



**THIRU AROORAN SUGARS LIMITED**  
**ANNUAL REPORT 2012 - 13**

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# 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
- UCO 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, September 16, 2013 at 3.00 P.M. at the Obul Reddy Hall at Vani Mahal, 103 G.N. Chetty Road, Chennai - 600 017.

## Financial Calendar

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

Financial Reporting for the Quarter Ended

June 30, 2013 On or before August 14, 2013

September 30, 2013 On or before November 14, 2013

December 31, 2013 On or before February 14, 2014

March 31, 2014 On or before May 30, 2014

## Date of Book Closure

The Register of Members and the Share Transfer Books of the Company will remain closed from September 10, 2013 to September 16, 2013 (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 April, 2012 and March 2013 are as under:

Month	National Stock Exchange		Bombay Stock Exchange	
	High Rs.	Low Rs.	High Rs.	Low Rs.
April 2012	97.00	64.35	99.20	60.15
May 2012	73.00	59.00	81.70	63.75
June 2012	82.00	60.00	84.40	62.00
July 2012	107.00	71.00	106.90	73.20
August 2012	102.65	79.00	105.95	86.00
September 2012	96.95	76.05	95.50	75.05
October 2012	95.90	74.30	96.85	77.30
November 2012	90.00	56.75	83.80	66.55
December 2012	72.00	64.00	73.95	64.15
January 2013	83.00	64.05	73.55	65.25
February 2013	71.00	60.50	71.95	61.00
March 2013	78.00	55.00	71.75	52.05

## 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, 2013 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

## 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 - 2814 0801  
 Fax : 044 - 2814 2479  
 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 15 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, 2013				As on March 31, 2012			
	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	2898	73.52	187444	1.66	2908	74.66	191406	1.69
101 - 200	400	10.15	67409	0.60	391	10.04	65922	0.58
201 - 500	281	7.13	102743	0.91	274	7.03	99947	0.88
501 - 1000	152	3.86	118949	1.05	135	3.47	107357	0.95
1001 - 5000	158	4.00	353204	3.12	142	3.64	330758	2.93
5001 - 10000	23	0.58	173612	1.53	21	0.54	150736	1.33
10001 and above	30	0.76	10313363	91.13	24	0.62	10370598	91.64
<b>Total</b>	<b>3942</b>	<b>100.00</b>	<b>11316724</b>	<b>100.00</b>	<b>3,895</b>	<b>100.00</b>	<b>11316724</b>	<b>100.00</b>

## Categories of Shareholding

Category	As on March 31, 2013				As on March 31, 2012			
	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	0.18	6932139	61.26
Mutual Funds	1	0.02	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	2	0.05	250400	2.21	5	0.13	1390689	12.29
Corporates	126	3.20	1501613	13.27	119	3.05	653151	5.77
Individuals (including clearing members)	3765	95.51	1844284	16.30	3724	95.61	1292810	11.42
NRIs/OCBs	39	0.99	785888	6.94	37	0.95	1045535	9.24
<b>Total</b>	<b>3942</b>	<b>100.00</b>	<b>11316724</b>	<b>100.00</b>	<b>3895</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 - 600 034.  
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.



## Report of the Board of Directors

# Dear Shareholders,

Your Directors present their 57<sup>th</sup> Annual Report on the working of the Company for the year ended March 31,2013.

(Figures in Lacs)

	2012-13 (12 months)	2011-12 (15 months)
Profit before Interest & Depreciation	4,196.36	4,137.78
Less : Interest and Finance Charges	2,336.69	2,353.95
Depreciation	1,383.76	1,722.91
Profit before Tax	475.91	60.92
Less : Provision for Taxation		
- Income Tax	104.03	106.11
- Deferred Tax	132.46	(108.94)
Profit after Tax	239.42	63.75
Balance brought forward from previous year	3,261.37	3,197.62
Profit available for appropriation	3,500.79	3,261.37
Surplus carried to Balance Sheet	3,500.79	3,261.37

### 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 cane crushed and sugar production during the year under review were lower than in the previous year, the financial performance was better and the Company has registered Profit Before Tax of Rs.47.59 million as against Rs.6.10 million for the previous year.

**Sugar:**

The quantity of sugarcane crushed by both the factories during the year was lower at 1.239 million MTs as against 1.598 million MTs crushed during the previous 15 month period. The sugar recovery was marginally lower at 8.96% as against 9.11% recorded in the previous year.

The Government of India had 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 translated to an FRP of Rs.1,450/- per MT for both the Tirumandankudi and the A.Chittur units.

However, with a view to enthrusting farmers to plant more sugarcane for the 2011-12 season and having regard to the State Advised Price announced by the Government of Tamil Nadu, viz. Rs.2,000/- per MT linked to average recovery of 9.5%, the Company announced payment of an additional amount of Rs.550/- per MT. Accordingly the actual cane price paid by the Company worked out to Rs.2,000/- per MT, for both the units, as against Rs.1900/- per MT for the previous season. This apart, the Company has borne the entire cost of cane transport, the additional burden of which worked out to Rs.115/- per MT.

As against 1,48,400 MTs of sugar produced during the previous 15 month period, production for the year under review aggregated to 1,10,987 MTs.

