



**THIRU AROORAN SUGARS LIMITED**  
ANNUAL REPORT 2011 - 12

## **Contents**

Board of Directors **1** Shareholder's information **2** Director's report **5**  
Annexure to the Director's report **8** Management Discussion and Analysis **9**  
Report on Corporate Governance **13** Auditor's report **18** Balance Sheet Analysis **21** Balance Sheet **22**  
Profit and Loss Account **23** Schedules **24-40** Significant accounting policies **41** Mandatory Statement **42**  
Statement under Section 212 **43** Cash Flow Statement **44** Consolidated Financial Statements **46**  
Accounts of Subsidiary Company **67**

# **Board** **of Directors**

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

**Dr A Ramachandran**

**Mr V Thirupathi**

**Mr B Viswanathan**

**Mrs Malathi Ram Tyagarajan**

## **Company Secretary**

**Mr R R Karthikeyan**

## **Bankers**

- IDBI Bank Ltd
- ICICI Bank Ltd
- Punjab National Bank
- State Bank of India
- Standard Chartered Bank
- Union Bank of India
- Development Credit Bank Ltd

## **Auditors**

M/s. S.N.S. Associates  
Chartered Accountants  
No. 12, 11th Cross Street, Indira Nagar  
Chennai - 600 020.

## **Registered Office**

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

# Shareholders' information

## Date and Venue of Annual General Meeting

Monday, July 30, 2012 at 10.15 A.M. at the Auditorium of the Tamil Nadu Pollution Control Board, 76, Mount Salai, Guindy, Chennai 600 032

## Financial Calendar

The Financial Year of the Company is from April to March.

Financial Reporting for the Quarter Ended

June 30, 2012	On or before August 14, 2012
September 30, 2012	On or before November 14, 2012
December 31, 2012	On or before February 14, 2013
March 31, 2013	On or before May 30, 2013

## Date of Book Closure

The Register of Members and the Share Transfer Books of the Company will remain closed from July 23, 2012 to July 30, 2012 (both days inclusive).

## 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 January, 2011 and March 2012 are as under:

Month	National Stock Exchange		Bombay Stock Exchange	
	High Rs.	Low Rs.	High Rs.	Low Rs.
January 2011	197.95	152.60	197.00	145.00
February 2011	154.00	86.50	161.80	87.05
March 2011	104.10	82.35	103.60	81.45
April 2011	105.25	92.40	107.10	93.00
May 2011	95.50	85.00	102.00	83.55
June 2011	98.90	86.00	105.85	88.25
July 2011	103.20	91.10	114.00	91.25
August 2011	104.00	80.55	106.75	79.75
September 2011	94.00	68.20	108.00	68.25
October 2011	82.00	63.10	93.00	64.00
November 2011	92.00	69.00	93.95	66.15
December 2011	79.00	61.55	87.00	66.05
January 2012	98.40	69.95	102.95	68.05
February 2012	107.90	81.00	107.90	82.05
March 2012	89.85	72.40	100.00	70.00

## 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, 2012 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, 4<sup>th</sup> Floor  
Kamala Mills Compound  
Senapati Bapat Marg,  
Lower Parel  
Mumbai 400 013

Central Depository Services (India) Limited  
Phiroze Jeejeebhoy Towers,  
16<sup>th</sup> Floor, Dalal Street  
Mumbai 400 001

**Registrars and Share Transfer Agents**

M/s. Integrated Enterprises (India) Limited  
2<sup>nd</sup> 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 March 31, 2012				As on December 31, 2010			
	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	2908	74.66	191406	1.69	2780	75.05	188889	1.67
101 - 200	391	10.04	65922	0.58	364	9.83	62099	0.55
201 - 500	274	7.03	99947	0.88	249	6.72	89360	0.79
501 - 1000	135	3.47	107357	0.95	124	3.35	99772	0.88
1001 - 5000	142	3.64	330758	2.93	144	3.89	338168	2.99
5001 - 10000	21	0.54	150736	1.33	18	0.49	122897	1.08
10001 and above	24	0.62	10370598	91.64	25	0.67	10415539	92.04
<b>Total</b>	<b>3895</b>	<b>100.00</b>	<b>11316724</b>	<b>100.00</b>	<b>3704</b>	<b>100.00</b>	<b>11316724</b>	<b>100.00</b>

