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THIRU AROORAN SUGARS LIMITED
CORPORATE STATEMENT 2000-2001

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Our vision

To achieve enhanced, sustainable, long-term shareowner value in responsible partnership with the environment.

Our mission

- To maximise value from cane through core and downstream operations.
- To pursue efficient solutions through front-line technologies for delivering value.
- To be recognised as the industry proxy for balanced growth.
- To be respected as a credible and dependable partner with its stakeholders - the farmers, customers and employees.
- To remain committed to the highest standards of conduct which includes a respect for the laws of the land, the production of an output of acceptable quality, protection of the environment in which the company operates and fairness in dealings with its stakeholders.

Our Stakeholder philosophy

To provide :

- Our shareowners with a superior long-term return for their investment in the company
- Our farmers with a remunerative price;
- Our consumers with a consistently high quality of output;
- Our employees at all levels with challenging and satisfying work that includes continuing opportunities for personal development, and
- Our society with an exemplary demonstration of social responsibility and citizenship at the corporate level.

Board of Directors

Mr. R V Tyagarajan

Chairman and Managing Director.

A graduate in Chemical Engineering from the IIT Madras and a Master of Science in Management from the Sloan School of Management at MIT, Cambridge, Massachusetts, USA. Also a Director of Tube Investments of India Ltd., and a Trustee of the Kothari Pioneer Mutual Fund (among others).

Mr. V Thirupathi,

Nominee Director of ICICI.

Retired Senior Executive of ICICI Limited.

Dr. A Ramachandran,

Director.

Chairman of the Advisory Committee and R&D Committee in the Ministry of Non-conventional Energy Sources. Also a Director in ILFS Trust Limited. Has formerly held the positions of Under-Secretary General and Executive Director of the United Nations Centre for Human Settlements (Habitat), Director General of the CSIR and Secretary to the Government of India in the Ministry of Science and Technology.

Mr. R Vijayaraghavan,

Director.

Professionally an advocate, also holds directorships in Amrutanjan Ltd., Kunal Engineering Ltd., Sanco Trans Ltd and Fenner (India) Ltd.

Ms. Malathi Ram Tyagarajan,

Director.

Represents the promoter shareholders.

Company Secretary

Mr. N. Srinivasan

Bankers

- State Bank of India
- ICICI Bank Limited
- IDBI Bank Limited
- Punjab National Bank
- Union Bank of India
- Canara Bank

Auditors

M/s. S.N.S. Associates

Registered Office

EI Dorado, Fifth Floor,
112, Nungambakkam High Road,
Chennai - 600 034
Phones : 827 6001, 827 8267
Fax : 044-827 0470

Shareholders' Information

Date and Venue of Annual General Meeting

Tuesday, 4th December, 2001 at 10.30 A.M. at the Rani Seethai Hall No. 603, Anna Salai, Chennai 600 006.

Share Price Movements

The high and low quotations of the company's shares on the National Stock Exchange between July, 2000 and June, 2001 are as under :

Month	High (Rs.)	Low (Rs.)
July 2000	51.00	47.00
August	49.00	47.00
September	48.50	45.00
October	48.45	42.00
November	45.50	38.65
December	46.90	40.05
January 2001	51.00	40.75
February	52.00	45.00
March	52.00	46.00
April	40.10	35.00
May	36.50	34.00
June	35.95	31.55

Share Details

Market Lot. 100 Shares

Listing and Trading of Company's Equity Shares

The Company's Equity Shares are listed on the following Stock Exchanges in India. The Company has paid the annual renewal

fees up-to-date to all the stock exchanges on which its equity shares are listed.

The National Stock Exchange Limited

Exchange Plaza, 5th Floor,
Plot No. C/1, G Block
Bandra - Kurla Complex
Bandra (E), Mumbai 400 051

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001

The Madras Stock Exchange Limited

P.B. No. 183, No. 11 Second Line Beach
Chennai 600 001

Dematerialisation of equity shares

The trading in the Company's Equity Shares on the specified Stock Exchanges have to be compulsorily settled in the electronic form by all investors. The Company has entered into tripartite agreement along with the Registrar and Share Transfer Agents of the company with two depositories viz., National Securities Depositories Limited (NSDL) and Central Depositories Securities Limited (CDSL).

The Equity Shares of the Company have been admitted for dematerialisation by these depositories with the International Securities Identification Number (ISIN) - INE 409A01015.

Members desiring to know further details, may contact NSDL and CDSL at their following address.

