outstanding for a period less than six months	19,895.99	22,036.51
TOTAL	<b>23,716.95</b>	26,743.04
<b>NOTE No. 16</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents:		
Balances with Banks	755.48	2,542.51
Cash on hand	60.40	119.45
Earmarked balance with banks:		
Unpaid Dividend/interest warrant	23.62	38.00
Margin money with banks/security against borrowings	1,414.52	1,193.18
TOTAL	<b>2,254.02</b>	3,893.14
Margin money with banks includes deposits with maturity period of more than 12 months of Rs.590.28 lakhs (Rs.599.69 lakhs)		
<b>NOTE No. 17</b>		
<b>SHORT TERM LOANS AND ADVANCES - Unsecured, considered good</b>		
Loans and Advances to related parties (for details please see Note No. 30)	1,172.55	142.33
Other Loans and Advances:		
Security Deposits	1.47	68.15
Loans and advance due by officers	257.89	262.60
Prepaid expenses	551.38	696.30
Deposits with Government authorities	3,284.31	2,828.23
Advance for purchases & others	3,823.81	4,958.98
Advance Income-tax	385.57	624.37
TOTAL	<b>8,304.43</b>	9,438.63
	<b>9,476.98</b>	9,580.96
<b>NOTE No. 18</b>		
<b>OTHER CURRENT ASSETS</b>		
Outstanding income and interest receivable	598.11	549.11



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended 31.03.2014	Year Ended 31.03.2013
<b>NOTE No. 19</b>		
<b>REVENUE FROM OPERATIONS:</b>		
<b>a) Sale of Products</b>		
<b>Manufactured Goods</b>		
Sugar	38,608.30	84,697.60
Industrial alcohol	14,537.15	13,937.56
Power	3,129.14	6,656.23
Ethanol	955.81	--
Soya products	13,239.47	12,177.59
Bio earth	166.04	187.18
Carbon-di-oxide	17.77	23.67
Fusel oil	1.24	0.11
Magazines	16.35	14.45
Seeds	334.91	63.29
Iron castings	132,260.64	116,691.54
Pattern sale	403.18	762.68
Industrial valves	810.66	512.18
	<b>204,480.66</b>	<b>235,724.08</b>
<b>Traded Goods</b>		
Fertilisers & chemicals	425.74	1,012.76
	<b>425.74</b>	<b>1,012.76</b>
	<b>204,906.40</b>	<b>236,736.84</b>
<b>b) Sale of Services</b>	<b>1,114.58</b>	863.28
<b>c) Other Operating revenues</b>		
Sale of used materials	414.58	342.15
Duty drawback/other export incentive	337.84	360.74
	<b>752.42</b>	<b>702.89</b>
	<b>206,773.40</b>	<b>238,303.01</b>
Less : Excise Duty	<b>8,038.51</b>	<b>8,602.22</b>
	<b>198,734.89</b>	<b>229,700.79</b>
<b>NOTE No. 20</b>		
<b>OTHER INCOME</b>		
a) Interest income	373.44	456.00
b) Dividend income from non-current investments	14.96	14.33
c) Reversal of reduction in carrying amount of investments	--	6.68
d) Other non-operating income:		
Rent receipts	84.64	79.93
Profit on sale of fixed assets	4.86	0.03
Miscellaneous income	733.90	293.63
Development cost received	30.78	51.98
Sundry balance written off	8.61	8.27
	<b>862.79</b>	<b>433.84</b>
	<b>1,251.19</b>	<b>910.85</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended 31.03.2014	Year Ended 31.03.2013
<b>NOTE No. 21</b>		
<b>COST OF MATERIAL CONSUMED</b>		
<b>a) Opening Stock</b>		
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	7,644.98	6,529.95
Total (a)	<b>8,439.88</b>	9,231.76
<b>b) Purchases</b>		
Sugarcane	43,857.20	76,178.64
Molasses	2,129.82	1,369.40
Raw sugar	10.00	1,737.39
Newsprint paper	24.48	21.81
Soyabean seeds & others	11,130.20	7,119.67
Soya products	7.99	4.50
Steel scrap, pig iron & others	45,809.93	43,446.60
Total (b)	<b>102,969.62</b>	129,878.01
<b>c) Closing Stock</b>		
Molasses	223.34	565.58
Newsprint paper	1.22	0.11
Soyabean seeds & others	4.53	149.34
Soya products	184.29	79.87
Steel scrap, pig iron & others	7,893.56	6,626.55
Total (c)	<b>8,306.94</b>	7,421.45
TOTAL (a+b-c)	<b>103,102.56</b>	131,688.32
<b>NOTE No. 22</b>		
<b>PURCHASES OF STOCK IN TRADE</b>		
Fertiliser & chemicals	<b>381.74</b>	1,017.72
<b>NOTE No. 23</b>		
<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE</b>		
<b>a) Opening Stock</b>		
<b>Finished Goods</b>		
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	15,466.45	12,378.64
Total	<b>20,510.62</b>	17,258.41