### Categories of shareholding

Category	As on March 31, 2012				As on December 31, 2010			
	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	6932139	61.26	7	0.19	6141989	54.27
Mutual Funds	1	0.03	100	0.00	1	0.03	100	0.00
Banks & Financial Institutions	2	0.05	2300	0.02	2	0.05	2300	0.02
FII's	5	0.13	1390689	12.29	6	0.16	2002172	17.69
Corporates	119	3.05	653151	5.77	118	3.19	816804	7.22
Individuals (including clearing members)	3724	95.61	1292810	11.42	3536	95.46	1345602	11.89
NRI's / OCB's	37	0.95	1045535	9.24	34	0.92	1007757	8.91
<b>Total</b>	<b>3895</b>	<b>100.00</b>	<b>11316724</b>	<b>100.00</b>	<b>3704</b>	<b>100.00</b>	<b>11316724</b>	<b>100.00</b>

Plant locations : **Tirumandankudi**  
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 : 2827 6001

Fax : 2827 0470

Email : [secretarial@tasugars.in](mailto: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 reappointment of Directors is furnished as part of the Notice convening the Annual General Meeting.

# Dear Shareholders,

Your Directors present their 56<sup>th</sup> Annual Report on the working of the Company for the fifteen month period ended March 31, 2012.

(Figures in Rupees)

	2011-2012 (15 months)	2010 (12 months)
Profit before Interest & Depreciation	405,046,915	420,046,255
Less: Interest and Finance Charges	226,654,405	276,920,947
Depreciation	172,290,755	126,518,689
Profit / (Loss) before Tax	6,101,755	16,606,619
Less : Provision for Taxation		
- Income Tax	10,611,165	6,700,000
- Wealth Tax	10,000	-
- Deferred Tax	(10,894,059)	(17,795,307)
Profit / (Loss) after Tax	6,374,649	27,701,926
Balance brought forward from previous year	319,762,464	292,060,538
Profit available for appropriation	326,137,113	319,762,464
Surplus carried to Balance Sheet	326,137,113	319,762,464

#### Dividend :

In view of inadequate profit for the year, no dividend is being recommended.

#### Operations :

The operations for the period under report reflect the performance of the Sugar and Distillery Divisions. Though the quantum of cane crushed and recovery were both significantly higher than in the previous year, the financial performance during the 15 month period was impaired by the lower realization on the sale of free sugar. Consequently the Company could report only a marginal Profit Before Tax of Rs.6.10 million as against Rs.16.61 million for the previous year.

**Sugar:**

The quantity of sugarcane crushed by both the factories during the 15 month period was considerably higher at 1.598 million MTs compared to 0.75 million MTs crushed during the previous year. The sugar recovery was higher at 9.11% as against 8.66% recorded in the previous year. During this period, your Company also processed 2,406 MTs of imported raw sugar into white sugar for sale in the domestic market.

The Government of India had fixed the Fair and Remunerative Price (FRP) of sugarcane for 2010-11 season at Rs.1,391.20 per MT linked to average recovery of 9.5%, which translated to a price of Rs.1,391.20 per MT for both the Tirumandankudi and the A.Chittur units.

However, with a view to enthrusting farmers to plant more sugarcane for the 2010-11 season and having regard to the State Advised Price announced by the Government of Tamil Nadu, viz.Rs.1,900/- per MT linked to average recovery of 9.5%, the Company announced payment of an additional amount of Rs.508.80 per MT. Accordingly the actual cane price paid by the Company worked out to Rs.1,900/- per MT, for both the units, as against Rs.1701/- per MT for the previous season. This apart, the Company has borne the entire cost of cane transport, the additional burden whereof worked out to Rs.114/- per MT.

As against 1,29,794 MTs of sugar produced during the previous year, production for the 15 month period under review aggregated to 1,48,400 MTs, including 2,726 MTs produced from imported raws.

**Distillery:**

During the period under review, alcohol production at the Distillery was 18,750 KL as against 17,201 KL during the previous year.

Average realisation on sale of alcohol during the period under review was marginally higher as compared to the previous year.