**Distillery:**

During the year under review, alcohol production was lower at 9,938 KL compared to 18,750 KL during the previous 15 month period, due to the ongoing modernisation of the Distillery and revamp of the Effluent Treatment Plant.

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

**Prospects for the 2012-13 season:****Sugar:**

The Government has fixed the Fair and remunerative Price (FRP) of sugarcane for 2012-13 season at Rs.1,700/- per MT linked to average recovery of 9.5% which translates to an FRP of Rs.1,700/- per MT for both the Tirumandankudi and the A Chittur units. Thereafter, the Government of Tamil Nadu has announced State Advised Price for the 2012-13 season at Rs.2,250/- 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.2,250/- per MT for both the units, apart from absorbing the entire cost of cane transport. However, the severe drought conditions prevailing across the State, consequent to the failure of the monsoons in 2012 have not only taken a heavy toll on cane yields and cane availability for the 2012-13 season, but also impacted planting of cane for supply during the 2013-14 season.

Sugar production in the country during 2012-13 season is estimated at 25 million MTs, which is in excess of projected offtake of 23 million MTs. With production in excess of consumption for the third successive season and estimated closing stock at 8.8 million MTs i.e 38% of consumption, sugar prices in the domestic market have remained subdued. Likewise, the global scenario is also in surplus for the third consecutive year, with international prices ruling at levels that are unviable for export of Indian sugar in any appreciable measure.

Further to the recommendations of the Dr. C. Rangarajan Committee, the Government of India has removed the levy sugar obligation on sugar mills with effect from October 01, 2012 and by doing so, has shifted the subsidy burden on PDS sugar from the industry to itself. The release mechanism for sale of non-levy sugar has also been dismantled, thereby enabling the industry to sell sugar at its discretion and better manage its cash flows. However, the more far reaching recommendations of the Committee in respect of sugarcane viz. the linking of sugarcane prices to sugar realisations and abolition of both cane area reservation and minimum distance criteria for locating new sugar mills, have been left to the decision of the State Governments.

**Distillery:**

The projected 25% reduction in cane crushing in the State during the 2012-13 season is bound to have a significant impact on molasses and alcohol prices. Since the Company has adequate stocks of molasses and is also holding large stocks of alcohol, the performance of the Distillery is expected to be significantly better compared to the year under review.

**Subsidiary Company:**

The subsidiary Company viz. Terra Energy Ltd recorded a turnover of Rs.334.16 million and reported a Profit of Rs.38.08 million for the year as against a turnover of Rs.353.77 million and Profit of Rs.18.92 million for the previous year.

**Consolidated Financial Statements:**

The Consolidated Financial Statements prepared by the Company in accordance with the applicable Accounting Standard issued by the Institute of Chartered Accountants of India and the report of the Auditors thereon form part of the Annual Report.

**Directors:**

Mr V Thirupathi and Mrs Malathi Ram Tyagarajan, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves 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:**

26 Deposits aggregating to Rs.1.203 million due for repayment on or before March 31,2013 were not claimed by the depositors on that date. The position remains the same as on the date of this report.

#### **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.

#### **Cost Auditors:**

Pursuant to the directives of the Central Government under Section 233B of the Companies Act, 1956, M/s. Vaasan Co., Cost Accountants have been appointed to conduct Cost Audits relating to Sugar and Alcohol for the year ended March 31,2013.

The Cost Audit Reports relating to manufacture of Sugar and Alcohol for the 15 month period ended March 31,2012 were filed by the Cost Auditor on December 22,2012 and December 24,2012 respectively, well within the stipulated deadline of February 28,2013.

#### **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 29, 2013

# 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 March 31, 2013	15 months period ended March 31, 2012
	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)	36,583,734	44,881,126
(c) Own generation		
Through Diesel Generator Units	—	—
Units / litre of Diesel	—	—
Cost per unit (Rs.)	—	—
(d) Through Steam Turbine / Generator (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	—	—
<b>5) Consumption per quintal of Sugar</b>		
Electricity (Units)	32.96	30.81
Furnace Oil (Litres)	—	—
Firewood (Kgs)	—	—
Sugar Produced (Quintals)	11,09,870	14,56,725

## B. Research and Development and Technology Absorption.

### 1. Specific areas in which R & D is carried out by the Company :

- Identification of sugarcane varieties suitable for water logged conditions in the coastal delta region.
- Propagation of effective agronomic practices for achieving higher cane yields in the delta ayacut.
- Promotion of mechanized cane cultivation operations to ease out the problems due to scarcity of agricultural labourers.

### 2. Benefits derived from the above R & D efforts :

- Promising cane varieties suitable for wet land in Cauvery delta have been identified and multiplied for commercial scale planting.

- Increase in sugarcane yield on account of adoption of SSI technology for cane planting both in wet and garden land ayacut.

- Considerable area under sugarcane cultivation has been brought up under mechanical cultivation which has motivated the farmers to stay in cane cultivation

### 3. Future Plan of Action :

Starting up a full fledged soil testing laboratory to cater to the requirements of the cane growers

### 4. Expenditure on R & D :

- Capital : Rs. Nil
- Recurring : Rs. 3.35 Million

### 5. Foreign Exchange Earnings and Outgo :

The information in this regard is provided in Note No.34 of the Accounts.