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended 31.03.2014	Year Ended 31.03.2013
<b>NOTE No. 23 (Contd.)</b>		
<b>Work in Progress and Stock in trade</b>		
Sugar in process	754.32	632.53
Molasses in process	82.40	73.74
Fertilisers & chemicals	224.31	190.76
Iron castings	5,236.48	3,999.10
	<b>6,297.51</b>	<b>4,896.13</b>
Total (a)	<b>26,808.13</b>	<b>22,154.54</b>
<b>b) Closing Stock</b>		
<b>Finished Goods</b>		
Sugar	8,343.17	3,071.18
Molasses	126.10	424.62
Industrial alcohol	374.28	688.95
Ethanol	--	196.71
Soya products	1,120.55	627.97
Bagasse	85.28	30.77
Bio earth	9.51	3.95
Fusel oil	3.42	0.02
Iron castings	12,489.68	14,135.75
	<b>22,551.99</b>	<b>19,179.92</b>
<b>Work in Progress and Stock in trade</b>		
Sugar in process	455.89	754.32
Molasses in process	83.04	82.40
Fertilisers & chemicals	200.79	224.31
Iron castings	5,757.48	4,458.27
	<b>6,497.20</b>	<b>5,519.30</b>
Total (b)	<b>29,049.19</b>	<b>24,699.22</b>
<b>TOTAL (a-b)</b>	<b>(2,241.06)</b>	<b>(2,544.68)</b>
<b>NOTE No. 24</b>		
<b>EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	15,724.50	13,881.69
Contribution to Provident and other funds	2,624.29	2,352.25
Staff welfare expenses	1,451.97	1,330.44
<b>TOTAL</b>	<b>19,800.76</b>	<b>17,564.38</b>
<b>NOTE No. 25</b>		
<b>FINANCE COSTS</b>		
Interest expense:		
On borrowings	25,219.84	20,200.84
On trade payable	1,689.24	1,181.51
Other borrowing costs	43.40	130.08
(Gain)/Loss on foreign currency transaction (net)	207.12	(61.12)
<b>TOTAL</b>	<b>27,159.60</b>	<b>21,451.31</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended 31.03.2014	Year Ended 31.03.2013
<b>NOTE No. 26</b>		
<b>DEPRECIATION AND AMORTIZATION EXPENSES</b>		
Depreciation	11,310.77	10,462.36
Less : Transfer from Revaluation reserve	3,157.72	3,164.92
	<hr/>	<hr/>
Amortization expenses	8,153.05	7,297.44
	<hr/>	<hr/>
TOTAL	4,616.71	4,067.90
	<hr/>	<hr/>
<b>NOTE No. 27</b>		
<b>OTHER EXPENSES</b>		
<b>Manufacturing Expenses:</b>		
Consumption of stores and spare parts	19,472.39	19,919.21
Printing and publication charges	35.39	33.91
Power and fuel	18,957.46	18,079.25
Water charges	204.02	224.44
Fettling & machining charges	2,886.36	2,329.11
Rent	524.98	535.21
Lease rent	49.78	42.25
Repairs to buildings	275.49	304.90
Repairs to machinery	5,488.41	6,782.88
Repairs to others	496.32	497.31
Insurance	540.97	486.06
Rates and taxes, excluding taxes on income	384.47	611.96
Effluent disposal expenses	353.39	417.63
State administrative service fees	138.71	180.00
Royalty	22.79	23.03
<b>Selling and Distribution Expenses:</b>		
Packing materials	1,535.26	1,452.71
Selling and distribution expenses	2,955.68	2,677.53
Freight and transport on finished goods	2,418.79	2,395.01
Commission and brokerage	32.15	48.16
<b>Other Administrative Expenses:</b>		
Travelling expenses	669.72	588.38
Printing, postage, telephone & telex	509.84	442.37
Freight and transport	254.44	232.89
Donations	35.92	5.86
Legal and professional charges	1,714.34	1,333.87
Excise Duty on stock adjustments	54.93	41.53
Administrative and other expenses	1,069.62	935.65
Bank charges	271.17	185.20
Effluent on soil/crop - R & D expenses	20.49	23.47
Data processing charges	18.60	21.35
Payment to Auditor		
As auditors	33.58	31.25
Taxation matters	3.37	4.01
Consolidated audit report	0.50	0.50
Management services & Others	19.43	13.16
Service tax	6.35	5.02
Reimbursement of expenses	2.26	1.49
Managerial remuneration	161.96	156.94
Directors sitting fees	16.43	8.35
Provision for diminution in value of investments	2.76	--
Loss on sale of fixed assets	2.71	--
Loss on sale of used materials	26.13	15.03
Deferred revenue expenditure written off	166.33	206.03
Irrecoverable advances written off	8.32	128.07
	<hr/>	<hr/>
TOTAL	61,842.01	61,420.98



