

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, 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 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
Total	3895	100.00	11316724	100.00	3704	100.00	11316724	100.00

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
NRIs / OCBs	37	0.95	1045535	9.24	34	0.92	1007757	8.91
Total	3895	100.00	11316724	100.00	3704	100.00	11316724	100.00

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", 5th floor
112, Nungambakkam High Road
Chennai 600034
Phone : 2827 6001
Fax : 2827 0470
Email : secretarial@rasugars.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 56th 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
A Power and Fuel Consumption		
1) Electricity		
(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) Lignite		
Quantity	-	-
Total cost	-	-
Average cost	-	-
Lecofine	-	-
Quantity	-	-
Total cost	-	-
Average cost	-	-
3) Furnace Oil	-	-
Quantity	-	-
Total amount	-	-
Average rate (Rs. per K Ltr)	-	-
4) Other / Internal Generation		
Firewood (Quantity in MT's)	-	-
Total	-	-
Rate / MT	-	-
B Consumption per quintal of Sugar		
Electricity (Units)	30.81	34.85
Furnace Oil	-	-
Firewood (Kgs)	-	-
Sugar Produced (Quintals)	<u>14,56,725</u>	<u>6,53,641</u>

Research and Development and Technology Absorption.

- 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
- 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 :

- Capital : Rs. Nil
- 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.

Management

Discussion and Analysis

CAUTIONARY STATEMENT:

This report contains forward-looking statements, which may be identified by the use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates', or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, market position, expenditure and financial results are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will materialise. Actual results may differ materially from those expressed or implied. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

COMPANY PROFILE

Your Company is engaged in the business of manufacture of Sugar, and Potable / Industrial Alcohol (including Ethanol). The operations are spread across two locations, viz., at Tirumandankudi in Thanjavur District and at A.Chittur in Cuddalore District. The Management presents its report on the Industry and Company's performance and future prospects.

INDUSTRY PROFILE:

WORLD SCENARIO:

GLOBAL SUGAR INDUSTRY PERFORMANCE

After two successive years of deficit in 2008-09 and 2009-10, world sugar production climbed to 164.97 mtrv (million tons raw value) in 2010-11, registering a marginal surplus of around 1.0 mtrv. This was mainly due to a record Thai crop and a 29% increase in Indian production and in spite of a 60 mm MT decline in Brazilian cane output during April - December 2011. During this period Brazilian output estimates were frequently revised downwards leading to speculative rise in international sugar prices by over 25% in the second half of 2010-11.

The latest ISO estimate of world sugar balance in 2011-12 (October / September) puts world production at a record 173 mtrv with consumption estimated at 167.83 mtrv, leaving a large surplus of 5.17 mtrv for the year. This surplus is again notwithstanding estimates of only a marginal increase of 1.0 mtrv in Brazilian sugar output and is likely to have a bearish impact in the market. The weak recovery in Brazilian

production will be offset by higher production of 28.2 mtrv (26.0 mm MTs) in India, 18.6 mtrv in the EU, a record 10.9 mtrv in Thailand, a record 5.5 mtrv in Russia and 4.5 mtrv in Australia. The increasing trend in production since the low point of 2008-09 is in response to continuing increase in cane and beet prices. On the demand side, lower prices are expected to drive consumption growth, though not at the same pace as production. Yet, the end stock to consumption ratio will remain at the 34.5% level as in 2010-11, well below its 10- year average.

WORLD SUGAR BALANCE

(mm MTs raw value)

	2008-09	2009-10	2010-11	2011-12
Production	154.23	160.57	164.97	173.00
Consumption	164.59	164.55	164.03	167.83
Surplus / (Deficit)	(10.36)	(3.98)	0.94	5.17
Import Demand	50.96	53.39	52.77	49.15
Export availability	50.90	53.02	53.22	53.28
End Stock	61.67	58.80	56.53	57.58
- % of consumption	37.47	35.73	34.46	34.31

(Source: International Sugar Organisation)

GLOBAL SUGAR PRICES

International sugar prices are expected to witness a bearish trend in 2011-12, as production responds around the world to steep hikes in cane and beet prices consequent to recent high sugar prices, and the global balance moves into a larger surplus. While sugar prices may not exhibit any upward trend in 2011-12 as compared to 2010-11, the high cost of production in India and Brazil will set the floor for sugar prices both in the domestic as well as international markets.

INDIAN SCENARIO :

Sugar production in 2010-11 season registered a sharp 29% increase to 24.39 mm MTs, driven by increased cane planting in response to steep escalation in cane prices paid during the 2009-10 season. With opening stock of 4.98 mm MTs and domestic consumption of only 20.77 mm MTs, sugar availability was comfortable and the Government initially permitted export of the pending ALS (Advance Licence

Scheme) obligation of around 1.0 mm MTs and thereafter, three tranches of 0.5 mm MTs each under OGL, aggregating to 2.6 mm MTs for the season. For the first time, the permitted OGL export quantities were allocated amongst all the sugar mills in the country, pro-rata to their previous three years' average production and such export quotas were made tradeable. Yet domestic sugar prices witnessed a steady downtrend to uneconomic levels due to excess supply and expectation of higher production in the ensuing 2011-12 season.

INDIAN SUGAR BALANCE

(mm MTs)

	2008-09	2009-10	2010-11	2011-12 (estimate)
Opening Stock	10.5	4.4	5.8	6.8
Production	14.5	18.9	24.4	26.0
Imports	2.4	4.1	-	
Total Availability	27.4	27.4	30.2	32.8
Offtake				
- Internal	22.9	21.3	20.8	22.0
- Exports	0.2	0.2	2.6	3.6
Total Offtake	23.1	21.6	23.4	25.6
Closing Stock	44.0	5.8	6.8	7.2
% of Internal offtake	19.1	27.2	32.8	32.8

INDUSTRY OUTLOOK:

Sugar production in 2011-12 season is projected to increase to 26 mm MTs as against estimated consumption of 22 mm MTs. With comfortable opening stocks of as high as 6.8 mm MTs, Government has permitted exports in two tranches of 1.0 mm MTs each under millwise tradeable quotas and thereafter under OGL, which reportedly will be reviewed after registration of such exports reaches the 2.0 mm MT mark. Closing stock for the season is estimated at 7.2 mm MTs and hence domestic prices have remained rangebound notwithstanding the steady offtake for exports. In this scenario, the increase in cane prices is bound to exert considerable downward pressure on operating margins of most sugar mills. As such the industry will be heavily dependent on contributions from distillery and cogeneration operations to maintain even a modest level of profits.

On the policy front, the apex bodies of the industry viz. the Indian Sugar Mills Association and the National Federation of Co-operative Sugar Factories have been continually seeking reform and deregulation of the sugar sector including abolition of levy sugar obligation and monthly release mechanism, provision of a stable import - export regime and linking of

sugarcane prices to realizations from the primary products from sugarcane viz., sugar, molasses and bagasse. The Government has set up yet another high - power Export Committee, headed by Dr. C. Rangarajan, Chairman of the Economic Advisory Council, to examine all issues relating to the industry's demand for deregulation and the industry is hopeful that at least some of the demands will be accepted.

COMPANY PERFORMANCE: SEGMENT-WISE

Products	UoM	2011-12	2010
SUGAR :			
Cane crushed	MTs	1,598,548	755,081
Sugar produced			
- Domestic	MTs	1,45,674	65,365
- Export	MTs	2,726	64,430
- Total	MTs	148,400	129,795
Sugar Sales			
- Domestic	MTs	112,426	121,084
- Export	MTs	75,657	14,664
- Total	MTs	188,083	135,748
Molasses produced	MTs	75,850	40,678
ALCOHOL			
Alcohol Produced	KL	18,750	17,202
Alcohol Sales	KL	17,735	14,581
Bio Fertilizers			
Sales	Rs.	8,581,213	6,837,920

RISKS AND CONCERNS :

The management cautions that the risks and concerns outlined herein are by no means exhaustive and merely highlight the salient among them. Investors are advised to exercise due diligence in assessing the various risk factors associated with the industry and your Company.

The sugar industry in India is highly vulnerable to policy as well as climate induced cyclical fluctuations and hence fraught with several risks of varying magnitude. Some of the inherent business risks and the mitigation measures initiated therefor by your Company are outlined hereunder:

a) Raw Material Risks:

Adequate availability of quality sugarcane and cost thereof affects both the sugar as well as the distillery operations. While the quality of sugarcane varies with climatic conditions as well as agronomic practices adopted by the farmer, the quantum of sugarcane available is determined

by the relative attractiveness of sugarcane to the farmer as compared to other remunerative crops and also the availability of adequate water for irrigation. Even when adequate ground water is available, uninterrupted power supply from the grid is required for pumping such water for irrigation. The cost of sugarcane itself is determined by the Fair and Remunerative Price fixed by the Central and the State Advised Price announced by State Governments, as also the taxes and duties levied on sugarcane. Another major factor affecting to sugarcane cultivation is the availability and cost of harvest labour, which is increasingly becoming a scarce resource due to alternate employment opportunities.

To mitigate these raw material related risks, your Company, besides ensuring a remunerative cane price, even in excess of the State Advised Price (SAP), and prompt payment thereof, provides subsidies to farmers for drip irrigation, ratoon management, full reimbursement of cane transport cost, and full/part reimbursement of seed/seed transport cost, apart from providing assistance in obtaining crop loans for cultivation. Your Company also provides a variety of extension services to educate the farmers about the latest agronomic practices, apart from providing assistance for sinking of borewells, adoption of drip irrigation, mechanised ratoon management and development of link road infrastructure. Of late, your Company has given special focus to promotion of mechanisation of all agricultural operations including cane harvesting. Assistance is also provided to farmers for obtaining electricity connections and loans for sinking of wells and borewells.

b) Product Risks:

Sugar and alcohol prices and distribution continue to be directly or indirectly controlled by Government to varying degrees. This apart, the impact of global market forces and regulatory changes are beyond the control of the Company.

To mitigate these product related risks, your Company is exploring the possibilities for hedging price risk in the commodity futures market in respect of both exports as well as imports, apart from providing flexibility in producing and packing to customer specifications for export. As regards alcohol, the strategy has been to provide for adequate storage capacities to enable sale at the opportune time and avoid distress sale.

c) Regulatory Risk:

Sugar and Alcohol are subject to a range of controls by both the Central and State Governments, encompassing the entire gamut of sugarcane pricing, sugarcane command area reservation, levy sugar pricing, packing, sale and

distribution of sugar, storage, sale and movement of molasses and alcohol, export/import of sugar, molasses and alcohol etc.

Such regulatory risks emanate from Government policy and are to a large extent beyond the control of the Company. While your Company complies with all regulatory requirements, it proactively represents to Government both directly and through the industry associations on various regulatory issues which have a significant bearing on its operations and future prospects.

d) Financing Risk:

Sugar is a seasonal industry requiring storage of the finished product over an extended period of time pending release by Government for sale, whereas, the cane dues, which constitute nearly 65 - 70% of the cost of production, have to be discharged within 14 days as per law. Thus, the major financing risk relates to sourcing adequate working capital, apart from finding sufficient funds for capital expenditure for modernisation and expansion. Related thereto are the interest rate risks attached to such financing, which derive from the general movement of interest rates in the economy and especially the prime lending rate fixed by various Banks and Financial Institutions from time to time. Overlaid on these is the added risk from currency fluctuations in the case of exports/imports and loans contracted in foreign currencies, and consequential risks from any attendant hedging transactions.

To mitigate these risks, your Company, which enjoys a sound reputation and good rating with the Banks and Financial Institutions, strives to focus on low cost financing options and minimising inventory levels to reduce working capital requirements. Likewise, only essential capital expenditures are undertaken and that too only after in-depth analysis. Hedging transactions are undertaken as and when deemed necessary, but only within prudent limits and constant monitoring and control.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

Your company has adequate systems and internal controls to safeguard the assets of the Company and to ensure maintenance of proper accounting records. Computerised information systems are available to capture, present and analyse the data for management information and decision making. The Company has successfully implemented an ERP system and the same is fully operational now. There is also an internal audit system in place which reviews the key business processes and controls and also test checks on routine transactions and

reports deviations. Besides, the Audit Committee also periodically reviews the functioning of the entire system.

FINANCIAL PERFORMANCE:

Please see disclosures in the Directors' Report. The financial performance of the Company, which is operating in a controlled environment is dependent on factors like cane price fixation, domestic demand supply balance, Government controls on price and distribution of sugar and alcohol, export/import policy, etc., over which it has no control. Because of lower realization on the sale of sugar, the Company could report

only a marginal profit for the period under review. Reserves and Surplus increased from Rs.1,263.15 million on December 31, 2010 to Rs.1,269.53 million on March 31,2012.

INDUSTRIAL RELATIONS:

Industrial relations at your Company continue to be cordial. The Company has continued its efforts to rationalise the deployment of manpower while ensuring at the same time that adequate number of professionals is positioned at all levels and in every discipline. The total manpower employed by your Company aggregates to 735.

On behalf of the Board



R V Tyagarajan
Chairman and Managing Director
May 12, 2012

Report on

Corporate Governance

1. Company's Philosophy of Corporate Governance

The Company believes that sound Corporate Governance is essential for achieving sustainable long term value for all its stakeholders. In furtherance thereof, the Company is firmly committed to the principles of good Corporate Governance and has consistently endeavoured to practice the same. The tenets of good Corporate Governance continue to have an influence on the Company's policies and decisions, and instill the values of transparency, professionalism and accountability in all its dealings.

