



**THIRU AROORAN SUGARS LIMITED**  
**ANNUAL REPORT 2008-09**



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## **Board of Directors**

**Mr R V Tyagarajan,**  
*Chairman and Managing Director*

**Dr A Ramachandran**

**Mr V Thirupathi**

**Mrs Malathi Ram Tyagarajan**

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## **Company Secretary**

**Mr R R Karthikeyan**

## **Bankers**

- State Bank of India
- Axis Bank Limited
- Union Bank of India
- UCO Bank
- ICICI Bank Limited
- Punjab National Bank
- IDBI Bank
- Standard Chartered Bank

## **Auditors**

**M/s. S.N.S. Associates**

## **Registered Office**

Eldorado, Fifth Floor,  
112, Nungambakkam High Road,  
Chennai - 600 034  
Phones : 2827 6001, 2827 8267  
Fax : 044-2827 0470

Thiru Arooran Sugars Limited | I

# Shareholders' information

## Date and Venue of Annual General Meeting

Thursday, February 25, 2010 at 10.30 A.M. at P. Obul Reddy Hall, "Vani Mahal", Old No.50, New No.103, G.N. Chetty Road, T.Nagar, Chennai 600 017.

## Financial Calendar

The Financial Year of the Company is from January to December.

## Financial Reporting for the Quarter Ended

March 31, 2010	On or before April 30, 2010
June 30, 2010	On or before July 31, 2010
September 30, 2010	On or before October 31, 2010
December 31, 2010	On or before February 28, 2011

## Date of Book Closure

The Register of Members and the Share Transfer Books of the Company will remain closed from February 18, 2010 to February 25, 2010 (both days inclusive) for the purpose of payment of equity dividend.

## Dividend for 2008-09

### i) Dividend entitlement

Dividend on Equity Shares of the Company as declared by the Company will be paid within 30 days to the Company's Equity shareholders whose names stand registered on the Company's Register of Members as Beneficial Owners as at the close of business on Wednesday, February 17, 2010, as per the list provided by National Securities Depository Ltd and Central Depository Services (India) Ltd in respect of the shares held in electronic form and as Shareholders in the Register of Members of the Company after giving effect to valid transfers, in physical form, lodged with the Company on or before February 17, 2010.

### ii) Validity

Dividend warrants are payable at par at the designated branches of the Bank printed on the reverse of the dividend warrant for an initial period of three months only. Payment instrument, thereafter, would be payable only at limited centers. The Members are, therefore, advised to encash dividend warrants within the initial validity period.

## Share Price Movements

The high and low prices of the Company's shares on the National Stock Exchange of India Limited and the Bombay

Stock Exchange Limited between October, 2008 and December, 2009 are as under:

Month	National Stock Exchange		Bombay Stock Exchange	
	High Rs.	Low Rs.	High Rs.	Low Rs.
October 2008	110.00	58.00	95.85	61.95
November 2008	72.75	55.00	73.95	54.55
December 2008	80.00	61.00	83.00	61.00
January 2009	85.45	68.75	87.00	66.00
February 2009	89.20	68.55	86.95	72.10
March 2009	79.65	63.00	80.80	62.15
April 2009	85.00	67.25	85.00	63.05
May 2009	113.10	77.00	95.80	77.10
June 2009	117.50	90.00	117.55	89.00
July 2009	114.00	87.25	113.40	94.00
August 2009	179.90	100.90	181.00	104.00
September 2009	179.90	142.50	178.50	147.75
October 2009	160.00	131.10	161.10	135.05
November 2009	165.00	128.50	157.90	123.50
December 2009	179.95	145.00	175.00	142.20

## 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 upto March 31, 2010 to all the Stock Exchanges on which its Equity Shares are listed.

Name and address of the Stock Exchange	Stock Code	Market Lot
National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra - Kurla Complex, Bandra (E), Mumbai 400 051.	THIRUSUGAR	One Equity Share
Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001.	507450	One Equity Share

The shares of the Company have been delisted from the Madras Stock Exchange Ltd as per Securities Exchange Board of India



(Delisting of Securities Guidelines), 2003 and communication has been received from the Madras Stock Exchange to this effect.

#### Dematerialisation of Equity Shares

The trading in the Company's Equity Shares on the specified Stock Exchanges has to be compulsorily settled in the electronic form by all the 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 Depository Limited (NSDL) and Central Depository Services (India) 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 the Depositories at the following address:

National Securities Depository Limited  
Trade World, A Wing, 4th Floor  
Kamala Mills Compound,  
Senapati Bapat Marg,  
Lower Parel,  
Mumbai - 400 013.