## 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 31.03.2014	Year ended 31.03.2013
Gratuity	423.11	352.17
Provident Fund	510.64	468.23
Employees State Insurance	45.28	45.85

## 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 31.03.2014	Year ended 31.03.2013
<b>I Principal Actuarial Assumptions (Expressed as weighted average)</b>		
Discount Rate	9.10%	8.05%
Salary escalation rate	8.00%	7.00%
Attrition rate	3.00%	3.00%
Expected rate of return on Plan Assets	--	--
<b>II Changes in the Present Value of the Obligation (PVO)-Reconciliation of Opening and Closing Balances</b>		
PVO as at the beginning of the period	659.15	550.38
Interest Cost	57.67	42.83
Current Service Cost	57.02	103.81
Past Service cost-(non vested benefits)	--	--
Past service cost-(vested benefits)	--	--
Benefits paid	-50.89	-36.78
Actuarial loss/(gain) on obligation (balancing figure)	-26.33	-1.09
PVO as at the end of the period	696.62	659.15
<b>III Changes in the Fair Value of Plan Assets - Reconciliation of Opening and Closing Balances</b>		
Fair value of plan assets as at the beginning of the period	--	--
Expected return on Plan Assets	--	--
Contributions	50.89	36.78
Benefits paid	-50.89	-36.78
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 31.03.2014	Year ended 31.03.2013
<b>IV Actual Return on Plan Assets</b>		
Expected return on Plan Assets	--	--
Actuarial gain/(loss) on Plan Assets	--	--
Actual return on Plan Assets	--	--
<b>V Actual Gain/Loss Recognized</b>		
Actuarial gain/(loss) for the period-Obligation	26.33	1.09
Actuarial gain/(loss) for the period-Plan Assets	--	--
Total (gain)/loss for the period	-26.33	-1.09
Actuarial (gain)/loss recognized in the period	-26.33	-1.09
Unrecognized actuarial (gain)/loss at the end of the year	--	--
<b>VI Amounts Recognised in the Balance Sheet and Related Analyses</b>		
Present value of the obligation	696.62	659.15
Fair value of Plan Assets	--	--
Difference	696.62	659.15
Unrecognised transitional liability	--	--
Unrecognised past service cost-non vested benefits	--	--
Liability recognized in the balance sheet	696.62	659.15
<b>VII Expenses Recognised in the Statement of Profit and Loss</b>		
Current service cost	57.02	103.81
Interest Cost	57.67	42.83
Expected return on Plan Assets	--	--
Net actuarial (gain)/loss recognised in the year	-26.33	-1.09
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	88.36	145.55
<b>VIII Movements in the Liability Recognized in the Balance Sheet</b>		
Opening net liability	659.15	550.38
Expenses as above	88.36	145.55
Contribution paid	-50.89	-36.78
Closing net liability	696.62	659.15
<b>IX Amount for the Current Period</b>		
Present value of obligation	696.62	659.15
Plan Assets	--	--
Surplus(Deficit)	-696.62	-659.15
<b>X Major Categories of Plan Assets (as Percentage of Total Plan Assets)</b>	Nil	Nil