2. Board of Directors

a) Composition

The Board comprises the Chairman and Managing Director, and four Non-Executive Directors, of whom three are Independent Directors.

b) Meetings

The meetings of the Board are normally held at the Registered Office of the Company at "Eldorado", 5th Floor, 112, Nungambakkam High Road, Chennai - 600034.

During the financial year, 7 Board Meetings were held on March 07, 2011, May 09, 2011, August 13, 2011, August 24, 2011, October 19, 2011, November 14, 2011 and February 10, 2012.

The composition of the Board of Directors as on March 31, 2012 and their attendance at the Meetings held during the year and at the last Annual General Meeting as also the number of Memberships on the Board / Board Committees of other Companies as on March 31, 2012 are as follows:

Name of Director	Category	No. of Board Meetings attended	Attendance at last AGM	No. of other Boards	No. of other Boards Committees *
Mr. R V Tyagarajan	E	7	Yes	11	4
Mrs. Malathi Ram Tyagarajan	NE	6	Yes	8	2
Dr. A Ramachandran	NEI	5	No	2	2
Mr. V Thirupathi	NEI	7	No	8	5
Mr. B Viswanathan #	NEI	4	-	Nil	Nil

E – Executive; NE – Non Executive; NEI – Non Executive Independent; * – Public Limited Companies only

Appointed w.e.f. August 23, 2011

None of the Directors on the Board is a member of more than 10 Committees nor the Chairman of more than 5 Committees (as per Clause 49 (I) (C)) across all the Companies in which he/she is a Director. All Directors have made the requisite disclosures regarding Committee positions held by them in other Public Limited Companies. Mr. B Viswanathan was appointed as Additional Director with effect from August 23, 2011.

The Company has not had any pecuniary relationships or transactions with any of the Non Executive Directors during the period under review.

The Company does not pay any remuneration to its Non Executive Directors other than the Sitting Fees for attending meetings of the Board or Committee(s) thereof. Also, no Sitting Fees has been paid to Mr R V Tyagarajan, Chairman and Managing Director.

A Management Discussion and Analysis Report which forms part of this Report is appended as a separate annexure and attached to the Directors' Report.

c) Reappointment of Directors

Dr A Ramachandran retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-election.

Mr. B Viswanathan, appointed as Additional Director during the period vacates his Office at the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956 and has been proposed for reappointment at the Meeting.

The additional information relating to these Directors, as required under Clause 49 of the Listing Agreement with the

Stock Exchanges, is furnished as part of the Notice convening the Annual General Meeting.

3. BOARD COMMITTEES AND OTHER COMMITTEES

a) Audit Committee

The Audit Committee reviews the Reports of the Internal Auditor and the Statutory Auditors periodically and discusses their findings. The terms of reference of the Audit Committee, as stipulated by the Board, are in accordance with all the items listed in Clause 49 (II) (D) of the Listing Agreement, inter alia, including:

- a) Review of financial statements before submission to the Board of Directors;
- b) Initiation of steps for ensuring compliance with internal control systems across the Company;
- c) Investigation into any matter, either in relation to the terms specified in Section 292A of the Companies Act, 1956 or referred to it by the Board;
- d) Review of the findings of any internal investigations by the internal auditors;
- e) Discussion with Statutory Auditors in regard to the nature and scope of audit as well as to ascertain any areas of concern; and
- f) Review of the Company's financial and risk management policies

The Audit Committee of the Board includes three Non Executive Independent Directors and the Committee met 5 times during the period and attendance of the members at these meetings was as follows:

Sl No	Name of the Member	Category	No. of Meetings attended
1.	Mr. V Thirupathi (Chairman)	Non Executive Independent	5
2.	Dr. A Ramachandran	Non Executive Independent	3
3	Mr. B Viswanathan#	Non Executive Independent	3
3.	Mr R V Tyagarajan	Executive	5

Appointed with effect from August 23, 2011

The Company Secretary acts as the Secretary to the Committee. Statutory Auditors and Internal Auditors are invited to the Meetings. Minutes of the Meetings of the Audit Committee are circulated to the Members of the Board and taken note of.

b) Remuneration Committee

i) Composition

The Company has constituted a Remuneration Committee on January 31, 2002 and this Committee at present consists of Mr. V Thirupathi (Chairman) and Dr. A Ramachandran, both Independent Directors and Mrs Malathi Ram Tyagarajan, Non - Executive Director. No meeting of the Remuneration Committee was held during the 15 month period ended March 31,2012.

ii) Remuneration Policy

The Non-Executive Directors do not draw any remuneration from the Company other than Sitting Fees.

Details of remuneration paid to the Chairman and Managing Director for the 15 month period ended March 31, 2012 are given below:

Mr. R V Tyagarajan does not draw any remuneration from the Company.

Details of remuneration paid to Non Executive Directors for the 15 month period ended March 31, 2012 are given below:

The Company did not pay any remuneration other than Sitting Fees to Non Executive Directors. Details of Sitting Fees paid to Non Executive Directors are as under:

Names of Directors	Sitting fees (Rs.)
Mr. V.Thirupathi	1,40,000
Mrs. Malathi Ram Tyagarajan	80,000
Dr. A.Ramachandran	60,000
Mr B Viswanathan	70,000
Total	3,50,000/-

c) Investors' Grievance Committee

The Board has constituted an Investors' Grievance Committee on January 31, 2002 which at present consists of the following independent Directors.

- Dr. A.Ramachandran (Chairman)
- Mr. V Thirupathi

All investor complaints which cannot be settled at the level of Chairman and Managing Director and Mr. R R Karthikeyan, Company Secretary & Compliance Officer and M/s Integrated Enterprises (India) Ltd., the Registrar, are forwarded to the Investors' Grievance Committee for final settlement.

No. of correspondence / queries / complaints received from the Shareholders / Investors from January 1, 2011 to March 31, 2012 regarding non-receipt of dividend / interest on debentures, non-receipt of share certificates sent for transfer.	31
Not resolved and pending	Nil

The Company endeavors to settle all shareholder complaints in the minimum possible time. The average period of settlement may vary from 7 days to 10 days except in the event of disputed matters / cases, which are kept pending till the same are mutually settled with the shareholders or are finally disposed off by the Courts.

d) Share Transfer Committee

This Committee approves and monitors transfers, transmissions, splitting, dematerialisation, rematerialisation, consolidation of securities and issue of duplicate certificates by the Company. The Committee presently consists of Mr. R V Tyagarajan, Chairman and Managing Director and Mr. R R Karthikeyan, Senior General Manager-Finance & Company Secretary. The Committee, which generally meets twice a month, met 11 times during the 15 month period ended March 31, 2012. The Company confirms that barring the above, there were no share transfers pending as on March 31, 2012 and all requests for dematerialisation and re-materialisation of shares as on that date were confirmed / rejected into the NSDL / CDSL system.

Compliance Officer : Mr R R Karthikeyan, Company Secretary
Thiru Arooran Sugars Ltd
"Eldorado", 5th Floor, 112, Nungambakkam High Road
Chennai - 600 034.

e) Finance Committee

Considering the increasing complexity of the Company's business and the need to respond quickly to the business exigencies, the Board of Directors has constituted a Finance Committee / Committee of Directors (Finance) on November 23, 2006. The terms of reference and Rules for functioning of the Committee have been specified by the Board. This Committee presently comprises Mr R V Tyagarajan, Chairman and Managing Director, Mr V Thirupathi and Mrs Malathi Ram Tyagarajan, Directors of the Company.

4. OTHER INFORMATION

a) Risk Management Framework

The Company has mechanisms in place to inform Board Members about the Risk Assessment and Minimisation procedures and periodical reviews to ensure that risk is controlled by the Executive Management through the means of a properly defined framework.

b) Code of Conduct

The Company has laid down a Code of Conduct for all Members of the Board of Directors and Senior Management personnel of the Company. It is hereby affirmed that all the Directors and Senior Management personnel have complied with the Code and a confirmation to this effect has been obtained from them.

c) Annual General Meetings

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
2007-2008	December 24, 2008	10.15 A.M.	P. Obul Reddy Hall, Vani Mahal, Chennai - 600 017.
2008-2009	February 25, 2010	10.30 A.M.	P. Obul Reddy Hall, Vani Mahal, Chennai - 600 017.
2010	May 6, 2011	10.15 A.M.	Auditorium of the Tamil Nadu Pollution Control Board, Guindy Chennai - 600 032.

d) Circular Resolution

Recourse to Circular Resolution is made in exceptional and emergent cases and the same are recorded at the succeeding Board/ Committee Meetings. During the year, 2 Circular Resolutions were passed viz., June 23, 2011 and August 23, 2011.

e) Share Capital Audit Report

The Company has submitted for each of the 5 quarters during 2011-12, the Share Capital Audit Report pertaining to reconciliation of Share Capital to the Stock Exchanges in the prescribed format within 30 days from the close of the Quarter.

Description	Frequency	For the Quarter Ended	Sent to Stock Exchanges on
Share Capital Report to Stock Exchange on reconciliation of the total admitted capital with NSDL/CDSL and the total issued & listed capital	Quarterly	31.03.2011	11.04.2011
		30.06.2011	23.07.2011
		30.09.2011	15.10.2011
		31.12.2011	12.01.2012
		31.03.2012	11.04.2012

f) Secretarial Standards

The Institute of Company Secretaries of India has issued Secretarial Standards on Board Meetings, General Meetings, Dividend, Registers and Records, Minutes, Transmission of Shares and Debentures and Board's Report that are presently recommendatory. The Company's practices and procedures, by and large, meet with these prescriptions, wherever applicable.

g) Functional website

The functional website is in the final stages of being set up.

h) Disclosures

a) Disclosures on materially significant related party transactions, i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their Subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large:

None of the transactions with any of the related parties were in conflict with the interests of the Company at large. Transactions with related parties are disclosed in Note No. 13 of Schedule "L" to the Accounts in the Annual Report.

b) Details of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter relating to capital markets, during the last three years:

No penalties / strictures have been imposed on the Company by any regulatory authority for non-compliance of any laws / regulations relating to capital markets.

i) Means of Communication

- a) Quarterly results are published in an English Daily and "Makkal Kural", a vernacular daily. The annual results are posted to every shareholder of the Company.
- b) Management Discussion & Analysis forms part of this Annual Report, which is also being posted to all the shareholders of the Company.
- c) Official news releases are given directly to the Press.
- d) From the Quarter ended December 31, 2002 onwards, the results and shareholding pattern are posted on SEBI's website www.corpfilings.co.in.

j) CEO/CFO Certification

In terms of revised Clause 49 of the Listing Agreement, the certification by the CEO and CFO on the financial statements and internal controls relating to financial reporting has been obtained.

On behalf of the Board



R V Tyagarajan
Chairman and Managing Director
May 12, 2012

Auditors' Certificate

Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement(s)

To

The Members of Thiru Arooran Sugars Ltd

We have examined the compliance of conditions of Corporate Governance by Thiru Arooran Sugars Limited for the 15 month period ended 31st March 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements *except that the functional website is in the final stages of being set up.*

We state that no investor grievance(s) against the Company is/are pending for a period exceeding one month as per the records maintained by the Shareholders' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with the Management has conducted the affairs of the Company.

For S N S Associates
Chartered Accountants
Firm Registration No. 006297S



S Nagarajan
Partner
Membership No. 20899
Chennai : May 12, 2012

Auditors'

report

Shareholders of Thiru Arooran Sugars Limited,

We have audited attached Balance Sheet of THIRU AROORAN SUGARS LIMITED as at 31st March 2012 and also the Profit and Loss Account and the Cash Flow Statement for the period ended that date annexed thereto and report that:

1. These statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
4. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
5. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
6. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
7. On the basis of written representations received from the Directors, as on 31st March 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at 31st March 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
8. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
 - b) In the case of the Profit and Loss Account, of the **PROFIT** for the period ended on that date; and
 - c) In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.
9. As required by the Companies (Auditors' Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we report that:
 - (i)
 - (a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
 - (b) The Fixed Assets of the Company have been physically verified during the year by the management and no material discrepancies between the book records and the physical inventory have been noticed.
 - (c) No substantial part of the fixed assets of the Company has been disposed off during the year.
 - (ii)
 - (a) The inventories of the Company at all its locations have been physically verified by the management during the year.
 - (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company has maintained proper records of inventories and the discrepancies between the physical inventories and book records which have been properly dealt with in the books of account were not material.
 - (iii)
 - (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - (iv) In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for purchase of inventories, fixed assets and for the sale of goods. Further on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any

continuing failure to correct major weaknesses in the aforesaid internal control system.

