

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the 6<sup>th</sup> Annual Report with the audited financial statements for the year ended 31<sup>st</sup> March 2008.

**Financial highlights**

	<b>2007-08</b> (Rs.in Lakhs)	<b>2006-07</b> (Rs.in Lakhs)
Total Income	5197.62	4069.40
Profit before Interest and depreciation	(898.43)	297.85
Interest	461.79	358.05
Depreciation	157.67	139.57
Exceptional Items	415.53	--
Prior period expenses	305.77	0.03
Profit before tax	(2239.19)	(199.80)
Provision for taxation	1.75	1.32
Provision for deferred tax	(476.01)	(62.14)
Income tax of prior period	0.69	3.47
Profit after tax	(1765.63)	(142.45)

**Dividend**

In view of the loss incurred during the year, the Board of Directors have not recommended dividend for the year 2007-08.

**Financial performance**

The Company has incurred a net loss of Rs.1765.63 lacs during 2007-08 as against a net loss of Rs.142.45 lacs in the previous year. The substantial decline in sugar price realizations has resulted in the company incurring loss during the year reported on.

**Operations**

During the year under review, the factory has crushed 3,96,363 MT of sugarcane as against 3,24,690 MT crushed in the previous year. The higher sugar planting in the command area has helped in sustaining the crushing during the year.

**Future outlook**

With the expected normal monsoon this year, the sugarcane crushing for the year 2008-09 is expected to be sustained at last year's level. As part of the expansion program, the crushing capacity has been increased from 2500 TCD to 3000 TCD in the first phase and in the next phase, the crushing capacity is proposed to be increased to 3500 TCD.

**Directors**

Mr.P.K.Viswanathan resigned from the Directorship with effect from 4<sup>th</sup> February 2008 and Mr.R.Annaduai was appointed as additional Director with effect from 1<sup>st</sup> April 2008. Necessary resolution for appointment of Mr.R.Annadurai as Director is being placed at the ensuing Annual General Meeting. Mr.R.P.Venugopal and Mr.R.Varadarajan, Directors retire 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)**

None of the employees of the Company were in receipt of remuneration, which in the aggregate exceeded the limits fixed under sub-section (2A) of the Section 217 of the Companies Act, 1956.

**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.

**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 on behalf of the Board

Place: Coimbatore  
Date : 19th June 2008

**RAJSHREE PATHY**  
Managing Director

**ANNEXURE TO DIRECTORS' REPORT**

AS PER RULE 2 OF COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

**A. CONSERVATION OF ENERGY:**

Energy conservation measures taken during the year.

NIL

The total energy consumption and energy consumption per unit of production is given in Form A

Form A

**Form for Disclosure of Particulars with respect to Conservation of Energy**

**a. Power and Fuel Consumption**

S.No.	Power details	2007-08	2006-07
1	a) Electricity purchased (No. of units)	6,28,484	3,48,826
	Total amount (Rs.)	28,06,439	19,86,077
	Rate per unit (Rs.)	4.46	5.69
	b) Own generation		
	i) Through Diesel Generators (units)	1,73,064	96,404
	Units per Ltr of Diesel	3.52	4.39
	Cost per unit (Rs.)	9.71	7.64
	ii) Through steam turbine (units)	74,69,500	60,96,191
	Units per MT of bagasse	185	185
	Cost per unit (Rs.)	Own bagasse	Own bagasse
2	Coal consumed (Qty, Value, Avg Rate)	Nil	Nil
3	Furnace Oil consumed (Qty, Value, Avg. rate)	Nil	Nil
4	Firewood consumed (MT)	277	416
	Value of firewood consumed (Rs.)	3,18,435	3,91,107
	Avg. rate (Rs.)	1150	937

**b. Consumption per unit of production**

Product	White crystal sugar 2007-08	White crystal sugar 2006-07
Electricity (units per Qtl of sugar)	22.16	19.31

**A. TECHNOLOGY ABSORPTION:****FORM B****Form for disclosure of particulars with respect to absorption**

Research and development

1. Specific areas in which R &amp; D carried out by the Company and benefits derived

Nil

2. Expenditure on R &amp; D

(a) Capital	Rs. Nil
(b) Recurring	Rs. Nil
(c) Total	Rs. Nil
(d) Total R & D expenditure as a percentage of total turnover	Nil

**Technology absorption, adaptation and innovation**

Efforts in brief towards technology absorption, adaptation and innovation and benefits derived

Nil

**B. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Total foreign exchange used and earned

foreign exchange earned	:	Rs. Nil
foreign exchange outgo	:	Rs. Nil