Central Depository Services (India) Limited  
Phiroze Jeejeebhoy Towers, 16th Floor  
Dalal Street,  
Mumbai - 400 001.

#### 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.  
Tel: 044 - 28140801  
Fax: 044 - 28142479  
Email: yesbalu@iepindia.com

Integrated Enterprises (India) Ltd, a SEBI registered Registrar & Share Transfer Agent (R&T Agent), maintains all work related to share registry in terms of both physical and electronic shareholding as mandated by SEBI vide its Circular No. D&CC/FITTC/CIR-15/2002 dated December 27, 2002.

#### Share Transfer System

As already stated, the Company's shares are traded on the Stock Exchanges compulsorily in demat mode. Therefore, investors / shareholders are requested to kindly note that physical documents, viz., Demat Request Forms (DRF) and Share Certificates, etc. should be sent by their Depository Participants (DPs) directly to the Share Transfer Agents. Any delay on the part of the DPs in sending the DRF and the Share Certificates beyond 15 days from the date of generation of the Demat Request Number (DRN) by the DP will be rejected /cancelled. This is being done to ensure that no demat requests remain pending with the Share Transfer Agent beyond a period of 30 days. Investors / Shareholders should, therefore, ensure that their DPs do not delay sending the DRF and Share Certificates to the Share Transfer Agent after generating the DRN.

#### Nomination Facility

The Companies Act, 1956 and the Rules prescribed thereunder provide 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 and Managing Director for redressal.

#### Distribution of shareholding

No. of Equity Shares held	As on December 31, 2009				As on September 30, 2008			
	No. of Share holders	% of Share holders	No. of Shares held	% Share holding	No. of Share holders	% of Share holders	No. of Shares held	% Share holding
1 - 100	2878	72.92	203047	1.79	3045	72.11	216747	1.92
101 - 200	424	10.74	73355	0.65	460	10.89	79640	0.70
201 - 500	296	7.50	108033	0.95	341	8.07	124118	1.10
501 - 1000	135	3.42	104730	0.93	143	3.39	113573	1.00
1001 - 5000	165	4.18	378593	3.35	191	4.52	426766	3.77
5001 - 10000	21	0.53	142084	1.26	16	0.38	111922	0.99
10001 and above	28	0.71	10306882	91.07	27	0.64	10243958	90.52
<b>Total</b>	<b>3947</b>	<b>100.00</b>	<b>11316724</b>	<b>100.00</b>	<b>4223</b>	<b>100.00</b>	<b>11316724</b>	<b>100.00</b>

## Categories of shareholding

Category	As on December 31, 2009				As on September 30, 2008			
	No. of Share holders	% of Share holders	No. of Shares held	% Share holding	No. of Share holders	% of Share holders	No. of Shares held	% Share holding
Promoters	7	0.18	5859308	51.78	7	0.17	5728731	50.62
Mutual Funds	1	0.03	100	0.00	1	0.02	100	0.00
Banks & Financial Institutions	2	0.05	2300	0.02	2	0.04	2300	0.02
FII's	7	0.18	2083258	18.41	7	0.17	2083947	18.41
Corporates	136	3.44	882769	7.80	136	3.22	892879	7.89
Individuals (inclg. clearing members)	3755	95.13	1395614	12.33	4029	95.41	1525773	13.48
NRIs / OCBs	39	0.99	1093375	9.66	41	0.97	1082994	9.57
<b>Total</b>	<b>3947</b>	<b>100.00</b>	<b>11316724</b>	<b>100.00</b>	<b>4223</b>	<b>100.00</b>	<b>11316724</b>	<b>100.00</b>

Plant locations : **Tirumandankudi Village**  
Papanasam Taluk  
Thanjavur District  
Tamil Nadu  
Pincode : 612 301  
**A. Chittur**  
Virudhachalam Taluk  
Cuddalore District  
Tamil Nadu  
Pincode : 606 105

**Other useful information for Shareholders:**

In terms of Section 205A of the Companies Act, 1956, unclaimed equity dividend for the financial year(s) upto 1993-94 has been transferred to the General Revenue Account of the Central Government. Shareholders who have so far not claimed or collected their dividend for the said financial year(s), may claim the same from the Registrar of Companies, Tamil Nadu by submitting an application in the prescribed form.

In terms of Section 205A of the Companies Act, 1956, unclaimed equity dividend for the financial year(s) 1994-95,

1995-96, 1996-97, 1997-98 and 1998-99 has been transferred to the Investor Education and Protection Fund of the Central Government. It may be noted that no claims shall lie against the Company in respect of such amounts and no payment shall be made against such claims subsequent to the date of the aforesaid transfer.