## Sakthi Auto Component Limited (SACL)

(Rs. in lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
<b>I Principal Actuarial Assumptions (Expressed as weighted average)</b>		
Discount Rate	<b>9.10%</b>	8.05%
Salary escalation rate	<b>8.00%</b>	7.00%
Attrition rate	<b>5.00%</b>	3.00%
Expected rate of return on Plan Assets	--	--
<b>II Changes in the Present Value of the Obligation (PVO) - Reconciliation of Opening and Closing Balances</b>		
PVO as at the beginning of the period	<b>80.45</b>	67.38
Interest Cost	<b>7.18</b>	5.23
Current Service Cost	<b>26.46</b>	28.77
Past Service cost-(non vested benefits)	--	--
Past service cost-(vested benefits)	--	--
Benefits paid	<b>-3.18</b>	-4.74
Actuarial loss/(gain) on obligation (balancing figure)	<b>-13.61</b>	-16.18
PVO as at the end of the period	<b>97.30</b>	80.45
<b>III Changes in the Fair Value of Plan Assets - Reconciliation of Opening and Closing Balances</b>		
Fair value of plan assets as at the beginning of the period	--	--
Expected return on Plan Assets	--	--
Contributions	<b>3.18</b>	4.74
Benefits paid	<b>-3.18</b>	-4.74
Actuarial gain/(loss) on obligation (balancing figure)	--	--
Fair value on plan assets as at the end of the period	--	--
<b>IV Actual Return on Plan Assets</b>		
Expected return on Plan Assets	--	--
Actuarial gain/(loss) on Plan Assets	--	--
Actual return on Plan Assets	--	--
<b>V Actual Gain/Loss Recognized</b>		
Actuarial gain/(loss) for the period-Obligation	<b>-13.60</b>	-16.18
Actuarial gain/(loss) for the period-Plan Assets	--	--
Total (gain)/loss for the period	<b>-13.60</b>	-16.18
Actuarial (gain)/loss recognized in the period	<b>-13.60</b>	-16.18
Unrecognized actuarial (gain)/loss at the end of the year	--	--