National Securities Depositories Limited
Trade World, 4th Floor
Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai 400 023

Central Depositories Securities Limited
Phiroze jeejeebhoy Towers, 28th Floor
Dalal Street
Mumbai 400 023

Date of Book Closure

November 23 to December 4, 2001 (both days inclusive)

Registrars and Share Transfer Agents

M/s. Integrated Enterprises (India) Limited
2nd Floor, 'Kences Towers', No.1 Ramakrishna Street,
North Usman Road, T. Nagar, Chennai - 600 017.
Phone: 814 0801 – 03
Fax: 814 2479

Nomination Facility

The Companies Act, 1956, on the rules prescribed thereunder provides for nomination of shares. The shareholders can now nominate a person with whom the shares shall vest in the event

of death of the shareholders. The nomination can be made only by individuals holding shares of the company either in sole name or jointly with another (not exceeding one joint holder). The nominee shall be an individual. In the case of nominee being a minor he / she may be represented by his / her natural guardian or a court appointed guardian. The transfer of shares in favour of a nominee shall be a valid discharge by the company against the legal heirs. The nomination shall stand rescinded upon transfer of shares. The nomination by a shareholder can be changed or cancelled at any time by giving due notice and upon execution of a fresh nomination form.

Communication

All share transfers should be forwarded to the Registrars & Share Transfer Agents of the Company. All communications should be forwarded to the Registered Office of the Company marked to the attention of the Company Secretary. Share Transfers will normally be registered and returned within 30 days from the date of receipt of correct documents.

Investors complaints / grievances not resolved within 30 days should be addressed to the Chairman & Managing Director for redressal.

e-mail ID : secretarial@tasugars.com



Report of the Board of Directors

Dear Shareholders,

Your Directors present their 46th Annual Report on the working of the Company for the year ended June 30,2001.

(Figures in Rupees)

	2000-2001	1999-2000 (15 Months)
Profit before Interest & Depreciation	390,941,397	745,501,867
Less : Interest and Finance Charges	239,154,032	466,916,022
Depreciation	97,140,558	182,500,764
Profit before Tax	54,646,807	96,085,081
Less : Provision for Taxation	81,137	50,596
Profit after Tax	54,565,670	96,034,485
Less : Share Issue Expenses written off	931,297	1,164,125
Add : Provision for tax for earlier years written back	368,931	—
	54,003,304	94,870,360
Balance brought forward from previous year	138,484,532	104,604,797
Profit available for appropriation	192,487,836	199,475,157
Appropriation:		
Debenture Redemption Reserve	—	10,000,000
Dividend on Preference Shares	33,428,082	45,937,500
Tax on distributed profit	3,409,664	5,053,125
Surplus carried to Balance Sheet	155,650,090	138,484,532
Total	192,487,836	199,475,157

Dividend

Your Directors recommend declaration of dividend on Preference Shares at applicable rates aggregating to Rs. 33.42 million. No dividend on Equity Shares is being recommended.

Redemption of Preference Shares

During the year under review, your Company redeemed 12.50% Redeemable Preference Shares at par aggregating to Rs.46.67 million.

Operations

The operations for the year under report reflect the performance of the Sugar and Distillery divisions. On the whole, it was yet another difficult year for the Company.

Sugar :

Though the sugar operations remained unprofitable, there were positive and redeeming features in the performance recorded by the factories during the 2000-01 season :

The quantity of sugar cane crushed by both the factories during the year was lower at 7,95,538 MTs. compared to 16,61,809 MTs. crushed during the 15-month period of the previous year. However, the average sugar recovery was higher at 9.63% as compared to 8.45% recorded for the previous financial year. The quality of sugar produced by your factories was well received in the international markets and your Company contracted for an aggregate quantity of 55,163 MTs. for export, out of which 30,925 MTs. of sugar was exported during the financial year. The substantial volume of exports enabled your Company to bring down the inventories and the Working Capital borrowings significantly, the impact of which will be felt in the financial year 2001-02.

Though the various measures initiated by the Company in previous years led to an improved recovery performance in 2000-2001 season, the lower availability of cane for crushing coupled with unremunerative free sale prices cumulatively accounted for the unsatisfactory performance of this division.

The non-availability of adequate quantity of sugarcane in the command area of your factories has significantly affected the operations of this division for the fourth year in succession. The increasing competition from paddy as an alternative to sugarcane, sustained by plentiful availability of water in the Cauvery/Mettur Dam and the steep increases in Government's price for paddy has influenced the erstwhile sugarcane farmers to switch over to paddy. Given the unremunerative price for free market sugar and the pressure on margins, it has not been possible to offer higher and higher cane prices to compete and provide price parity with paddy. In this scenario, after a detailed

evaluation, your Company has decided to re-locate the Sugar Plant at Kollumangudi to a more suitable location for cane at A.Chittur village in Virudachalam Taluk, Cuddalore District and necessary approvals in this regard have been obtained. The re-location project, currently being implemented at a cost of Rs.20 Crores, is expected to be completed by February 2002 and the crushing operations for the 2001-02 season are expected to commence at this location by end of February 2002.