- (v) (a) In our opinion, the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956, have been so entered.
- (b) In our opinion, the aforesaid transactions have been made at prices which are reasonable having regard to the prevailing market prices. However the steam supplied by the subsidiary company, Terra Energy Limited has been accounted for at cost as billed by the subsidiary company.
- (vi) In respect of the deposits accepted from the public, the Company has complied with the directives of Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there-under.
- (vii) In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.
- (viii) On the basis of records produced, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Government of India under section 209(1)(d) of the Companies Act, 1956 have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
- (ix) (a) The Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Sales tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities in India. The provisions of Employees State Insurance Act are not applicable to the Company.
- (b) At the end of the financial year there were no dues of Sales tax, Income tax, Customs Duty, Excise Duty, Wealth tax, Service tax and Cess which have not been deposited on account of any dispute except as follows:

Name of the Statute	Nature of the dues	Amount Rs.	Forum where the dispute is pending
Central Excise Act, 1944	Cenvat on materials and other goods and penalty	17,86,537	Central Excise and Service Tax Appellate Tribunal
Service tax	Service tax on Goods Transport Operators	3,63,998	Supreme Court

Name of the Statute	Nature of the dues	Amount Rs.	Forum where the dispute is pending
Service tax	Service tax on Goods Transport Operators	2,42,904	Supreme Court
Tamil Nadu General Sales Tax Act, 1959	Purchase tax	1,025,97,189	High Court of Madras
Central Excise Act, 1944	Cenvat on inputs	17,33,481	High Court of Madras
Central Excise Act, 1944	Cenvat benefit on captive consumption	15,33,22,661	High Court of Madras
Central Excise Act, 1944	Cenvat credit on capital goods	4,66,148	High Court of Madras
Tamil Nadu General Sales Tax Act, 1959	Purchase tax on unregistered Sugarcane	8,43,950	Joint Commissioner (CT) (Appeals)
Income tax Act, 1961	Income tax	33,291	Commissioner of Income tax (Appeals)
Income tax Act, 1961	Income tax	16,77,05,900	Commissioner of Income tax (Appeals)
Service tax	Service tax in respect of recruitment/supply cane harvesting labour	10,47,14,986	Central Excise and Service tax Appellate Tribunal

- (x) The Company does not have any accumulated losses exceeding 50% of its net worth. It has not incurred cash losses either in the current financial year or in the immediately preceding financial year.
- (xi) According to the records produced, the Company has not defaulted in repayment of its dues to any financial institution or bank or debenture holder during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the terms and conditions in respect of guarantees given by the Company for loans taken by its subsidiary, Terra Energy Limited, and Associate Company, Shree Ambika Sugars

- Limited, are not prima facie prejudicial to the interests of the Company.
- (xiv) On the basis of review of utilization of funds on an overall basis, in our opinion, the term loans taken by the Company were applied for the purposes for which the loans were obtained.
- (xv) On the basis of review of utilization of funds on an overall basis, in our opinion, the funds raised on short term basis have not been used for long term investment or vice versa during the year.
- (xvi) The Company has not made preferential allotment of shares to parties covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xvii) The Company has not issued nor has any outstanding debentures.
- (xviii) During the course of our examination of the books of account carried out in accordance with generally accepted auditing practices in India, we have not come across any instance of fraud on or by the Company nor have we been informed by the management of any such instance being noticed or reported during the year.
- (xix) Clauses (xiii), (xiv) and (xx) of the aforesaid Order are not applicable to the Company.

For S N S Associates
Chartered Accountants
Firm Registration No. 006297S



S Nagarajan
Partner
Membership No. 20899
Chennai : May 12, 2012

Balance Sheet

Analysis

Equity Capital

The Company's Equity Capital as on March 31, 2012 stands at Rs.113.17 million. The movement in the Company's Equity since 1985 is as under:

Year	No.of Shares	Paid-up Capital (Rs. in million)	Remarks
1985	6,00,000	6.00	
1988	6,00,000	12.00	Bonus Issue @ 1 : 1
1990	45,00,000	57.00	Bonus Issue @ 15 : 4
1990	16,38,750	73.38	Public Issue of 16,38,750 shares at a premium of Rs.15 per share as per prospectus dated May 28,1990
1994	8,50,000	81.88	Preferential allotment of 8,50,000 shares to FIIs at a price of Rs.260 per share
Oct'96	4,12,869	86.01	Preferential allotment of 4,12,869 shares to Promoters at a price of Rs.165 per share
Feb'97	21,50,405	107.52	Rights Issue of 21,50,405 equity shares at a price of Rs.90 per share as per Letter of Offer dated December 7, 1996.
Mar'06	5,64,700	113.17	Preferential allotment of 5,64,700 shares to Promoters at a price of Rs.137.38 per share.

The Company does not have any securities, which are outstanding for conversion into equity shares. 45.06 per cent of the equity capital consists of bonus shares issued by the capitalisation of reserves.

Reserves

Reserves as on March 31, 2012 stands at Rs.1269.53 million and all the reserves are free reserves. The book value per share as on March 31, 2012 was Rs.122.18

Debt Profile

Long Term Debt

As on March 31,2012 the long term loans outstanding aggregate to Rs.12.50 million. The weighted average cost of the borrowing works out to 12 percent and average repayment period works out to less than a year. The Debt Equity ratio as on March 31, 2012 was 0.01.

Working Capital Borrowings

The fund based total Working Capital requirement aggregating to Rs.1150 million is funded by a consortium of bankers.

Gross Block

The total gross block, including capital work in progress and capital expenditure on projects as on March 31, 2012 aggregated to Rs.3401.73 million. Capital work in progress represents normal capital expenditure and this expenditure will be capitalised and transferred to gross block during the current financial year.

Investments

Investments include a sum of Rs.1062 million made in Shree Ambika Sugars Limited and Terra Energy Limited. Most of the other investments represent investments in equity shares. The Company proposes to reduce other investments by a process of disinvestment at the appropriate time.

Current Assets

Inventories constitute 60.7 per cent of the Current Assets. Finished goods (sugar) account for 72.23 per cent of the Inventories.

Loans and Advances

Loans and Advances consists of advances / interim payment to farmers, adhoc tax payments, amount paid to suppliers on capital account etc.

Current Liabilities

Sundry creditors comprise mainly trade creditors, cane suppliers' balances, suppliers of capital equipment. Sundry creditors account for 99.4 per cent of the Current Liabilities. In addition, the Company had also borrowed a sum of Rs.1214.78 million from the consortium of bankers under the Cash Credit facility.

Unsecured Loans by way of Fixed Deposits and Trade Deposit aggregate to Rs.269.93 million as on the date of the Balance Sheet.

Current Ratio

The current ratio as on March 31, 2012 was 0.74.

BALANCE SHEET

(all figures in Rupees)

	Schedule	As at Mar. 31, 2012	As at Dec. 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
a) Share Capital	A	113,167,240	113,167,240
b) Reserves & Surplus	B	1,269,527,194	1,263,152,545
		1,382,694,434	1,376,319,785
Loan Funds			
a) Secured Loans	C		
i) Cash Credit		1,214,784,296	1,186,973,289
ii) Other Loans		165,032,107	1,139,972,164
		1,379,816,403	2,326,945,453
b) Unsecured Loans	D	269,934,000	21,957,000
		1,649,750,403	2,348,902,453
c) Deferred Tax Liability (Net)		198,227,221	209,121,280
Total		3,230,672,058	3,934,343,518
APPLICATION OF FUNDS			
Fixed Assets			
a) Gross Block	E	3,212,544,313	2,936,182,687
b) Less : Depreciation		1,775,614,885	1,605,014,195
c) Net Block		1,436,929,428	1,331,168,492
d) Capital Work-in-progress		189,180,837	118,174,554
Investments	F	1,064,809,922	1,064,789,209
Current Assets, Loans and Advances			
a) Inventories	G	1,159,206,320	2,380,633,306
b) Sundry Debtors	H	242,686,962	274,147,555
c) Cash & Bank Balances	I	20,534,294	122,397,167
d) Loans & Advances	J	487,363,120	420,055,148
		1,909,790,696	3,197,233,176
Less: Current Liabilities & Provisions	K	1,370,038,825	1,777,021,913
Net Current Assets		539,751,871	1,420,211,263
Total		3,230,672,058	3,934,343,518

Note : Significant Accounting Policies, Schedules 'A' to 'K' & Notes in Schedule 'L' form part of this Balance sheet.

Vide our Report of even date attached

For SNS Associates
Chartered Accountants
Firm Registraion No. 006297S



S Nagarajan
Partner
Membership No. 20899
Chennai, May 12, 2012

On behalf of the Board



R R Karthikeyan
SGM (Finance) and
Company Secretary




B Viswanathan
Director

R V Tyagarajan
Chairman and
Managing Director

PROFIT AND LOSS ACCOUNT

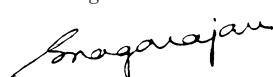
(all figures in Rupees)

	Schedule	Fifteen months ended Mar. 31, 2012	Year ended Dec. 31, 2010
INCOME			
Sales	I	5,888,428,414	4,396,117,872
Less: Excise Duty		69,659,278	115,067,581
		<u>5,818,769,136</u>	<u>4,281,050,291</u>
Other Income	II	91,689,779	277,905,190
Increase/(Decrease) in Stocks	III	(502,585,575)	114,072,683
Total Income		<u>5,407,873,340</u>	<u>4,673,028,164</u>
EXPENDITURE			
Raw Materials Consumed	IV	3,448,071,817	3,379,998,091
Purchase cost of trading items		715,414,170	-
Purchase of Fertilisers & Insecticides		526,120	462,570
Excise Duty Movement in Inventory		(11,193,243)	(8,046,125)
Manufacturing & Other expenses	V	842,143,676	876,556,574
Research Farm & Development Expenditure	VI	7,863,885	4,010,799
Interest and Finance Charges	VII	226,654,405	276,920,947
Depreciation		172,290,755	126,518,689
Total Expenditure		<u>5,401,771,585</u>	<u>4,656,421,545</u>
Profit Before Tax		6,101,755	16,606,619
Less: Tax for Current Year			
Income Tax		10,611,165	6,700,000
Wealth Tax		10,000	-
Deferred Tax		(10,894,059)	(17,795,307)
Profit After Tax		<u>6,374,649</u>	<u>27,701,926</u>
Add: Surplus from previous year		319,762,464	292,060,538
Profit available for appropriation		<u>326,137,113</u>	<u>319,762,464</u>
APPROPRIATIONS			
Surplus carried to Balance Sheet		<u>326,137,113</u>	<u>319,762,464</u>
Earnings per share annualised (Basic and Diluted)		0.45	2.45

Note : Significant Accounting Policies, Schedules 'I' to 'VII' & Notes in Schedule 'L' form part of this Profit & Loss Account

Vide our Report of even date attached

For SNS Associates
Chartered Accountants
Firm Registraion No. 006297S



S Nagarajan
Partner
Membership No. 20899
Chennai, May 12, 2012



R R Karthikeyan
SGM (Finance) and
Company Secretary



B Viswanathan
Director

R V Tyagarajan
Chairman and
Managing Director

SCHEDULES

Forming part of the Balance Sheet (all figures in Rupees)

	As at Mar. 31, 2012	As at Dec. 31, 2010
Schedule A		
SHARE CAPITAL		
AUTHORISED		
35,000,000 Redeemable Cumulative Preference Shares of Rs 10/- each	350,000,000	350,000,000
15,000,000 Equity Shares of Rs.10/-each	150,000,000	150,000,000
	<u>500,000,000</u>	<u>500,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP		
11,316,724-Equity Shares of Rs.10/-each fully paid	113,167,240	113,167,240
	<u>113,167,240</u>	<u>113,167,240</u>

Note

- 1) 5,100,000 Equity Shares of Rs 10/- each were allotted as fully paid up Bonus Shares by way of capitalisation of reserves.

	As at Mar. 31, 2012	As at Dec. 31, 2010
Schedule B		
RESERVES AND SURPLUS		
● Share Premium Account As per last Balance Sheet	545,039,831	545,039,831
● Capital Reserve As per last Balance Sheet	140,250	140,250
● Capital Redemption Reserve As per last Balance Sheet	345,000,000	345,000,000
● General Reserve As per last Balance Sheet	53,210,000	53,210,000
● Surplus Balance in Profit and Loss A/c	326,137,113	319,762,464
	<u>1,269,527,194</u>	<u>1,263,152,545</u>

SCHEDULES

Forming part of the Balance Sheet (all figures in Rupees)

As at
Mar. 31, 2012

As at
Dec. 31, 2010

Schedule C

SECURED LOANS

(1) Loans & Advances from Banks

(i) Cash Credit (Secured by way of hypothecation of current assets viz., stocks of raw material, semi-finished and finished goods, consumable stores and spares and charge on book debts and second charge on immovable assets of the Company).	1,214,784,296	1,186,973,289
(ii) Buyers Credit	-	614,552,449
(iii) Ware House Finance (Secured by pledge of white sugar out of raw sugar)	-	138,985,551
(iv) Term Loans (Secured on a <i>pari passu</i> basis by a mortgage by deposit of title deeds of the Company's immovable property, both present and future, and a first charge by way of hypothecation of all the Company's movables save and except book debts but including movable machinery, machinery spares, tools and accessories, present and future and subject to prior charges created or to be created in favour of Company's bankers for securing Working Capital requirements)	-	167,261,697
(v) Term Loan from Banks under the "Scheme for Extending Financial Assistance to Sugar Undertakings 2007" of the Govt. of India. (Secured by a residuary charge on the Fixed Assets of the Company)	12,503,931	161,779,054

(2) Other Loans and Advances

Loan for Harvester and Tractor under Lease Finance and Vehicle Loans	152,528,176	57,393,413
	1,379,816,403	2,326,945,453

Notes to Secured Loans

- 1) Secured Loans to the extent of Rs.758.53 millions are guaranteed by the subsidiary company, Terra Energy Limited
- 2) Loans to the extent of Rs.123.92 millions are also guaranteed by the Managing Director.