## Sakthi Auto Component Limited (SACL) (Contd.)

(Rs. in lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
<b>VI Amounts Recognised in the Balance Sheet and Related Analyses</b>		
Present value of the obligation	<b>80.45</b>	67.38
Fair value of Plan Assets	--	--
Difference	<b>80.45</b>	67.38
Unrecognised transitional liability	--	--
Unrecognised past service cost-non vested benefits	--	--
Liability recognized in the balance sheet	<b>80.45</b>	67.38
<b>VII Expenses Recognised in the Statement of Profit and Loss</b>		
Current service cost	<b>26.46</b>	28.77
Interest Cost	<b>7.18</b>	5.23
Expected return on Plan Assets	--	--
Net actuarial (gain)/loss recognised in the year	<b>-13.61</b>	-16.18
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	<b>20.03</b>	17.82
<b>VIII Movements in the Liability Recognized in the Balance Sheet</b>		
Opening net liability	<b>80.45</b>	67.38
Expenses as above	<b>20.03</b>	17.81
Contribution paid	<b>-3.18</b>	-4.74
Closing net liability	<b>97.30</b>	80.45
<b>IX Amount for the Current Period</b>		
Present value of obligation	<b>97.30</b>	80.45
Plan Assets	--	--
Surplus(Deficit)	<b>97.30</b>	80.45
<b>X Major Categories of Plan Assets (as Percentage of Total Plan Assets)</b>	<b>Nil</b>	Nil



## Sakthi Auto Ancillary Pvt. Limited (SAAPL)

(Rs. in lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
<b>I Principal Actuarial Assumptions (Expressed as weighted average)</b>		
Discount Rate	<b>9.20%</b>	8.05%
Salary escalation rate	<b>6.00%</b>	5.50%
Attrition rate	<b>5.00%</b>	2.00%
Expected rate of return on Plan Assets	<b>8.00%</b>	8.05%
<b>II Changes in the Present Value of the Obligation (PVO) - Reconciliation of Opening and Closing Balances</b>		
PVO as at the beginning of the period	<b>46.26</b>	40.78
Interest Cost	<b>4.25</b>	3.28
Current Service Cost	<b>7.36</b>	7.22
Past Service cost-(non vested benefits)	--	--
Past service cost-(vested benefits)	--	--
Benefits paid	--	--
Actuarial loss/(gain) on obligation (balancing figure)	<b>5.15</b>	-5.01
PVO as at the end of the period	<b>63.02</b>	46.26
<b>III Changes in the Fair Value of Plan Assets - Reconciliation of Opening and Closing Balances</b>		
Fair value of Plan Assets as at the beginning of the period	<b>23.09</b>	21.38
Expected return on Plan Assets	<b>1.85</b>	1.72
Contributions	--	--
Benefits paid	--	--
Actuarial gain/(loss) on obligation (balancing figure)	<b>-0.29</b>	-0.01
Fair value on plan assets as at the end of the period	<b>24.65</b>	23.09
<b>IV Actual Return on Plan Assets</b>		
Expected return on Plan Assets	<b>1.85</b>	1.72
Actuarial gain/(loss) on Plan Assets	<b>-0.29</b>	-0.01
Actual return on Plan Assets	<b>1.56</b>	1.71
<b>V Actual Gain/Loss Recognized</b>		
Actuarial gain/(loss) for the period-Obligation	<b>5.15</b>	-5.02
Actuarial gain/(loss) for the period-Plan Assets	<b>0.29</b>	0.01
Total (gain)/loss for the period	<b>5.44</b>	-5.01
Actuarial (gain)/loss recognized in the period	<b>5.44</b>	-5.01
Unrecognized actuarial (gain)/loss at the end of the year	--	--



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

(Rs. in lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
<b>VI Amounts Recognised in the Balance Sheet and Related Analyses</b>		
Present value of the obligation	<b>63.02</b>	46.26
Fair value of Plan Assets	<b>24.65</b>	23.09
Difference	<b>-38.37</b>	-23.16
Unrecognised transitional liability	--	--
Unrecognised past service cost-non vested benefits	--	--
Liability recognized in the balance sheet	<b>-38.37</b>	-23.16
<b>VII Expenses Recognised in the Statement of Profit and Loss</b>		
Current service cost	<b>7.36</b>	7.22
Interest Cost	<b>4.26</b>	3.28
Expected return on Plan Assets	<b>-1.85</b>	-1.72
Net actuarial (gain)/loss recognised in the year	<b>5.44</b>	-5.00
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	<b>15.21</b>	3.77
<b>VIII Movements in the Liability Recognized in the Balance Sheet</b>		
Opening net liability	<b>-23.16</b>	-19.39
Expenses as above	<b>-15.21</b>	-3.77
Contribution paid	--	--
Closing net liability	<b>-38.37</b>	-23.16
<b>IX Amount for the Current Period</b>		
Present value of obligation	<b>63.02</b>	46.25
Plan Assets	<b>24.65</b>	23.09
Surplus(Deficit)	<b>-38.37</b>	-23.16
<b>X Major Categories of Plan Assets (as Percentage of Total Plan Assets)</b>	<b>Nil</b>	Nil



