

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 21st Annual Report with the audited financial statements for the year ended 31st March 2007.

FINANCIAL HIGHLIGHTS	2006-07 Rs.	2005-06 Rs.
Total Income	407,15,05,406	276,79,40,022
Profit before Interest, Depreciation and exception items	59,80,84,078	65,90,38,989
Less: Interest	16,63,33,197	10,40,03,076
Depreciation	10,31,22,776	9,32,51,877
Exceptional items	5,93,31,864	76,87,361
Profit before Tax	26,92,96,241	45,40,96,675
Direct taxes	1,57,60,000	3,98,50,000
Deferred tax	2,68,96,000	10,57,09,000
Profit after Tax	22,66,40,241	30,85,37,675
i) Income tax of prior years	6,69,415	27,65,091
ii) Transfer to General Reserve	13,00,00,000	16,00,00,000
iii) Proposed Dividend	7,94,20,950	11,34,58,500
vii) Provision for dividend tax	1,34,97,590	1,59,12,555

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.3.50/- per share.

FINANCIAL PERFORMANCE

During the year ending 31.3.2007, the Company earned an after tax profit of Rs22.66 crores as against Rs.30.85 crores earned during the previous year. In 2006-07, the total income rose to Rs.407.15 crores as against Rs.276.79 crores achieved in the previous year. Substantial decline in sugar price realization and sugar glut resulting in higher inventory carrying cost have contributed to decreased profitability during the year reported on. Though the sugar price realization declined, the sugar cane prices more or less remained same thereby resulting in considerable decrease in the margins of the Company.

OPERATIONAL PERFORMANCE

Sugar Division

The sugar cane crushing in 2006-07 has increased substantially over the previous year 2005-06 on account of adequate sugarcane planting in the command area of the factories. The sugarcane crushed during the year 2006-07 were as follows

	Sugarcane crushed(MT)	
	2006-07	2005-06
Unit I	866804	387695
Unit II	1307827	1045248
Total	2174632	1432943

During the year, the Company exported 34898 MT of sugar including the export obligation of 14207 MT under the Advance Licence Scheme.

Distillery Division

The Company produced 1,00,89,972 litres of Alcohol in 2006-07 as against 69,12,738 litres of Alcohol in the previous year. The ethanol blending programme of the Central Government started in December 2005 has been stopped from October 2006 by the Oil Companies. It has not been recommenced. The State Government has not yet given permission for supply to the oil companies.

Cogeneration of Power

In 2006-07, 18,59,95,428 units of power were generated as against 9,29,11,292 Units in the previous year. After captive consumption, 11,17,64,257 units were exported to TNEB as against 4,88,19,582 units in the previous year. The Company has earned 79,049 units of carbon credits for the year upto 30th September 2006

Operations of subsidiary company

The wholly owned subsidiary Company Trident Sugars Limited commenced crushing operations from 31st October 2006. In 2006-07, the subsidiary company crushed 3,24,692 MT of sugarcane as against 1,63,736 MT of sugarcane crushed in the previous year. The annual accounts of the subsidiary company is enclosed alongwith the accounts of the Company.

FUTURE OUTLOOK

Your Company is setting up a Greenfield integrated sugar complex at Gingee Taluk, Villupuram District consisting of 3500 TCD sugar factory, 20 MW cogeneration plant and 80 KLPD Distillery plant. The sugar and cogen plants are expected to be commissioned in January 2008. The project cost is being met from borrowings from Banks / Financial institutions and internal accruals of the Company.

Sugarcane crushing in 2006-07 is expected to be sustained in the year 2007-08 also in all the factories of the Company.

The sugar glut is expected to keep the sugar price realizations depressed and with international sugar prices expected to go southwards on account of higher production in Brazil, there will be pressure on the margins for the year 2007-08.

DIRECTORS

Mr.Mydur Anand and G.R.Karthikeyan, Directors retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for reappointment.

AUDITORS

M/s Srikishen & Co, Chartered Accountants, the present auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for reappointment. They have furnished necessary certificate in terms of Sec.224(1B) of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)

The particulars of the employees of the Company who were in receipt of remuneration, which in the aggregate exceeded the limits fixed under section 217(2A) of the Companies Act, 1956 is attached herewith. (Annexure 1)

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that in the preparation of the annual accounts, the applicable standards have been followed; they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period; they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud

and other irregularities and that the annual accounts have been prepared on a going concern basis.

CONSERVATION OF ENERGY

Particulars required to be furnished under sub section 1(e) of section 217 of the Companies Act, 1956 are also annexed to this report. (Annexure 2)

CORPORATE GOVERNANCE

The Management discussion and analysis and the compliance of recommendations on corporate governance are annexed to this report. (Annexure 3)

ACKNOWLEDGEMENT

Your Directors thank the Banks and Financing Institutions for their valuable and timely financial assistance and support provided to the Company. Your Directors also thank the cane growers, suppliers, Government Institutions and others for the cooperation extended to the Company. The Board also places on record its appreciation of the dedicated services rendered by the employees of the Company.

May Goddess Lakshmi shower Her blessings for the continued prosperity of the Company.

For and behalf of the Board

Place: Coimbatore
Date : 13.06.2007

RAJSHREE PATHY
Chairman and Managing Director