Schedule D

UNSECURED LOANS

(1) Fixed Deposits	19,934,000	21,957,000
(2) Trade Deposit from the subsidiary company - Terra Energy Limited	250,000,000	-
	269,934,000	21,957,000

SCHEDULES

Forming part of the Balance Sheet (all figures in Rupees)

Schedule E **FIXED ASSETS**

SL. No.	PARTICULARS	COST				DEPRECIATION				WRITTEN DOWN VALUE	
		As on Jan. 01, 2011	Additions	Sales / Adjustments	As on Mar. 31, 2012	As on Jan. 01, 2011	For the Period	Withdrawn during the Period	As on Mar. 31, 2012	As on Dec. 31, 2010	
1	Land	43,823,764	-	-	43,823,764	-	-	-	43,823,764	43,823,764	
2	Development of Property	3,513,301	-	-	3,513,301	677	-	263,029	3,250,272	3,250,949	
3	Buildings	456,757,203	2,393,347	-	459,150,550	18,379,712	-	277,594,710	181,555,840	197,542,205	
4	Plant and Machinery	2,334,265,118	270,865,636	-	2,605,130,754	143,242,094	-	1,416,579,843	1,188,550,911	1,060,927,369	
5	Furniture Fittings & Office Equipments	78,037,964	2,654,647	173,950	80,518,661	8,283,660	123,231	66,074,287	14,444,374	20,124,106	
6	Temporary Structures and Kilns	147,956	-	-	147,956	-	-	147,956	-	-	
7	Vehicles	19,637,381	2,229,596	1,607,650	20,259,327	2,384,612	1,566,834	14,955,060	5,304,267	5,500,099	
8	Capital Work in Progress	2,936,182,687	278,143,226	1,781,600	3,212,544,313	172,290,755	1,690,065	1,775,614,885	1,436,929,428	1,331,168,492	
		118,174,554	344,265,264	273,258,981	189,180,837	-	-	-	189,180,837	118,174,554	
	Total	3,054,357,241	622,408,490	275,040,581	3,401,725,150	172,290,755	1,690,065	1,775,614,885	1,626,110,264	1,449,343,046	

SCHEDULES

Forming part of the Balance Sheet (all figures in Rupees)

	As at Jan. 01, 2011	Additions during the period	Realised during the period	As at Mar. 31, 2012
Schedule F				
INVESTMENTS				
AT COST				
Non-Trade : Unquoted				
1) Government Securities				
i) 7 Year National Savings Certificate (Deposited with various Government Departments)	5,000	-	-	5,000
ii) 6 Year National Savings Certificate (Deposited with various Government Departments)	10,000	-	-	10,000
Sub-total	15,000	-	-	15,000
2) Shares & Debentures				
a) Investment in Subsidiary Company 20,540,524 Equity Shares of Rs.10/-each in Terra Energy Limited.	359,950,676	-	-	359,950,676
b) Investment in Company under the same management 17,532,032 Equity Shares of Rs.10/- each in Shree Ambika Sugars Ltd.	702,047,061	-	-	702,047,061
c) Investment in other Companies				
i) Shares in Thanjavur Co-operative Marketing Federation Limited	100	-	-	100
ii) 100 Equity shares of Rs. 10/- each in T A Textiles Pvt Limited	1,000	-	-	1,000
iii) Shares in M/s. Cholamandalam Industries Service Co-operative Society Ltd. Trichy	2,600	-	-	2,600
iv) 120,000 Equity Share of Rs. 10/- each in Trichy Distilleries & Chemicals Ltd.	633,045	-	-	633,045
Sub-total	1,062,634,482	-	-	1,062,634,482

SCHEDULES

Forming part of the Balance Sheet (all figures in Rupees)

	As at Jan. 01, 2011	Additions during the period	Realised during the period	As at Mar. 31, 2012
Schedule F (continued)				
INVESTMENTS				
AT COST				
(I) Quoted - In Equity Shares of Companies - Fully Paid				
a) 15,000 Equity Shares of Rs.10/- each in South Asian Financial Exchange Limited	150,000	-	-	150,000
b) 400 Equity Shares of Rs.10/- each in ICICI Bank Limited	20,015	-	-	20,015
c) 4,737 Equity Shares of Rs.10/- each in Punjab Communications Limited	1,184,250	-	-	1,184,250
d) 414 Equity Shares of Rs.10/- each in United Spirits Limited	399,000	-	570	398,430
e) 17,400 Equity Shares of Rs.5/- each in Prime Securities Limited	1,757,400	-	-	1,757,400
f) 22,000 Equity Shares of Rs.10/- each in Madan Capital Market Limited	337,458	-	-	337,458
g) 15,800 Equity Shares of Rs. 10/- each in IndusInd Bank Limited.	711,000	-	-	711,000
h) Units of Franklin Templeton Mutual fund (Including dividend reinvestment)	56,855	4,678	-	61,533
	4,615,978	4,678	570	4,620,086
Less : Provision for diminution in value of Investments	2,476,251	-	16,605	2,459,646
Sub-total	2,139,727	4,628	16,035	2,160,440
Grand Total	1,064,789,209	4,678	16,035	1,064,809,922
Aggregate value of Quoted Investments (Previous Year Rs. 2,772,772/-)				2,160,440
Aggregate market value of Quoted Investments (Previous Year Rs.7,454,872/-)				6,791,433

Note :

- In respect of loans granted by Banks to Shree Ambika Sugars Limited, a company under the same management, the Company has given an undertaking not to dispose off its equity shareholdings in Shree Ambika Sugars Limited as long as the loans sanctioned to Shree Ambika Sugars Limited are outstanding.

SCHEDULES

Forming part of the Balance Sheet (all figures in Rupees)

	As at Mar. 31, 2012	As at Dec. 31, 2010
Schedule G		
INVENTORIES		
(As per Inventories valued and certified by the Managing Director)		
Stores & Sundry Stock	150,159,524	71,394,132
Sugar	837,237,006	1,336,545,847
Raw Sugar	-	794,128,035
Molasses	22,577,839	44,729,916
Bagasse	5,170,984	-
Stock in process	56,853,856	37,021,539
Alcohol	82,557,515	93,573,945
Crops under cultivation	2,645,569	2,510,898
Bio compost & Insecticides	2,004,027	728,994
	<u>1,159,206,320</u>	<u>2,380,633,306</u>
Schedule H		
SUNDRY DEBTORS		
Unsecured		
a) Debts outstanding for a period exceeding six months		
Considered Good	111,522,623	117,607,374
Considered Doubtful	362,954	362,954
Less : Provision	362,954	-
b) Other debts considered good (include Rs. 105,159,087/- due from Shree Ambika Sugars Limited, company under the same management)	<u>131,164,339</u>	<u>156,540,181</u>
	<u>242,686,962</u>	<u>274,147,555</u>
Schedule I		
CASH & BANK BALANCES		
Cash, Stamps & Cheques on hand	454,512	426,820
Bank Balances with Scheduled Banks:		
a) In Current Account	16,135,335	55,245,669
b) In Fixed Deposit Account (Rs. 1,270,697/- as Margin money to Banks for various facilities granted)	3,513,003	66,073,662
Bank Balances with Non-Scheduled Bank:		
In Current Account		
Central Co-operative Bank Ltd., Kumbakonam Branch (Maximum amount at any time during the year Rs. 12,960,324/-)	297,381	594,349
Cuddalore District Central Co-operative Bank Ltd., Vridhachalam Branch (Maximum amount at any time during the year Rs. 3,708,524/-)	41,228	34,310
Villupuram District Central Co-operative Bank Ltd., Ulundurpet Branch (Maximum amount at any time during the year Rs. 710,893/-)	92,835	22,357
	<u>20,534,294</u>	<u>122,397,167</u>

SCHEDULES

Forming part of the Balance Sheet (all figures in Rupees)

	As at Mar. 31, 2012	As at Dec. 31, 2010
Schedule J		
LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received		
Unsecured -considered good:		
i) Income-tax payments pending adjustment (Net of provisions)	21,533,682	-
ii) Prepaid expenses	4,948,797	4,675,613
iii) Deposits	30,582,911	4,100,253
iv) Balances with Central Excise Department	63,220,378	72,791,069
v) Due from the Subsidiary Company - Terra Energy Limited	73,299,446	-
vi) Other Advances	293,777,906	338,488,213
vii) Unsecured-considered doubtful	2,532,519	2,532,519
Less : Provision	<u>2,532,519</u>	<u>2,532,519</u>
	<u>487,363,120</u>	<u>420,055,148</u>
 Schedule K		
CURRENT LIABILITIES AND PROVISIONS		
A) Current Liabilities:		
Acceptances	3,559,854	-
Sundry Creditors - For purchases and others	1,361,695,101	1,653,590,019
Investor Education and Protection Fund :*		
- Unpaid Dividend (Represents unclaimed dividend)	398,026	413,378
- Unpaid matured Fixed Deposit	1,238,000	845,000
- Interest accrued	79,108	134,205
Interest accrued but not due	3,068,736	3,075,439
* None of the amounts disclosed are more than seven years old as on the Balance Sheet date.		
	<u>1,370,038,825</u>	<u>1,658,058,041</u>
B) Provisions:		
Provision for Taxation(Net)	-	118,963,872
Total Current Liabilities & Provisions	<u>1,370,038,825</u>	<u>1,777,021,913</u>

SCHEDULES

Forming part of the Profit and Loss Account (all figures in Rupees)

	Fifteen months ended Mar. 31, 2012	Year ended Dec. 31, 2010
<u>Schedule I</u>		
SALES		
Sugar (Inclusive of Excise Duty & Sugar Cess)	5,363,256,600	3,967,623,383
Alcohol (Inclusive of Excise Duty)	516,590,601	412,315,265
Molasses (Inclusive of Excise Duty)	-	9,341,304
Bio-Compost & Insecticides	8,581,213	6,837,920
	<u>5,888,428,414</u>	<u>4,396,117,872</u>
 <u>Schedule II</u>		
OTHER INCOME		
Sale of paddy and other produce	4,623,330	750,769
Interest received from investments	1,452	1,065
Interest received on others - Gross (Tax Deducted at Source Rs.373,992/-)	2,255,879	6,924,692
Income from Investments	42,912	59,945
Purchase Tax provided in earlier years written back	-	34,424,184
Sundry receipts	39,380,614	21,093,025
Profit on Sale of Assets	135,756	-
Profit from Petrol Bunk	1,411,591	1,014,774
Foreign Exchange fluctuation	31,802,286	213,620,130
Export Incentive	12,019,354	-
Provision for diminution in Investment - No longer required written back	16,605	16,606
	<u>91,689,779</u>	<u>277,905,190</u>

SCHEDULES

Forming part of the Profit and Loss Accounts (all figures in Rupees)

	Fifteen months ended Mar. 31, 2012	Year ended Dec. 31, 2010
<u>Schedule III</u>		
INCREASE / (DECREASE) IN STOCKS		
Opening Stock:		
Sugar	1,336,545,847	1,259,859,237
Molasses	40,144,773	62,050,687
Stock-in-process	37,021,539	56,699,923
Alcohol	93,573,945	16,811,588
Bio-Compost & Insecticides	728,994	605,096
Crops under cultivation	2,510,898	426,782
	<u>1,510,525,996</u>	<u>1,396,453,313</u>
 Closing Stock:		
Sugar	837,237,006	1,336,545,847
Molasses	21,471,464	40,144,773
Bagasse	5,170,984	-
Stock-in-process	56,853,856	37,021,539
Alcohol	82,557,515	93,573,945
Biocompost & Insecticides	2,004,027	728,994
Crops under cultivation	2,645,569	2,510,898
	<u>1,007,940,421</u>	<u>1,510,525,996</u>
 Increase / (Decrease) in Stock	<u>(502,585,575)</u>	<u>114,072,683</u>
 <u>Schedule IV</u>		
RAW MATERIALS		
Cost of Sugarcane consumed	3,243,982,426	1,433,921,586
Cost of Molasses consumed	79,628,748	180,056,427
Cost of Raw Sugar consumed	124,460,643	1,766,020,078
 Total	<u>3,448,071,817</u>	<u>3,379,998,091</u>

SCHEDULES

Forming part of the Profit and Loss Accounts (all figures in Rupees)

	Fifteen months ended Mar. 31, 2012	Year ended Dec. 31, 2010
Schedule V		
MANUFACTURING AND OTHER EXPENSES		
Power and Fuel	91,696,854	117,640,922
Consumable and Stores	59,755,570	40,082,205
Packing Materials	55,254,202	27,249,446
Transport & Handling Charges	1,001,732	703,434
Salaries, Wages and Bonus	142,322,055	113,382,680
Company's contribution to Provident Fund and Superannuation Fund	15,775,195	11,573,512
Contribution to Gratuity Fund	3,585,889	2,991,148
Staff Welfare Expenses	5,639,000	5,567,711
Rent	3,561,435	1,602,913
Insurance	4,535,404	6,798,477
Rates and Taxes	16,908,291	12,522,484
Cane Development Expenses	178,849,685	62,635,160
Repairs and Maintenance:		
Plant and Machinery	35,767,950	44,298,120
Buildings	5,472,612	6,642,620
Others	6,762,549	4,382,345
Consultancy Fee		
Directors' Sitting Fees	350,000	450,000
Directors' Travelling Expenses	1,044,865	1,106,896
Auditors' Fees & Expenses:		
a) For Statutory Audit		
Audit fees	388,620	275,000
Fees for certification & other services	180,000	131,500
Fees for taxation matters	43,605	30,000
Travelling and out of pocket expenses	5,234	8,990
b) For Cost Audit		
Audit fees	56,750	66,000
Fees for certification & other services	3,000	3,000
Travelling and out of pocket expenses	9,750	9,750
Miscellaneous expenses (Schedule V- A)	58,128,938	53,332,179
Composting and Effluent Treatment Expenses	33,669,121	32,711,493
Loss on Sale of Assets	28,732	6,379
Selling and Distribution Expenses:		
Brokerage and Commission	127,394	760,661
Rent	11,886,023	19,181,459
Transportation and Handling charges	83,190,631	27,915,497
Others	6,902,595	4,552,008
Raw Sugar processing Expenses:		
Steam and Power	205,847	93,992,102
Packing Material	1,908,873	27,809,107
Processing charges	15,488,716	72,053,014
Others	1,636,559	84,088,362
	842,143,676	876,556,574