## 29 Segment information for the year ended 31.03.2014:

(Rs. in lakhs)

REVENUE	SUGAR		INDUSTRIAL ALCOHOL		SOYA PRODUCTS		POWER		IRON CASTINGS		TOTAL	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
<b>PRIMARY</b>												
External Sales	38215.78	83818.30	15538.00	14107.80	13572.50	12239.49	3129.14	6656.23	134450.98	111312.80	204906.40	228134.62
Inter Segment Sales	8236.80	13700.89	1.86	1.11	--	--	5286.37	9336.45	--	--	13525.03	23038.45
Operating Income	266.68	270.90	12.43	17.13	138.73	77.87	0.49	0.23	2326.42	1634.00	2744.75	2000.13
Total Revenue	46719.26	97790.09	15552.29	14126.04	13711.23	12317.36	8416.00	15992.91	136777.40	112946.80	221176.18	253173.20
Segment Result	-8743.68	-3770.18	5942.33	5119.45	620.81	764.86	642.15	3122.63	8944.97	7867.02	7406.58	13103.78
Unallocated Corporate Expenses/ Income (Net)											3449.71	3460.20
Operating Profit											3956.87	9643.58
Finance Cost											27159.60	21451.31
Interest Income											373.44	456.00
Profit from Ordinary activities											-22829.29	-11351.73
Exceptional Items											-45693.99	--
Net Profit/Loss before Tax											22864.70	-11351.73
Less: Income-tax:											103.70	43.38
Deferred Tax											-6732.63	-2316.10
Net Profit/Loss after Tax											29493.63	-9079.01
Minority Interest											468.40	60.73
Net Profit/Loss after Tax-after Minority Interest											29025.23	-9137.74
<b>OTHER INFORMATION</b>												
Segment Assets	54494.14	76664.15	12068.77	13648.46	7151.85	7664.13	36024.62	41410.00	174437.28	88710.56	284176.66	228097.30
Unallocated Corporate Assets											8134.77	54007.50
Total Assets											292311.43	282104.80
Segment Liabilities											175363.87	192340.86
Deferred Tax Liability(+)/Asset (-)											-8638.19	-1829.27
Total Liabilities											166725.68	190511.59
Capital Expenditure	84.74	1099.59	12.65	355.03	3.69	25.68	81.21	1721.97	3879.79	4584.42	4062.08	7786.69
Depreciation & Amortisation	5061.65	5042.02	281.42	267.44	125.02	124.83	1170.12	1163.79	6131.55	4767.26	12769.76	11365.34
<b>SECONDARY</b>												
Revenue by Geographical Market												
India	42217.49	94059.64	15552.29	14126.04	11256.33	9379.56	8416.00	15992.91	60686.53	50057.53	138128.64	183615.68
Outside India	4501.77	3730.45	--	--	2454.90	2937.80	--	--	76090.87	62889.27	83047.54	69557.52

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**

ABT Limited

**b. Subsidiary companies**

Sakthi Auto Component Limited  
Sakthi Auto Ancillary Private Limited  
Orlandofin B.V.  
Sakthi Auto Mauritius Limited