**Prospects for the 2011-12 season:****Sugar:**

The Government of India has fixed the Fair and Remunerative Price (FRP) of sugarcane for 2011-12 season at Rs.1,450/- per MT linked to average recovery of 9.5% which translates to a price of Rs.1,450/- per MT for both the Tirumandankudi and the A.Chittur units. Thereafter, the Government of Tamil Nadu has announced State Advised Price for the 2011-12 season at Rs.2000/- per MT linked to average recovery of 9.5%.

With a view to ensuring a remunerative and competitive price for sugarcane vis-à-vis other competing crops, your Company has announced a price of Rs.2,000/- per MT for both the units, apart from absorbing the entire cost of cane transport. It is hoped that this substantial increase in price will enthrust farmers to plant more sugarcane for supply during the ensuing 2012-13 season.

The cane availability during the sugar year 2011-12 is likely to be higher than in 2010-11, in keeping with the general trend in the State. Sugar production in the country during 2011-12 season is projected to touch 26 million MTs. In view of the comfortable opening stock of around 6.8 million MTs and production estimates in excess of projected domestic offtake, the Government has permitted export of sugar and the same is expected to be of the order of 3.5 million MTs.

**Distillery:**

The projected increase in cane crushing in the State during the 2011-12 season is bound to impact molasses and alcohol prices. In this scenario, the performance of the Distillery is not expected to be significantly different from that during the year under review.

**Subsidiary Company:**

The subsidiary Company viz. Terra Energy Ltd recorded a turnover of Rs.3,49.67 million and reported a Profit of Rs.18.92 million for the 15 month period as against a turnover of Rs.500.70 million and loss of Rs.24.85 million for the previous year.

**Directors:**

Mr B Viswanathan was appointed as an Additional Director with effect from August 23, 2011. He will hold office upto the date of the ensuing Annual General Meeting and the Company has received a notice under Section 257 of the Companies Act, 1956 from a member, proposing Mr B Viswanathan for appointment as Director of the Company.

Dr A Ramachandran, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself 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 :**

30 Deposits aggregating to Rs.1.24 million due for repayment on or before March 31, 2012 were not claimed by the depositors on that date. As on the date of the Report, the position remains the same as above.

**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  
May 12, 2012

# 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 Mar. 31, 2012	Year ended Dec. 31, 2010
	Sugar Units	Sugar Units
<b>A Power and Fuel Consumption</b>		
1) <b>Electricity</b>		
(a) Purchased	-	-
Units (KWH)	-	-
Total amount (Rs.)	-	-
Rate per unit (Rs.)	-	-
(b) Power purchased from		
Terra Energy Limited (Units)	44,881,126	22,778,401
(c) Own generation		
Through Diesel Generator Units	-	-
Units / litre of Diesel	-	-
Cost per unit (Rs.)	-	-
(d) Through Steam Turbine / Generator (Units)	-	-
2) <b>Lignite</b>		
Quantity	-	-
Total cost	-	-
Average cost	-	-
Lecofine	-	-
Quantity	-	-
Total cost	-	-
Average cost	-	-
3) <b>Furnace Oil</b>		
Quantity	-	-
Total amount	-	-
Average rate (Rs. per K Ltr)	-	-
4) <b>Other / Internal Generation</b>		
Firewood (Quantity in MT's)	-	-
Total	-	-
Rate / MT	-	-
<b>B Consumption per quintal of Sugar</b>		
Electricity (Units)	30.81	34.85
Furnace Oil	-	-
Firewood (Kgs)	-	-
Sugar Produced (Quintals)	14,56,725	6,53,641

## Research and Development and Technology Absorption.

1. **Specific areas in which R & D is carried out by the Company :**  
Installed film type Sulphur Burner and Planetary Gear Drives at A Chittur Sugar Unit
2. **Benefits derived from the above R & D efforts :**  
Reduced sulphur consumption  
Reduced power consumption  
Reduced down time

## 3. Future Plan of Action :

To reduce diameter of the Mill Rollers to achieve higher rate of crushing  
Erection of higher size Zero Mill to increase the rate of crushing

## 4. Expenditure on R & D :

- a. Capital : Rs. Nil
- b. Recurring : Rs. 7.86 Million

## 5. Foreign Exchange Earnings and Outgo :

The information in this regard is provided in Note No.10 (viii) to (x) of Schedule 'L' to the Accounts.