SCHEDULES

Forming part of Profit and Loss Accounts (all figures in Rupees)

	Fifteen months ended Mar. 31, 2012	Year ended Dec. 31, 2010
<u>Schedule V-A</u>		
MISCELLANEOUS EXPENSES		
Legal and Professional Charges	6,973,716	4,618,627
Travelling and Conveyance	3,295,587	2,350,361
Printing and Stationery	1,906,594	1,779,665
Telephone & Telex Charges	1,855,238	1,331,618
Advertisement Charges	1,031,741	592,782
Vehicle Maintenance	10,376,260	6,595,400
Bank Charges	11,053,533	18,836,828
Membership and Subscription	774,445	1,057,772
Donations	1,507,500	234,000
Security Charges	10,614,937	9,032,437
Other Miscellaneous Expenses	8,739,387	6,902,689
	58,128,938	53,332,179
 <u>Schedule VI</u>		
SUGARCANE RESEARCH FARM & DEVELOPMENT EXPENDITURE		
Salaries, Wages and Bonus	217,152	1,993
Cultivation Labour Expenses	7,062,436	3,767,213
Consumption of manure etc.	368,536	204,062
Pumpset Maintenance	212,972	33,581
Land Revenue and Water charges	2,789	3,950
	7,863,885	4,010,799
 <u>Schedule VII</u>		
INTEREST AND FINANCE CHARGES		
Interest on Fixed Loans	17,387,238	37,002,695
Interest on others	209,267,167	239,918,252
	226,654,405	276,920,947

SCHEDULES

Forming part of the Balance Sheet and Profit and Loss Account (all figures in Rupees)

Schedule L

Notes on Accounts

	Ffifteen months ended Mar. 31, 2012	Year ended Dec. 31, 2010
1. Contingent liabilities in respect of		
Guarantees issued by Bankers	4,768,620	348,620
Contracts to be executed on capital account and not provided for (Net of advance paid)	84,593,957	107,896,458
Disputed Income tax demand/liabilities not provided for	167,739,191	106,611,673
Claims against the Company for Excise Duty and others including Industrial disputes not acknowledged as debt and not provided for	378,271,780	160,400,807
Disputed Purchase tax & Sales tax liabilities not provided for	154,750,009	154,750,009
2. Managerial Remuneration under section 198 of the Companies Act, 1956 Sitting fees to Directors (Managing Director has not been paid any sitting fees or remuneration)	350,000	450,000
3. The Company has not received any intimation from the suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure regarding (i) Amount due and outstanding to suppliers as at the end of the accounting year, (ii) Interest paid during the year, (iii) Interest payable at the end of the accounting year and (iv) Interest accrued and unpaid at the end of the accounting year, have not been provided.		
4. The Company has given Corporate Guarantee of Rs. 6573.20 million to Banks/Financial Institutions for the Term Loans and Working Capital facilities sanctioned to its Subsidiary and Associate companies. The total amount outstanding in respect of such loans as on March 31, 2012 is Rs. 3977.54 million.		
5. Finance Lease		
a) The Company has acquired mechanical Harvestors on lease, the fair value of which aggregates to Rs. 190.39 Million. As per Accounting Standard -19 the Company has capitalised the said Harvestors at its fair value as the lease is in the nature of Finance Lease as defined in the Accounting Standard -19. Lease payments are apportioned between finance charges and outstanding liabilities.		
b) The minimum lease rentals as at March 31, 2012 and the present value as at March 31, 2012 of minimum lease payments in respect of assets acquired under Finance Lease are as follows.		

Particulars	Minimum lease payment		Present value of minimum lease payments	
	As at 31.03.2012	As at 31.12.2010	As at 31.03.2012	As at 31.12.2010
1. Payable not later than 1 Year	46,894,604	17,327,843	32,840,309	11,881,685
2. Payable later than 1 Year but not later than 5 Years.	115,332,927	46,994,777	92,895,804	37,436,928
3. Payable later than 5 Years.	-	-	-	-
Total	162,227,531	64,322,620	125,736,113	49,318,613
Less: Future Finance Charges	36,491,419	15,004,007		
Present Value of minimum lease payments	125,736,112	49,318,613		

c) Contingent rent recognised in the Profit and Loss Account in respect of Finance Lease : Rs. Nil (Previous Year : Nil).

6. Deferred Tax

In accordance with Accounting Standard - 22, Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India, the deferred tax for timing differences between the book and tax profits for the year is accounted for using the rates and the laws that have been enacted or subsequently enacted as of the Balance Sheet date.

Deferred tax assets arising from temporary timing differences are recognized to the extent there is virtual certainty that the assets can be realised in future as evidenced by the consistent past performance rendered by all the plants of the Company and the likelihood of such plants performing to their potential in future.

SCHEDULES

Forming part of the Balance Sheet & Profit and Loss Account (all figures in Rupees)

Schedule L (Continued)

Break up for Deferred tax (Liability)/ Asset as on March 31, 2012 is as follows:

Timing difference	Mar. 31, 2012	Dec 31, 2010
Depreciation	(215,012,223)	(226,807,991)
Others	16,785,002	17,686,711
Net Deferred tax Asset/(Liability)	<u>(198,227,221)</u>	<u>(209,121,280)</u>

7. Previous year figures have been regrouped wherever necessary to confirm to current year's classification.
8. The figures for the reported accounting year relate to 15 months and to that extent are not comparable with the figures of the previous year.
9. Since the current Financial year commenced on 1st January 2011, the provisions of the revised Schedule VI of the Companies Act, 1956 are not applicable. Hence the accounts have been presented in accordance with old Schedule VI.
10. Information required by paragraph 3,4(c) and 4(d) of Part II of Schedule VI to the Companies Act,1956.

	UOM	For the fifteen months ended		For the year ended	
		March 31, 2012		December 31, 2010	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
I CAPACITY:					
a) Licensed:					
Sugar					
Plant 1A	TCD	Delicenced		Delicenced	
Plant II	TCD	Delicenced		Delicenced	
Plant IV	TCD	Delicenced		Delicenced	
Distillery	KLPD	60		60	
b) Installed					
(As Certified by the Management)					
Plant 1A	TCD	3500		3500	
Plant II	TCD	5000		5000	
Distillery	KLPD	60		60	
c) Actual Production					
White Sugar	MTs	116,773		129,795	
Raw Sugar	MTs	31,627		-	
Molasses	MTs	75,850		40,678	
Alcohol	KLs	18,750		17,202	
Bagasse	MTs	470,086		222,161	
d) Purchases					
Sugar	MTs	24,974	715,414,170	-	
Molasses	MTs	9,000	47,206,063	33,397	
II TURNOVER					
Sugar	MTs	188,083	5,363,256,600	135,747	3,967,623,383
Molasses	MTs	-	-	2,166	9,341,304
Alcohol	KLs	17,735	516,590,601	14,581	412,315,265
Bio-Compost and Insecticides	MTs	-	8,581,213	9,835	6,837,920
Total			<u>5,888,428,414</u>		<u>4,396,117,872</u>
III CAPTIVE CONSUMPTION					
Molasses	MTs	81,889	-	75,481	
Alcohol	KLs	-	-	-	
Bagasse	MTs	14,117	-	5,709	

NOTES

Forming part of the Balance Sheet and Profit and Loss Account

Schedule L (Continued)

	UOM	For the fifteen months ended March 31, 2012		For the year ended December 31, 2010	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
IV. OPENING AND CLOSING STOCK OF GOODS					
a) Opening Stock					
Sugar	MTs	45,357	1,336,545,847	51,309	1,259,859,237
Molasses	MTs	11,761	44,729,916	15,333	78,409,328
Bio-Compost and Insecticides			728,994		605,096
Alcohol	KLs	3,202	93,573,945	581	16,811,588
b) Closing Stock					
Sugar	MTs	30,646	837,237,006	45,357	1,336,545,847
Molasses	MTs	14,722	22,577,839	11,761	44,729,916
Bio-Compost and Insecticides			2,004,027		728,994
Alcohol	KLs	4,216	82,557,515	3,202	93,573,945
Bagasse	MTs	7,955	5,170,984		
V. RAW MATERIAL CONSUMED					
Sugarcane					
- Bought Cane	MTs	1,597,359	3,140,255,087	754,877	1,384,900,254
- Own Cane	MTs	1,189	-	204	-
- Purchase Tax & Cess on Sugarcane			103,727,339		49,021,332
Molasses	MTs	81,889	79,628,748	75,481	180,056,427
Raw Sugar	MTs	4,871	124,460,643	69,411	1,766,020,078
Total			<u>3,448,071,817</u>		<u>3,379,998,091</u>
VI. VALUE OF IMPORTED/INDEGENOUS RAW MATERIAL / STORES & SPARES CONSUMED					
1. Raw materials					
a. Imported		-	124,460,643		1,766,020,078
b. Percentage			3.61%		52.25%
c. Indigenous		-	3,323,611,174		1,613,978,013
d. Percentage			96.39%		47.75%
2. Stores & Spares					
a. Imported		-	1,193,564		827,372
b. Percentage		-	1.92%		1.58%
c. Indigenous		-	61,113,005		51,606,214
d. Percentage			98.08%		98.42%
VII. VALUE OF IMPORTS CALCULATED ON CIF BASIS					
a. Raw Materials		-	-		647,965,675
b. Components & Spare Parts		-	-		1,413,530
c. Capital Goods		-	54,776,664		41,533,468
VIII. EXPENDITURE IN FOREIGN CURRENCY					
a. Travelling Expenses			436,251		429,472
b. Others			39,239		63,042
IX. AMOUNT REMITTED IN FOREIGN CURRENCY					
			-		-
X. EARNINGS IN FOREIGN CURRENCY					
Export of Sugar on FOB basis			-		-

SCHEDULES

Forming part of the Balance Sheet & Profit and Loss Account (all figures in Rupees)

11. Disclosure as per Accounting Standard -15 (Revised) - Employee Benefits.

1. Defined Contribution Plans

Contribution of Rs.15.77 million to defined contribution plans is recognized as expense and included in the employees cost in the Profit and Loss Account.

2. Defined Benefit Plans

(Value in Rs.)

General description	Gratuity Funded Plan		Leave Encashment Non Funded Plan	
	Period ended 31.03.2012	Year ended 31.12.2010	Period ended 31.03.2012	Year ended 31.12.2010
a. Change in Defined Benefit Obligation				
Present Value - Opening Balance	28529564	25339174	4782955	4488027
Current Service Cost	2855928	4890015	1408496	2446823
Interest Cost	2704380	1856963	378414	233969
Actuarial Gain / (Loss)	908278	781135	933087	802302
Benefits Paid	3582947	4337723	2122164	3188166
Present Value - Closing Balance	31415203	28529564	5380788	4782955
b. Change in fair value of Plan Assets				
Opening Balance	29077643	25887251	-	-
Expected Return	3214578	2036895	-	-
Actuarial Gain / (Loss)	-331881	2500073	-	-
Contributions by Employer	-548078	2991147	2122164	3188166
Benefits Paid	3582947	4337723	2122164	3188166
Closing Balance	27829315	29077643	-	-
Actual Return	2334619	4059243	-	-
c. Amount recognised in the Balance Sheet (as at Year end)				
Present Value of Obligations	31415203	28529564	4782957	4488028
Fair Value of Plan Assets	27829315	29077643	-	-
Net assets / (liability) recognised	-3585888	548079	5380788	4782957
d. Expenses recognised in the and Loss Account				
Current Service cost	2855928	4890015	1408496	2446823
Interest on obligation	2704380	1856963	378414	233969
Expected return on plan assets	3214578	2036895	-	-
Net actuarial Gain / (loss)	1240158	-1718936	933085	802302
Total Included in Employee Cost	3585888	2991147	2719995	3483094
e. Principal actuarial Assumptions				
Discount rate (%)	8.00%	8.00%	8.00%	8.00%
Future Salary Increase (%)	5.00%	4.00%	5.00%	4.00%
Rate of Return on plan assets	8.75%	8.00%	-	-
Expected Average remaining working lives of employees (Years)	11.00	12.60	13.00	14.50
f. In the absence of detailed information regarding Plan assets which is funded with SBI Life Insurance Co Ltd, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of the plan assets has not been disclosed.				
g. The company expects to contribute Rs.3.5 million to Gratuity Fund in 2012-13.				