**c. Associates**

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, Executive Vice Chairman  
Sri M Balasubramaniam, Managing Director  
Sri M Srinivaasan, Joint Managing Director  
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	Holding Company	Associates	Key Managerial Personnel	Relative of Key Managerial Personnel	Enterprises in which KMP/ relatives of KMP have significant influence	Total
<b>Purchase</b>						
Purchase of Materials		<b>381.67</b> (140.17)				<b>381.67</b> (140.17)
Purchase of Fuel					<b>44.92</b> (81.01)	<b>44.92</b> (81.01)
Purchase of Milk		<b>4.42</b> (4.70)				<b>4.42</b> (4.70)
<b>Sales</b>						
Sales of Materials		<b>22.46</b> (2.89)				<b>22.46</b> (2.89)
<b>Rendering of services</b>						
Rent Receipts	<b>12.60</b> (12.83)					<b>12.60</b> (12.83)
EB Receipts	<b>3.41</b> (8.89)					<b>3.41</b> (8.89)
Water & Technical Service charges receipts		<b>15.11</b> (16.49)				<b>15.11</b> (16.49)
Advertisement Receipts		<b>13.80</b> (13.48)		<b>4.80</b> (4.72)		<b>18.60</b> (18.20)
<b>Receiving of services</b>						
Interest Payments	<b>710.62</b> (2068.72)	<b>61.79</b> (395.26)				<b>772.41</b> (2463.98)
Printing charges		<b>22.51</b> (24.30)				<b>22.51</b> (24.30)
Others	<b>3.54</b> (--)	-- (2.70)				<b>3.54</b> (2.70)
Electricity Charges	<b>1.14</b> (0.73)					<b>1.14</b> (0.73)
Rent Payments	<b>15.84</b> (15.84)					<b>15.84</b> (15.84)
Lease Rent		-- (5.40)				-- (5.40)
Vehicle Purchase/Maintenance	<b>2.59</b> (18.09)	<b>17.01</b> (17.48)		<b>21.35</b> (31.43)		<b>40.95</b> (67.00)
Transport charges	<b>277.01</b> (294.50)					<b>277.01</b> (294.50)
Purchase of Computer Consumables		<b>16.52</b> (15.68)				<b>16.52</b> (15.68)
Promoter Contribution	-- (9000.00)					-- (9000.00)
Unsecured loan	-- (3500.00)					-- (3500.00)

**II Related Parties Transactions : (contd.)**

(Rs. in lakhs)

Nature of Transactions	Holding Company	Associates	Key Managerial Personnel	Relative of Key Managerial Personnel	Enterprises in which KMP/ relatives of KMP have significant influence	Total
<b>Managerial Remuneration</b>						
Remuneration paid to whole time Director			<b>161.96</b> (156.94)			<b>161.96</b> (156.94)
Remuneration paid to non-whole time Director			<b>0.40</b> (0.40)	<b>0.60</b> (0.80)		<b>1.00</b> (1.20)
<b>Balance outstanding at the end of the year</b>						
Payable to Key Managerial Personnel			<b>100.09</b> (77.63)			<b>100.09</b> (77.63)
Trade Payables			<b>93.99</b> (125.99)			<b>93.99</b> (125.99)
Loans and advances	<b>6.64</b> (6.20)	<b>1172.36</b> (257.24)			<b>0.30</b> (305.07)	<b>1179.30</b> (568.51)
Borrowing	<b>8555.57</b> (26279.41)	<b>2729.48</b> (2643.89)			<b>6.42</b> (8.83)	<b>11291.47</b> (28932.13)

Figures in brackets are that of the previous year

**31 Earnings Per Share :**

Particulars	2013-14	2012-13
Basic :		
a) Face value per Share (Rs.)	<b>10</b>	10
b) Profit After Tax (Rs. In lakhs)	<b>29025.23</b>	-9139.74
c) The weighted average No. of Equity Shares	<b>37946631</b>	36807339
d) Earnings per Share - Basic (Rs.)	<b>76.49</b>	-24.83
Diluted:		
a) The weighted average No. of Equity Shares	<b>37946631</b>	36807339
b) Earnings per Share - Diluted (Rs.)	<b>76.49</b>	-24.83