**Investor correspondence**

All queries on the Annual Report and other clarifications may be addressed to the Registered Office of the Company at "Eldorado", 5<sup>th</sup> floor  
112, Nungambakkam High Road  
Chennai 600034  
Phone : 28276001 Fax : 28270470  
Email : secretarial@tasugars.in

**Disclosure of Information pursuant to clause 49 VI A of the Listing Agreement**

Disclosure of Information to shareholders pursuant to clause 49 VI A of the Listing Agreement pertaining to re-appointment of Directors is furnished as part of the Notice convening the Annual General Meeting.

## Report of the Board of Directors

# Dear Shareholders,

Your Directors present their 54th Annual Report on the working of the Company for the fifteen month period ended December 31, 2009.

	(Figures in Rupees)	
	2008-2009 (15 months)	2007-2008 (12 months)
Profit before Interest & Depreciation	1,317,405,490	386,461,477
Less: Interest and Finance Charges	370,884,717	222,444,451
Depreciation	169,638,434	123,489,032
Profit / (Loss) before Tax	776,882,339	40,527,994
Less : Provision for Taxation		
- Income Tax	138,830,965	8,336,000
- Fringe Benefit Tax	607,022	1,204,778
- Wealth Tax	2,350	27,650
- Deferred Tax	222,015,055	73,58,444
- Excess Provision for Taxation for earlier years	—	8,647,315
Profit / (Loss) after Tax	415,426,947	14,953,807
Balance brought forward from previous year	(28,806,404)	(43,760,211)
Profit available for appropriation	386,620,543	(28,806,404)
Appropriation:		
Transfer to General Reserve	41,600,000	—
Proposed Dividend on Equity Shares	45,266,896	—
Tax and Cess on distributed Profit	7,693,109	—
Surplus carried to Balance Sheet	292,060,538	(28,806,404)
Total	386,620,543	(28,806,404)

**Reserves :**

A sum of Rs.41.6 million is being transferred to General Reserve Account.

**Dividend :**

Your Directors are pleased to recommend payment of Dividend on 11,316,724 Equity Shares of Rs. 10/ each @ 40% i.e. Rs. 4.00 per share.

**Operations :**

The operations for the period under report reflect the performance of the Sugar and Distillery Divisions. During the period under review, your Company registered substantial improvement in performance and the Profit before Tax for the 15 month period increased to an all time high of Rs.776.88 millions as against Rs.40.53 millions for the 12 month period ended September 2008, thanks to timely contracting of substantial imports of raw sugar and also record prices for sugar in the free sale market consequent to shortfall in supply of unprecedented magnitude. The quantity of cane crushed was considerably lower due to a sharp reduction in cane availability, in line with the trend across the state and the country, attributable to significant shift in cultivation from sugarcane to more remunerative crops, especially foodgrains.

**Sugar:**

The quantity of sugarcane crushed by both the factories during the 15 month period was lower at 1.214 million MTs compared to 1.348 million MTs crushed during the previous year. The sugar recovery for the period was higher at 9.20% as against 9.03% recorded in the previous year. In order to mitigate the financial impact of the shortfall in cane availability, your Company imported 1,80,992 MTs of raw sugar at zero duty for processing into white sugar, for sale in the domestic market. Of this, a quantity of 1,10,170 MTs of raw sugar was processed and converted into white sugar during the period under review.

The Government of India had fixed the Statutory Minimum Price (SMP) of sugarcane for 2008-09 season at Rs.811.80 per MT linked to average recovery of 9%, which translated to a price of Rs.865.80 per MT for both the Tirumandankudi and the A.Chittur units as against Rs.838.80 per MT and Rs.811.80 per MT fixed respectively for the 2007-08 season.

However, with a view to enthusing farmers to plant more sugarcane for the 2008-09 season and having regard to the State Advised Price announced by the Government of Tamil Nadu, viz. of Rs.1100 per MT linked to average recovery of 9%, the Company announced payment of an additional amount of Rs.354.80 per MT, for both the units, as advance to be adjusted against any additional cane price that may become payable to the farmers under Clause 5A of the Sugarcane (Control) Order, 1966. Accordingly the cane price paid by the Company worked out to Rs.1,220/- per MT, for both the units.

As against production of 1,29,554 MTs of sugar during the previous financial year 2007-08, production for the 15 month

period under review aggregated to 1,11,174 MTs, including 1,01,983 MTs produced from imported raws.

**Distillery:**

During the period under review, alcohol production at the Distillery was 23,545 KL as against 19,582 KL during the previous financial year 2007-08. Average realization on sale of alcohol during this period was also higher due to shortage of molasses and alcohol in the State.