NOTES

Forming part of the Balance Sheet and Profit and Loss Account

12. Segment Information for the 15 month period ended March 31, 2012.

Information about primary business segments

(Rs. in million)

Description	Sugar		Distillery		Unallocated		Elimination		Total	
	PE 31.03.12	YE 31.12.10	PE 31.03.12	YE 31.12.10	PE 31.03.12	YE 31.12.10	PE 31.03.12	YE 31.12.10	PE 31.03.12	YE 31.12.10
SEGMENT REVENUE										
External sales / income	5,388.91	4,137.83	520.98	414.97	0.57	6.15	0.57	0.57	5,909.89	4,552.80
Inter-segment Sales	113.44	155.97	-	-			113.44	155.97	-	-
Total Revenue	5,502.35	4,293.80	520.98	414.97	0.57	6.15	114.01	156.54	5,909.89	4,552.80
SEGMENT RESULT										
Segment Result	141.80	359.61	134.07	(20.18)					275.87	339.43
Unallocated Corporate Expenses net off unallocable										
Income					45.41	52.89			45.41	52.89
Operating Profit	141.80	359.61	134.07	(20.18)	(45.41)	(52.89)	-	-	230.46	286.54
Interest Expense	8.41	1.45		0.11	218.24	275.35			226.65	276.91
Interest Income	1.73	0.83	-	-	0.57	6.15			2.30	6.98
Profit Before Tax	135.12	358.99	134.07	(20.29)	(263.10)	(322.09)	-	-	6.10	16.61
Income Tax										
Tax for current / earlier years					10.61	6.70			10.61	6.70
Deferred Tax (Net)					(10.88)	(17.79)			(10.88)	(17.79)
Wealth Tax					0.01	-			0.01	-
Fringe Benefit Tax					-	-			-	-
Profit After Tax	135.12	358.99	134.07	(20.29)	(262.82)	(311.00)	-	-	6.37	27.70
OTHER INFORMATION										
Segment Assets	2,861.25	4,202.47	521.04	405.42					3,382.29	4,607.89
Unallocated Corporate Assets					1,218.42	1,103.48			1,218.42	1,103.48
Total Assets	2,861.25	4,202.47	521.04	405.42	1,218.42	1,103.48	-	-	4,600.71	5,711.37
Segment Liabilities	2,396.99	3,465.78	118.81	76.70					2,515.80	3,542.48
Unallocated Corporate Liabilities					2,084.91	2,168.89			2,084.91	2,168.89
Total Liabilities	2,396.99	3,465.78	118.81	76.70	2,084.91	2,168.89	-	-	4,600.71	5,711.37
Capital Expenditure	254.36	155.00	92.01	0.86	2.78	1.21			349.15	157.07
Depreciation	132.44	93.39	33.46	26.03	6.39	7.09			172.29	126.52
Non-Cash Expenses other than Depreciation	-	-	-	-	-	-	-	-	-	-
Geographical Segment										
	India		Other Countries		Total					
	PE 31.03.12	YE 31.12.10	PE 31.03.12	YE 31.12.10	PE 31.03.12	YE 31.12.10				
Segment Revenue External Sales to Customers / Income	3,511.64	4,113.77	2,398.26	439.03	5,909.89	4,552.80				

Segment Reporting

- The Company's operations relate to manufacture of Sugar and Alcohol
- The Company is exporting sugar apart from sale in the domestic market. The analysis of geographical segment is demarcated into local and exports.
- Inter segment Transfer Pricing Policy: Molasses supplied to Alcohol segment is based on market price

NOTES

Forming part of the Balance Sheet and Profit and Loss Account

13. Related Party disclosures

- a) Names of the Related Parties
 1. Subsidiary Company Terra Energy Ltd
 2. Associate Company Shree Ambika Sugars Ltd
- b) Key Managerial Personnel R.V. Tyagarajan, Chairman and Managing Director
 Note: Related party relationships are as identified by Management and relied upon by the Auditors
- c) Transactions with Subsidiary and Associate Companies

(Value in Rs.)

	As at March 31, 2012		As at December 31, 2010	
	Subsidiary Company	Associate Company	Subsidiary Company	Associate Company
Sale of Goods	152,733	4,867,734		3,535,508
Purchase of goods	280,783	7,509,687	7,655	98,444,995
Sale of Sugar		741,106,750		
Purchase of Sugar		51,567,000		
Purchase of Fixed Assets	-	-	-	-
Processing Charges received	-	-	-	194,915
Processing Charges paid	-	15,488,716	-	72,053,014
Share of common expenses recovered	1,549,812	24,511,494	3,653,123	22,117,565
Purchase of Steam & Power	87,301,178		204,287,366	
Trade Deposit received	250,000,000			
Interest Paid for Trade Deposit	35,716,744			
Closing Balance Debit	73,299,446	105,159,087		-
Closing Balance Credit	-		429,108,274	437,536,066
Investments made in :				
Equity shares				
Terra Energy Limited				
20,540,524 shares of Rs.10/- each	359,950,676		359,950,676	
Shree Ambika Sugars Ltd.,				
17,532,032 shares of Rs.10/- each		702,047,061		702,047,061
Guarantees given as of 31.03.2012	655,000,000	5,918,200,000	655,000,000	6,596,300,000
Corporate Guarantee received as of 31.03.2012	1,582,400,000	517,800,000	1,758,500,000	517,800,000

Note : The Chairman & Managing Director has not been paid any remuneration. The Sitting fees paid to Directors is furnished in Note No.2. As per the terms of arrangement between Thiru Arooran sugars Ltd and Terra Energy Ltd 448,014 MTs of bagasse has been supplied by Thiru Arooran Sugars Ltd in exchange for 694,611 MTs of steam and 43,684,013 Units of power from Terra Energy Ltd

14. Earnings per share :

Particulars	Mar. 31, 2012	Dec. 31, 2010
Profit after tax as per Profit & Loss Account (Rs.)	6,374,649	27,701,926
Weighted average number of Equity Shares of Rs.10/- each outstanding during the year	11,316,724	11,316,724
Earnings per share – Basic and Diluted (Rs.) (Annualised)	0.45	2.45

For SNS Associates
 Chartered Accountants
 Firm Registraion No. 006297S

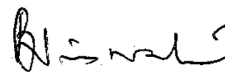
On behalf of the Board



S Nagarajan
 Partner
 Membership No. 20899
 Chennai, May 12, 2012



R R Karthikeyan
 SGM (Finance) and
 Company Secretary



B Viswanathan
 Director



R V Tyagarajan
 Chairman and
 Managing Director

Significant accounting policies

General

The accompanying Financial Statements have been prepared on the Historical Cost Convention.

Fixed Assets & Depreciation

Fixed Assets of the Distillery and Sugar Machinery are depreciated on Straight Line Method. Other Assets are depreciated on the Written Down Value method in accordance with the provisions of the Companies Act, 1956.

Investments

Investments are stated at Cost. The diminution in the market value of such investments is not recognised unless such diminution is considered permanent.

Modvat credit on Capital Goods

Modvat credit on capital goods is calculated and accounted for by way of diminution in the value of the concerned capital goods.

Valuation of Inventories

- Stores and Sundry Stocks, Fertilizers and Insecticides, Bought out Raw Materials and Stock-in-process are valued at lower of cost or net realisable value
- By-products are valued at estimated realisable value
- Tools and Implements and Crops under cultivation are valued at lower of cost or net realisable value
- Paddy is valued at selling rates
- Finished goods are valued at lower of cost or estimated realisable value and are inclusive of appropriate Excise Duty
- Cost of finished goods and work in progress includes cost of conversion and other costs incurred in bringing the inventories to the present location and condition. The cost of energy from Terra Energy Limited under a Barter arrangement by supply of bagasse has been considered as part of conversion and, hence, included in the value of inventory

Foreign currency transactions

- A) Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Any income or expense on account of exchange difference is recognised in the Profit and Loss Account.
- B) Derivative transactions are considered as off-Balance Sheet items and cash flows arising therefrom are recognised in the Books of Accounts as and when the settlement takes place in accordance with the terms of respective contracts.

Income and Expenditure Recognition

- Income is recognised and expenditure is accounted for on their accrual.
- Under the barter agreement with the subsidiary company, Terra Energy Limited, Bagasse is supplied in exchange for Steam and Power received within the agreed norms. Consequently, no entries are passed in financial books for the value of Power and Steam received within the agreed norms and utilised for the Sugar Division operations of the Company. However steam is charged at cost for consumption by Sugar Division more than the agreed norms and for steam utilised for activities other than cane crushing operations of the Sugar Division. Similar method is adopted in respect of power supplied by Terra Energy Limited.

Borrowing Costs

Borrowing costs that are attributable to the acquisition of or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial time to get ready for its intended use. All other borrowing costs are charged to revenue.

Employee Benefits

- a) Short Term Employee Benefits
Short term Employee Benefits are charged at the undiscounted amount to Profit and Loss Account in the year in which related service is rendered.
- b) Defined Contribution Plan
Contribution to defined contribution schemes towards retirement benefit in the form of Provident Fund and Superannuation Fund for the year are charged to Profit and Loss Account as incurred.
- c) Defined Benefit Plan
Liabilities in respect of defined benefit plans are determined based on actuarial valuation made by an independent actuary using projected unit credit method as at the Balance Sheet date. Actuarial gains or losses are recognized immediately in the Profit and Loss Account.

Terminal benefits are recognized as expenses as and when incurred.

Impairment of Fixed Assets

Consideration is given at each Balance Sheet date to determine whether there is any indication of impairment on the carrying amount of the Company's Fixed Assets. If any such indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds recoverable amount.

MANDATORY STATEMENT

Information pursuant to the provision of Part IV of Schedule VI of the Companies Act, 1956

Balance Sheet Abstract & Company's Business Profile

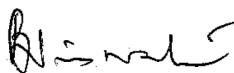
Rs. in million

I	REGISTRATION DETAILS	
	State Code : 18	
	Registration Number : 2915	
	Balance Sheet Date : 31.03.2012	
II	CAPITAL RAISED DURING THE PERIOD	
	Public Issue	Nil
	Rights Issue	Nil
	Bonus Issue	Nil
	Preferential allotment of Equity Shares	Nil
III	POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS	
	Total Liabilities	3,230.67
	Total Assets	3,230.67
	SOURCE OF FUNDS	
	Paid up Capital	113.17
	Reserves & Surplus	1269.53
	Secured Loans	1379.82
	Unsecured Loans	269.92
	Deferred Tax Liability(Net)	198.23
	APPLICATION OF FUNDS	
	Net Fixed Assets	1,626.11
	Investments	1,064.81
	Net Current Assets	539.75
IV	PERFORMANCE OF THE COMPANY	
	Turnover including other Income & Stock adjustment	5,407.87
	Total Expenditure including Depreciation	5,401.77
	Profit/(Loss) Before Tax	6.10
	Profit/(Loss) After Tax	6.37
	Earnings per Equity Share (Annualised) (Rs.)	0.45
	Dividend Rate	-
V	GENERIC NAMES OF THE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (AS PER MONETARY TERMS)	
	Item Code No.	17011100
	Product Description	Cane Sugar
	Item Code No.	22071001
	Product Description	Rectified Sprit

On behalf of the Board



R R Karthikeyan
SGM (Finance) and
Company Secretary
Chennai, May 12, 2012



B Viswanathan
Director



R V Tyagarajan
Chairman and
Managing Director

SECTION 212

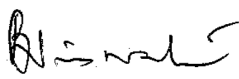
Statement pursuant to Section 212 of the Companies Act relating to Subsidiary Company

1	Name of the Subsidiary Company	:	TERRA ENERGY LIMITED
2	Statement of Holding Company's interest in Subsidiary Company	:	As on March 31, 2012
	20,540,524 Equity shares of Rs. 10/- each	:	66.19 %
3	Financial year of the Subsidiary ended on	:	Fifteen months ended March 31, 2012
4	Net aggregate amount of Profit / (Loss) of the Subsidiary as far as it concerns the Holding Company		
	(a) Dealt with in the accounts of Thiru Arooran Sugars Limited by way of dividend on the shares held in the subsidiary for the 12 months ended Dec 31, 2010	:	Nil
	(b) Not dealt with in the accounts of Thiru Arooran Sugars Limited		
	For the 15 months ended March 31, 2012	:	Profit of Rs.3.44 million
	For the year ended December 31, 2010	:	Loss of Rs.(10.63) million

On behalf of the Board



R R Karthikeyan
SGM (Finance) and
Company Secretary
Chennai, May 12, 2012



B Viswanathan
Director



R V Tyagarajan
Chairman and
Managing Director

CASH FLOW STATEMENT

	Fifteen months ended Mar. 31, 2012	Year ended Dec. 31, 2010
		(In Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Taxation	6,101,755	16,606,619
Adjustments for		
- Depreciation	172,290,755	126,518,689
- Interest expenses	226,654,405	276,920,947
- Loss / (Profit) on sale of Assets	(107,024)	6,379
- Provision for diminution in the value of Investment	(16,605)	(16,606)
- Other Income	(2,300,244)	(6,985,701)
Operating Profit Before Working Capital Changes (A)	402,623,043	413,050,327
Decrease in Current Assets		
- Inventories	1,221,426,986	1,006,077,466
- Receivables	31,460,593	(90,090,399)
- Loans & Advances	(67,307,972)	3,905,928
Increase (Decrease) in Current Liabilities	(407,055,493)	(1,306,077,251)
(Increase) / Decrease in Working Capital (B)	778,524,114	(386,184,256)
Cash Generated From Operations (A + B)	1,181,147,157	26,866,071
Income Tax & Wealth Tax Paid	(10,621,165)	(6,700,000)
Cash Flow before Extraordinary items	1,170,525,992	20,166,071
Net Cash from Operating activities (C)	1,170,525,992	20,166,071
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Assets		
- Payment to suppliers & others	(349,149,509)	(157,077,843)
Investments (net)	(4,108)	(2,115)
Interest received	2,257,331	6,925,757
Dividend received	42,912	59,945
Proceeds from Sale of Assets	198,559	18,270
Cash flow from Investing Activities (D)	(346,654,815)	(150,075,986)
Net Cash used in Investment activities (C + D)	823,871,177	(129,909,915)

CASH FLOW STATEMENT

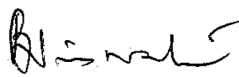
	Fifteen months ended Mar. 31, 2012	Year ended Dec. 31, 2010
		(In Rupees)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	130,000,156	195,930,801
Changes in Short term borrowings	275,788,007	431,627,058
Repayment of Long Term Borrowings	(1,104,940,214)	(613,192,102)
Interest paid	(226,582,000)	(276,531,958)
Net Cash from Financing Activities (E)	(925,734,051)	(262,166,201)
Net Increase in Cash (C+D+E)	(101,862,873)	(392,076,116)
Opening Balance	122,397,167	514,473,283
Closing Balance	20,534,294	122,397,167

Previous year figures have been regrouped to conform to current year's grouping

On behalf of the Board



R R Karthikeyan
SGM (Finance) and
Company Secretary
Chennai, May 12, 2012



B Viswanathan
Director



R V Tyagarajan
Chairman and
Managing Director

Auditors' Certificate

This is the Cash Flow statement referred to in our report of even date attached.