**32 Deferred Tax :**

(Rs. in lakhs)

Particulars	31.03.2014	31.03.2013
<b>A) For Indian Companies:</b>		
i) Deferred Tax Liability:		
Arising out of depreciation of Fixed Assets (Net)	<b>13569.95</b>	13125.93
Difference in treatment of expenses/income (Net)	<b>3805.81</b>	6245.58
Total	<b>17375.76</b>	19371.51
ii) Deferred Tax Asset:		
Carried forward losses/unabsorbed depreciation	<b>26171.01</b>	21490.83
Net Deferred Tax Liability (+) / Asset (-)	<b>-8795.25</b>	-2119.32

**Deferred Tax : (contd.)**

(Rs. in lakhs)

Particulars	31.03.2014	31.03.2013
<b>B) For Foreign Companies:</b>		
i) Deferred Tax Liability:		
Revaluation of tangible Fixed Assets	<b>874.41</b>	969.50
Non-reimbursable investment subsidies	--	110.03
Total	<b>874.41</b>	1079.53
ii) Deferred Tax Assets:		
Provisions not tax deductible	<b>21.53</b>	54.26
Corporate income tax credit	<b>338.41</b>	285.00
Tax losses	<b>357.41</b>	450.22
Total	<b>717.35</b>	789.48
Net Deferred Tax Liability (+) / Asset (-)	<b>157.06</b>	290.05
Deferred Tax Liability (+) / Asset (-) (A+B)	<b>-8638.19</b>	-1829.27

**33 Contingent liabilities:**

(Rs. in lakhs)

Particulars	31.03.2014	31.03.2013
A) Claims against the Company not acknowledged as debts:		
(i) Income tax matters	<b>6478.79</b>	6621.51
(ii) Purchase tax/sales tax matters	<b>2484.29</b>	2296.58
(iii) Corporate Guarantee given to Foreign subsidiaries		
(a) Guarantee amount	<b>33030.60</b>	27817.52
(b) Outstanding amount	<b>35031.34</b>	28838.95
(iv) Others	<b>8865.33</b>	8174.51
B) Guarantees issued by bankers	<b>1219.21</b>	1278.43
C) Corporate guarantee given to Indian subsidiaries and others		
(i) Guarantee amount	<b>36137.49</b>	41931.42
(ii) Outstanding amount	<b>32807.90</b>	32284.13
D) Refer to Note 1b) (ii) in Sakthi Auto Component Limited supra regarding arrears of dividends with respect to 16.96% Participatory Cumulative Compulsorily Convertible Preference shares		

**34 Commitments:**

(Rs. in lakhs)

Particulars	31.03.2014	31.03.2013
Estimated amount of contracts remaining to be executed on capital account and not provided for	<b>2301.22</b>	3433.40

**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.3.82 lakhs (Rs.11.02 lakhs) in the Beverage Division, which has been provided for.

**36.** Funded Interest under CDR Scheme for Rs.4040.43 lakhs (Rs.5050.54 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 Profit and loss account.
  - v) Inter segmental transfer price is not recognised.

**b) Expenditure Recognition:****Parent Company:**

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

**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. Earning per share:**

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

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

**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 profit and loss account.

**17. Basis of Consolidation:**

The Consolidated Financial Statements include the Financial Statements of Sakthi Sugars Limited and its following subsidiaries:

<b>Name of the subsidiary</b>	<b>Country of incorporation</b>	<b>Proportion of ownership Interest (%)</b>
Sakthi Auto Component Limited	India	65.00
Sakthi Auto Ancillary P Ltd	India	51.83
Orlandoфин B.V.	Netherlands	100.00
Sakthi Service GmbH	Germany	100.00
Sakthi Portugal SA	Portugal	100.00
Sakthi Auto Mauritius Ltd	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**

CORPORATE OFFICE  
180 RACE COURSE ROAD, COIMBATORE - 641 018