**Prospects for the 2009-10 season:****Sugar:**

The Government of India had initially fixed the Statutory Minimum Price (SMP) of sugarcane for 2009-10 at Rs.1,076.60 per MT linked to average recovery of 9.5%, which translated to a price of Rs.1,076.60 per MT for both the Tirumandankudi and the A.Chittur units. Thereafter, the Government of Tamil Nadu had announced State Advised Price for the 2009-10 season at Rs.1,437.40 per MT linked to average recovery of 9.5%, which implied a price of Rs.1,437.40 per MT for both the units. However, subsequent thereto, an amendment to the Sugarcane (Control) Order, 1966 was enacted, in terms of which a new concept of Fair and Remunerative Price (FRP) was substituted for the erstwhile Statutory Minimum Price (SMP) and the Government of India announced the FRP for sugarcane for the 2009-10 season at Rs.1,298.40 per MT linked to average recovery of 9.5%. This translates to a price of Rs.1,298.40 per MT for both the units.

Notwithstanding the aforesaid, with a view to ensuring a remunerative and competitive price for sugarcane vis-a-vis other competing crops, your Company has announced a price of Rs.1701 per MT for both the units. It is hoped that this substantial increase in price will enthruse farmers to plant more sugarcane for supply during the following 2010-11 season.

The cane availability during the sugar year 2009-10 is again likely to be lower than in 2008-09, in keeping with the trend in the State. Sugar production in the country during 2009-10 season is estimated at best at around the same level of 14.7 million MTs as during 2008-09 season. With consumption at 23 million MTs and international prices ruling at 30 year highs, the continuing short supply of sugar is certain to keep sugar prices buoyant at levels higher than prevailing during the 2008-09 season.

**Distillery:**

The projected decline in cane crushing in the State during 2009-10 season is bound to impact the availability of molasses resulting in firming up of alcohol prices during the next year. In this scenario, the Distillery is expected to perform well during 2009-10.



**Subsidiary Company:**

The subsidiary Company, viz. Terra Energy Ltd., recorded a turnover of Rs.870.94 million and achieved a PBT of Rs.91.25 million for the 15 month period ended December 31, 2009 as against a turnover of Rs.396.54 million and PBT of Rs.37.02 million for the year ended September 30, 2008.

**Directors:**

Mrs Malathi Ram Tyagarajan, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offer herself for reappointment.

**Directors' Responsibility statement:**

As required under Section 217(2AA) of the Companies Act, 1956 the Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true 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 year;
- (iii) 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) the Directors have prepared the annual accounts on a going concern basis.

**Corporate Governance and Management Discussion and Analysis Reports:**

The Corporate Governance and Management Discussion and Analysis Reports form an integral part of this Report and are

set out as separate annexures to this Report. The Certificate from the Auditors of the Company certifying compliance of conditions of Corporate Governance stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is also annexed to the Report on Corporate Governance.

**Fixed Deposits :**

44 Deposits aggregating to Rs.1.26 million due for repayment on or before December 31, 2009 were not claimed by the depositors on that date. As on the date of the Report, deposits aggregating to Rs.0.39 million 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 :**

Particulars of employees' remuneration u/s. 217 (2-A) of the Companies Act, 1956:

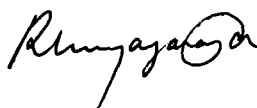
The Company does not have any employee drawing remuneration warranting disclosure under the Companies (Particulars of Employees) Rules, 1975.

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 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  
January 22, 2010

# 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.

	Period ended Dec. 31, 2009	Year ended Sept. 30, 2008
	Sugar Units	Sugar Units
<b>A Power and Fuel Consumption</b>		
<b>1) Electricity</b>		
(a) Purchased	-	-
Units (KWH)	-	-
Total amount (Rs.)	-	-
Rate per unit (Rs.)	-	-
(b) Power purchased from Terra Energy Limited (Units)	34,638,695	37,524,590
(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)	-	-
<b>2) Lignite</b>		
Quantity (Tonnes)	-	-
Total cost	-	-
Average cost	-	-
Lecofine	-	-
Quantity (Tonnes)	-	-
Total cost	-	-
Average cost	-	-
<b>3) Furnace Oil</b>		
Quantity (Litres)	-	-
Total amount (Rs.)	-	-
Average rate (Rs. per K Ltr)	-	-
<b>4) Other / Internal Generation</b>		
Firewood (Quantity in MT's)	-	-
Total (Rs.)	-	-
Rate / MT (Rs.)	-	-
<b>B Consumption per quintal of Sugar</b>		
Electricity (Units)	31.05	28.96
Furnace Oil (Litres)	-	-
Firewood (Kgs)	-	-
Sugar Produced (Quintals)	11,15,510	1,295,546