For SNS Associates
Chartered Accountants
Firm Registraion No. 006297S



S Nagarajan,
Partner
Membership No. 20899
Chennai, May 12, 2012

**Consolidated Financial Statements of
Thiru Arooran Sugars Limited and
Terra Energy Limited
2011-12**

Auditors'

Report

We have examined the attached Consolidated Balance Sheet of Thiru Arooran Sugars Limited and its subsidiary, Terra Energy Limited, as at 31st March 2012 and the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the period then ended.

These financial statements are the responsibility of Thiru Arooran Sugars Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit also includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

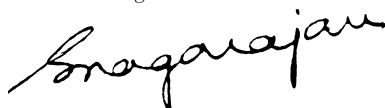
We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated

Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Thiru Arooran Sugars Limited and its subsidiary, Terra Energy Limited, included in the Consolidated Financial Statements.

In our opinion and to the best of our information and according to the explanations given to us and on the consideration of the separate audit reports on individual financial statements of Thiru Arooran Sugars Limited and its subsidiary, Terra Energy Limited, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

1. In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Thiru Arooran Sugars Limited and its subsidiary company, Terra Energy Limited as at 31st March 2012.
2. In the case of the Consolidated Profit and Loss Account, of the consolidated result of operations of Thiru Arooran Sugars Limited and its subsidiary, Terra Energy Limited for the 15 month period ended on that date; and
3. In the case of the Consolidated Cash Flow Statement of the consolidated cash flows of Thiru Arooran Sugars Limited, and its subsidiary, Terra Energy Limited, for the 15 month period ended on that date.

For SNS Associates
Chartered Accountants
Firm Registration No. 006297S



S Nagarajan
Partner
Membership No. 20899
May 12, 2012

CONSOLIDATED BALANCE SHEET

(all figures in Rupees)

	Schedule	As at Mar. 31, 2012	As at Dec. 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
a) Share Capital	A	113,167,240	113,167,240
b) Reserves & Surplus	B	1,352,196,511	1,330,098,661
		1,465,363,751	1,443,265,901
Loan Funds			
a) Secured Loans	C		
i) Cash Credit		1,299,107,374	1,272,648,080
ii) Other Loans		573,595,558	1,624,561,739
		1,872,702,932	2,897,209,819
b) Unsecured Loans	D	19,934,000	21,957,000
		1,892,636,932	2,919,166,819
Deferred Tax Liability		270,408,178	280,848,303
Minority Interest		265,119,297	263,363,257
Total		3,893,528,158	4,906,644,280
APPLICATION OF FUNDS			
Fixed Assets			
a) Gross Block	E	4,703,826,872	4,426,295,865
b) Less : Depreciation		2,576,058,431	2,309,310,550
c) Net Block		2,127,768,441	2,116,985,315
d) Capital Work-in-progress		202,936,168	118,457,777
Goodwill		1,105,000	1,105,000
Investments	F	704,976,446	704,955,733
Current Assets, Loans And Advances			
a) Inventories	G	1,322,606,629	2,515,999,290
b) Sundry Debtors	H	561,044,273	446,252,216
c) Cash & Bank Balances	I	41,398,811	155,028,078
d) Loans & Advances	J	579,861,925	476,200,913
		2,504,911,638	3,593,480,497
Less: Current Liabilities & Provisions	K	1,648,169,535	1,628,340,042
Net Current Assets		856,742,103	1,965,140,455
Total		3,893,528,158	4,906,644,280

Note : Significant Accounting Policies, Schedules 'A' to 'K' & Notes in Schedule 'L' form part of this Balance Sheet.

Vide our Report of even date attached

For SNS Associates
Chartered Accountants
Firm Registration No. 006297S

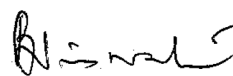


S Nagarajan
Partner
Membership No. 20899
Chennai, May 12, 2012

On behalf of the Board



R R Karthikeyan
SGM (Finance) and
Company Secretary



B Viswanathan
Director



R V Tyagarajan
Chairman and
Managing Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT

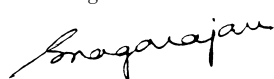
(all figures in Rupees)

	Schedule	Fifteen months ended Mar. 31, 2012	Year ended Dec. 31, 2010
INCOME			
Sales	I	6,150,792,996	4,692,539,363
Less : Excise Duty		<u>69,659,278</u>	<u>115,067,581</u>
		6,081,133,718	4,577,471,782
Other Income	II	152,016,310	281,038,733
Increase/(Decrease) in Stocks	III	<u>(502,585,575)</u>	<u>114,072,683</u>
Total Income		<u>5,730,564,453</u>	<u>4,972,583,198</u>
EXPENDITURE			
Raw Materials Consumed	IV	3,587,034,289	3,643,257,176
Purchase of Trading items		715,414,170	-
Purchase of Fertilisers & Insecticides		526,120	462,570
Excise Duty Movement in Inventory		(11,193,243)	(8,046,125)
Manufacturing & Other expenses	V	846,725,182	774,719,931
Research Farm & Development Expenditure	VI	7,863,885	4,010,799
Interest and Finance Charges	VII	278,313,727	353,400,819
Depreciation		268,576,393	203,190,808
Total Expenditure		<u>5,693,260,523</u>	<u>4,970,995,918</u>
Profit/(loss) Before Tax		<u>37,303,930</u>	<u>1,587,220</u>
Less: Tax for Current Year			
Income Tax		23,880,165	6,756,000
Wealth Tax		10,000	-
Deferred Tax		(10,440,125)	(23,061,754)
Excess provision for Taxation in earlier years		-	(3,584,000)
Profit/(loss) After Tax		<u>23,853,890</u>	<u>21,476,974</u>
Less: Minority Interest		1,756,040	(5,427,716)
Profit/(loss) After Minority interest		22,097,850	26,904,690
Add: Surplus from previous year		323,956,945	297,052,255
Profit available for Appropriation		<u>346,054,795</u>	<u>323,956,945</u>
Surplus carried to Balance Sheet		<u>346,054,795</u>	<u>323,956,945</u>
Earnings per Share-Basic and diluted		1.56	2.38

Note : Significant Accounting Policies, Schedules 'I' to 'VII' & Notes in Schedule 'L' form part of this Profit & Loss Account

Vide our Report of even date attached

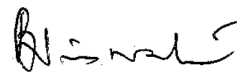
For SNS Associates
Chartered Accountants
Firm Registration No. 006297S



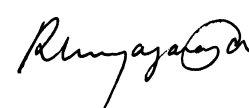
S Nagarajan
Partner
Membership No. 20899
Chennai, May 12, 2012



R R Karthikeyan
SGM (Finance) and
Company Secretary



B Viswanathan
Director



R V Tyagarajan
Chairman and
Managing Director

SCHEDULES

Schedules forming part of the consolidated Balance Sheet (all figures in Rupees)

	As at Mar. 31, 2012	As at Dec. 31, 2010
Schedule A		
SHARE CAPITAL		
AUTHORISED		
35,000,000 Redeemable Cumulative Preference Shares of Rs 10/- each	350,000,000	350,000,000
15,000,000-Equity Shares of Rs.10/-each	150,000,000	150,000,000
	500,000,000	500,000,000
ISSUED, SUBSCRIBED AND PAID UP		
11,316,724-Equity Shares of Rs.10/-each fully paid up	113,167,240	113,167,240
	113,167,240	113,167,240

Note

5,100,000 Equity Shares of Rs 10/- each were allotted as fully paid up Bonus Shares by way of Capitalisation of reserves

	As at Mar. 31, 2012	As at Dec. 31, 2010
Schedule B		
RESERVES AND SURPLUS		
General Reserve:		
As per last Balance Sheet	67,402,252	67,402,252
Share Premium Account		
As per last Balance Sheet	575,727,914	575,727,914
Capital Reserve:		
Profit on reissue of forfeited shares		
As per last Balance Sheet	140,250	140,250
USAID Matching Grant	17,871,300	17,871,300
Capital Redemption Reserve		
As per last Balance sheet	345,000,000	345,000,000
Surplus		
Balance in Profit and Loss Account	346,054,795	323,956,945
	1,352,196,511	1,330,098,661

SCHEDULES

Schedules forming part of the consolidated Balance Sheet (all figures in Rupees)

	As at Mar. 31, 2012	As at Dec. 31, 2010
Schedule C		
SECURED LOANS		
(1) Loans & Advances from Banks		
i) Cash Credit (Secured by way of hypothecation of Current Assets viz., stocks of raw material, semi-finished and finished goods, consumable stores and spares and charge on book debts and second charge on immovable assets of the company).	1,299,107,374	1,272,648,080
ii) Buyers Credit	-	614,552,449
iii) Term Loan (Secured on a <i>pari passu</i> basis by a mortgage by deposit of title deeds of the company's immovable property, present and future, and a first charge by way of hypothecation of all the company's movables save and except book-debts but including movable machinery, machinery spares, tools and accessories, both present and future, and subject to prior charges created or to be created in favour of the company's bankers for securing working capital requirements.)	-	167,261,697
(2) Other Loans and Advances		
i) From L&T Infrastructure Finance Company Ltd (Secured by a first charge by way of hypothecation of all Company's movables except book debts but including movable machinery, machinery spares tools and accessories furniture and fixtures vehicle and other movable assets present and future and corporate guarantee of Thiru Arooran Sugars Ltd.	238,888,912	316,666,660
ii) Term Loans from Banks under the "Scheme for Extending Financial Assistance to Sugar Undertakings 2007" of the Government of India (Secured by residuary charge on the Fixed Assets of the Company)	12,503,931	161,779,054
iii) Ware House Finance (Secured by pledge of white Sugar and endorsement of Ware House receipt)	-	138,985,551
iv) From Tamil Nadu Newsprint and Papers Limited		
a) Interest Free Advance	150,000,000	150,000,000
b) Interest bearing loans (Secured by way of residuary charge on the immovable and movable Properties of the Company situate at A.Chittur)	16,666,668	16,666,668
v) Vehicle Loan (Including Loan for Harvester and Tractor under Lease Finance)	152,528,176	57,519,523
Interest Accrued and Due	3,007,871	1,130,137
	1,872,702,932	2,897,209,819
	As at Mar 31, 2012	As at Dec. 31, 2010
Schedule D		
UNSECURED LOANS		
Fixed Deposits	19,934,000	21,957,000
	19,934,000	21,957,000

SCHEDULES

Schedules forming part of the consolidated Balance Sheet (all figures in Rupees)

Schedule E

Fixed Assets

Sl. No.	Particulars	Cost				Depreciation provided upto Mar. 31, 2012	Written down Value	
		As on Jan. 01, 2011	Additions	Sales/ Adjustments	As on Mar. 31, 2012		As on Mar. 31, 2012	As on Dec. 31, 2010
1.	Land	50,324,777	-	-	50,324,777	-	50,324,777	50,324,777
2.	Development of Property	3,933,301	-	-	3,933,301	263,029	3,670,272	3,670,949
3.	Buildings	518,602,155	2,393,347	-	520,995,502	300,475,361	220,520,141	239,146,850
4.	Plant and Machinery	3,748,046,745	272,574,760	552,018	4,020,069,487	2,188,601,751	1,831,467,736	1,796,030,476
5.	Furniture fittings & Office Equipments	80,988,499	2,666,922	173,950	83,481,471	67,970,150	15,511,321	21,304,188
6.	Temporary Structures and Kilns	147,956	-	-	147,956	147,956	-	-
7.	Vehicles	24,252,432	2,229,596	1,607,650	24,874,378	18,600,183	6,274,195	6,508,075
	Sub Total	4,426,295,865	279,864,625	2,333,618	4,703,826,872	2,576,058,431	2,127,768,441	2,116,985,315
8.	Capital Work in Progress	118,457,777	359,458,771	274,980,380	202,936,168	-	202,936,168	118,457,777
	Total	4,544,753,642	639,323,396	277,313,998	4,906,763,040	2,576,058,431	2,330,704,609	2,235,443,092