Alcohol :

The Distillery processed a quantity of 55,671 MTs. of Molasses (66,581 MTs. during the 15 month period of Financial Year 1999-2000) and produced 13.7 million litres of alcohol (16.4 million litres during 1999-2000). The average realisation for the year was Rs.11.52 per litre (Rs. 12.65 per litre during the previous financial year).

Subsidiary Company:

The year under report reflects the independent operations of the subsidiary Company for the full period of 12 months. For the 12-month period, the Company has recorded a turnover of Rs. 545.07 million and achieved a cash profit of Rs.42.60 million. During the year, your Company exercised its option to convert 12,84,000 Optionally Convertible Debentures of Rs. 100/- each aggregating to Rs. 1284 lacs into Equity Shares of Rs. 10/- each at par, consequent to which the Equity Capital of the Company increased to Rs. 2284 lacs. Post-conversion, your Company divested 68,55,030 Equity Shares of Rs. 10/- each at a price of Rs. 44/- per share in favour of overseas investors, bringing down your company's holding in the subsidiary to 70%. The proceeds received on divestment are being ploughed back into the business. The Statement as required under section 212 (3) of the Companies Act 1956 in respect of the subsidiary Company is separately annexed.

Directors

Mr. R Vijayaraghavan, Director, retires by rotation at this Meeting and being eligible offers himself for reappointment.

Directors' Responsibility statement

The Directors confirm:

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- (ii) That the Directors 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 or loss of the Company for that period.

- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) That the Directors have prepared the annual accounts on a going concern basis.

Corporate Governance

Securities and Exchange Board of India (SEBI) has recently announced a code of Corporate Governance to be practised by Corporates. Some of these provisions have been made mandatory through the Listing Agreements with the Stock Exchanges. Your Company is required to comply with the mandatory provisions within the financial year 2001-02, but not later than March 31, 2002. Your Board has initiated necessary action to ensure necessary compliance in this regard.

Fixed Deposits

228 deposits totaling Rs. 8.07 lacs due for repayment on or before June 30, 2001 were not claimed by the depositors on that date. As on date of the Report, deposits aggregating to Rs. 3.91 lakhs thereof have been claimed and paid or renewed.

Auditors

The statutory auditors, M/s. S N S Associates, Chartered Accountants, Chennai, retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

Statutory Information

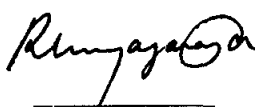
Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, forms part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all the shareholders of the Company, excluding the Statement of Particulars of Employees under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Secretary at the Registered Office of the Company.

The information required as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexure forming part of this report.

Acknowledgement

Your Directors wish to place on record their thanks and appreciation to the Shareholders, Sugarcane Growers, Employees, Bankers, Financial Institutions, Tamil Nadu Electricity Board and also the Central and State Governments for their continued cooperation and support.

On behalf of the Board



R V Tyagarajan
Chairman and Managing Director
September 6, 2001

Annexure to the Directors' Report

Information under Section 217(1)(e) of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

	Year ended 30 June 2001	Period ended 30 June 2000
	Sugar Units	Sugar Units
A Power and Fuel Consumption		
1) Electricity		
(a) Purchased	—	—
Units (KWH)		
Total amount (Rs.)	—	—
Rate / Unit (Rs.)	—	—
(b) Power purchased from		
Terra Energy Limited (Units)	26,425,270	19,101,791
(c) Own generation		
Through Diesel Generator Units (KWH)		
Units / litre of Diesel	—	—
Cost per unit (Rs.)	—	—
Through steam turbine/generator		
(Generated out of our own		
bagasse consumption) (Units)	Nil	32,161,687
2) Lignite		
Quantity (Tonnes)	—	—
Total cost	—	—
Average cost	—	—
Lecofine	—	—
Quantity (Tonnes)	—	—
Total cost	—	—
Average cost	—	—
3) Furnace Oil		
Quantity (K Litres)	—	—
Total amount (Rs.)	—	—
Average rate (Rs. per K Ltr)	—	—
4) Other / Internal Generation		
Firewood (Quantity in MT's)	—	—
Total Cost (Rs.)	—	—
Rate / MT (Rs.)	—	—
B Consumption per quintal of Sugar		
Electricity (Units)	34.50	36.01
Furnace Oil (Litres)	—	—
Firewood (Kgs)	—	—
Sugar Produced (Quintals)	765,991	1,423,624