SCHEDULES

Schedules forming part of the Consolidated Balance Sheet (all figures in Rupees)

	As at Jan. 01 2011	Additions during the period	Sales /adjust during the period	As at Mar. 31 2012
Schedule F				
INVESTMENTS				
AT COST				
NON TRADE UNQUOTED				
1) Government Securities				
i) 7 Year National Savings Certificate (Deposited with various Government Departments)	5,000	-	-	5,000
ii) 6 Year National Savings Certificate (Deposited with various Government Departments)	10,000	-	-	10,000
Sub-total	15,000	-	-	15,000
2) Shares & Debentures				
a) Investment in other Company under the same management				
i) 17,532,090 Equity Shares of Rs.10/- each Shares of Rs.10/- each in Shree Ambika Sugars Limited	702,049,061	-	-	702,049,061
b) Investment in other Companies				
i) Shares in Thanjavur co-operative Marketing Federation Limited	100			100
ii) 100 Equity shares of Rs. 10/- each in T A Textiles Pvt Limited	1,000			1,000
iii) Shares in M/S.Cholamandalam Industries Service Co-operative Society Ltd., Trichy	2,600			2,600
iv) 1,20,000 Equity Shares of Rs.10/ each in Trichy Distilleries & Chemicals Ltd.,	633,045			633,045
Sub-total	702,685,806	-	-	702,685,806

SCHEDULES

Schedules forming part of the Consolidated Balance Sheet (all figures in Rupees)

	As at Jan. 01 2011	Additions during the period	Sales /adjust during the period	As at Mar. 31 2012
<u>Schedule F (continued)</u>				
INVESTMENTS				
AT COST				
QUOTED - In Equity Shares of Companies - Fully Paid				
a) 15,000 Equity Shares of Rs.10/-each in South Asian Financial Exchange Ltd	150,000			150,000
b) 400 Equity Shares of Rs.10/- each in ICICI Bank Ltd.,	20,015			20,015
c) 4,737 Equity Shares of Rs.10/- each in Punjab Communications Ltd	1,184,250			1,184,250
d) 414 Equity Shares of Rs.10/- each in United Spirits Ltd	399,000		570	398,430
e) 17,400 Equity Shares of Rs.10/- each in Prime Securities Ltd	1,757,400			1,757,400
f) 22,000 Equity Shares of Rs.10/- each in Madan Capital Market Ltd	337,458			337,458
g) 15,800 Equity Shares of Rs 10/- each in IndusInd Bank Limited.	711,000			711,000
h) Units of Franklin Templeton Mutual fund (Including dividend reinvestment)	56855	4,678		61,533
i) 7200 Equity Shares of Rs.16 each in Union Bank of India	115,200	-	-	115,200
	4,731,178	4,678	570.00	4,735,286
Less : Provision for diminution in value of Investments	2,476,251	-	16,605	2,459,646
Sub-total	2,254,927	4,678	16,605	2,275,640
Grand Total	704,955,733	4,678	16,605	704,976,446
Aggregate value of Quoted Investments (Previous Year Rs. 2,869,252/-)				2,254,927
Aggregate Market value of Quoted Investments (Previous Year Rs.7,156,181/-)				8,482,353

Note :

- In respect of loans granted by Financial Institutions/Banks to Shree Ambika Sugars Limited, a company under the same management the Company has given an undertaking not to dispose off its equity shareholdings in Shree Ambika Sugars limited as long as the loans sanctioned to Shree Ambika Sugars Limited are outstanding.

SCHEDULES

Schedules forming part of the Consolidated Balance Sheet (all figures in Rupees)

	As at Mar. 31, 2012	As at Dec. 31, 2010
Schedule G		
INVENTORIES		
(As per inventories valued and certified by the Managing Director)		
Stores & Sundry Stock	304,307,595	123,610,682
Sugar	837,237,006	1,336,545,847
Raw Sugar	-	794,128,035
Molasses	22,577,839	44,729,916
Bagasse	5,170,984	-
Stock in process	56,853,856	37,021,539
Alcohol	82,557,515	93,573,945
Crops under cultivation	2,645,569	2,510,898
Bio compost & Insecticides	2,004,027	728,994
Raw Material	9,252,238	83,149,434
	<u>1,322,606,629</u>	<u>2,515,999,290</u>
Schedule H		
SUNDRY DEBTORS		
UNSECURED:- Considered Good.		
a) Debts outstanding for a period exceeding 6 Months		
Considered Good	336,271,080	270,203,364
Considered Doubtful	362,954	362,954
Less : Provision	362,954	362,954
b) Other debts	<u>224,773,193</u>	<u>176,048,852</u>
	<u>561,044,273</u>	<u>446,252,216</u>
Schedule I		
CASH & BANK BALANCES		
Cash, Stamps & Cheques on hand	553,263	490,995
Bank balance with Scheduled Banks:		
a) In Current Accounts	21,404,734	65,681,920
c) In Fixed Deposit Accounts	19,009,370	88,204,147
(Of the above Rs.1,270,697/- as Margin to Banks for various facilities granted)		
Bank Balances with Non-Scheduled Bank:		
In Current Account		
Central Co-operative Bank Ltd., Kumbakonam Branch (Maximum amount at any time during the year Rs.12,960,324/-)	297,381	594,349
CDC Co-operative Bank Limited, Vridhachalam Branch (Maximum amount at any time during the year Rs.3,708,524/-)	41,228	34,310
Villpuram District Central Co-operative Bank Ltd., Ulundurpet Branch (Maximum amount at any time during the year Rs.710,893/-)	92,835	22,357
	<u>41,398,811</u>	<u>155,028,078</u>

SCHEDULES

Schedules forming part of the Consolidated Balance Sheet (all figures in Rupees)

	As at Mar. 31, 2012	As at Dec. 31, 2010
Schedule J		
LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received		
Unsecured - considered good:		
i) Income-tax payments pending adjustment (Net of provisions)	63,483,649	35,205,040
ii) Prepaid expenses	6,406,071	5,637,214
iii) Deposits	33,617,931	6,567,693
iv) Balances with Central Excise Department	63,220,378	72,791,069
v) Due from company under same Management, Shree Ambika Sugars Ltd	-	1,258,454
vi) Other Advances	413,133,896	354,741,443
vii) Unsecured-considered doubtful	2,532,919	2,532,919
Less : Provision	2,532,919	-
	579,861,925	476,200,913
Schedule K		
CURRENT LIABILITIES AND PROVISIONS		
A) Current Liabilities:		
Acceptances	50,961,500	20,900,001
Sundry Creditors - For purchases and others	1,592,424,165	1,484,008,147
Investor Education and Protection Fund:		
- Unpaid Dividends (represents unclaimed Dividend)	398,026	413,378
- Unpaid matured Fixed Deposits	1,238,000	845,000
- Interest Accrued	79,108	134,205
Interest accrued but not due	3,068,736	3,075,439
Total Current Liabilities	1,648,169,535	1,509,376,170
B) Provisions:		
Provision for Taxation(Net)	-	118,963,872
Total	-	118,963,872
Total Current Liabilities & Provision	1,648,169,535	1,628,340,042

SCHEDULES

Schedules forming part of the Consolidated Profit and Loss Account (all figures in Rupees)

	Fifteen months ended Mar. 31, 2012	Year ended Dec. 31, 2010
Schedule I		
SALES		
Sugar (Inclusive of Excise Duty & Sugar cess)	5,363,256,600	3,967,623,383
Alcohol (Inclusive of Excise Duty)	516,590,601	412,315,265
Co-generation - Sale of Power	259,887,192	296,421,491
Molasses (Inclusive of Excise Duty)	-	9,341,304
Sale of Bagasse	2,477,390	-
Bio-Compost & Insecticides	8,581,213	6,837,920
	<u>6,150,792,996</u>	<u>4,692,539,363</u>
Schedule II		
OTHER INCOME		
Sale of paddy and other produce	4,623,330	750,769
Interest received from Investments	1,452	1,065
Interest received on others - Gross (Tax Deducted at Source Rs.40,67,854)	58,372,622	8,407,612
Income from investments	100,512	99,545
Purchase Tax provided in earlier years written back	-	34,424,184
Sundry receipts	55,552,156	22,704,048
Profit on sale of assets	135,756	-
Profit from petrol bunk	1,411,591	1,014,774
Foreign Exchange Fluctuation	31,802,286	213,620,130
Provision for Diminution in Investment - No longer required written back	16,605	16,606
	<u>152,016,310</u>	<u>281,038,733</u>

SCHEDULES

Schedules Forming part of the Consolidated Profit and Loss Account (all figures in Rupees)

	Fifteen months ended Mar. 31, 2012	Year ended Dec. 31, 2010
<u>Schedule III</u>		
INCREASE / (DECREASE) IN STOCKS		
Opening Stock as on 01.01.2011		
Sugar	1,336,545,847	1,259,859,237
Molasses	40,144,773	62,050,687
Alcohol	93,573,945	16,811,588
Stock-in-process	37,021,539	56,699,923
Bio-Compost & Insecticides	728,994	605,096
Crops under cultivation	2,510,898	426,782
	<u>1,510,525,996</u>	<u>1,396,453,313</u>
Closing Stock as on 31.03.2012		
Sugar	837,237,006	1,336,545,847
Molasses	21,471,464	40,144,773
Bagasse	5,170,984	-
Alcohol	82,557,515	93,573,945
Stock-in-process	56,853,856	37,021,539
Biocompost & Insecticides	2,004,027	728,994
Crops under cultivation	2,645,569	2,510,898
	<u>1,007,940,421</u>	<u>1,510,525,996</u>
Increase / (Decrease) in Stock	<u>(502,585,575)</u>	<u>114,072,683</u>
<u>Schedule IV</u>		
RAW MATERIALS		
Cost of Sugarcane consumed	3,243,982,426	1,433,921,586
Cost of Molasses consumed	79,628,748	180,056,427
Cost of Raw Sugar consumed	124,460,643	1,766,020,078
Cost of Coal consumed	132,400,863	256,697,476
Others	6,561,609	6,561,609
Total	<u>3,587,034,289</u>	<u>3,643,257,176</u>

SCHEDULES

Schedules forming part of the Consolidated Profit and Loss Account (all figures in Rupees)

	Fifteen months ended Mar. 31, 2012	Year ended Dec. 31, 2010
Schedule V		
MANUFACTURING AND OTHER EXPENSES		
Power and Fuel	15,120,831	17,531,351
Consumable and Stores	70,389,805	50,268,656
Packing Materials	55,254,202	27,249,446
Transport Charges	3,210,067	2,893,569
Salaries, Wages and Bonus	165,493,131	133,178,583
Company's contribution to Provident Fund and Superannuation Fund	18,102,510	13,456,323
Contribution to Gratuity Fund	4,580,426	3,708,831
Staff Welfare Expenses	6,492,642	6,322,229
Rent	3,659,410	1,846,526
Insurance	6,107,929	7,829,872
Rates and Taxes	18,738,573	14,048,177
Cane Development Expenses	178,849,685	62,635,160
Repairs and Maintenance:		
Plant and Machinery	55,102,281	63,421,583
Buildings	6,128,764	7,272,101
Others	9,042,878	6,161,687
Directors' Sitting Fees	470,000	550,000
Directors' Travelling Expenses	1,044,865	1,106,896
Auditors' Fees & Expenses:		
a) For Statutory Auditor:		
1) Audit fees	591,570	441,094
2) Fees for certification & other services	183,309	150,251
3) Fees for taxation matters	78,755	52,060
4) Travelling and out of pocket expenses	5,234	11,527
b) For Cost Auditor:		
1) Audit fees	56,750	66,000
2) Fees for certification & other services	3,000	3,000
3) Travelling and out of pocket expenses	9,750	9,750
Miscellaneous expenses (Schedule V- A)	72,795,598	83,426,076
Composting and Effluent treatment exps	33,669,121	32,711,493
Loss on Sale of Assets	403,304	6,379
Selling Expenses and Distribution Expenses:		
Brokerage and Commission	127,394	760,661
Rent	11,886,023	19,181,459
Transportation Charges	83,190,631	27,915,497
Others	6,902,595	4,552,008
Early payment rebate	-	2,001,203
Raw Sugar processing Expenses:		
Packing Materials	1,908,873	27,809,107
Processing charges	15,488,716	72,053,014
Others	1,636,560	84,088,362
	846,725,182	774,719,931

SCHEDULES

Schedules forming part of the Consolidated Profit and Loss Account (all figures in Rupees)

	Fifteen months ended Mar. 31, 2012	Year ended Dec. 31, 2010
<u>Schedule V A</u>		
MISCELLANEOUS EXPENSES		
Legal and Professional Charges	11,820,450	5,649,953
Travelling and Conveyance	3,524,655	2,845,577
Printing and Stationery	1,990,836	1,825,213
Telephone, Telex Charges	1,924,781	1,442,395
Advertisement Charges	1,034,331	594,182
Vehicle Maintenance	10,909,346	6,865,345
Bank Charges	16,536,662	24,067,726
Membership and Subscription	774,445	1,057,772
Donations	1,507,500	234,000
Compensation Paid	-	19,250,851
Security Charges	13,539,486	11,716,033
Other Miscellaneous Expenses	9,233,106	7,877,029
	72,795,598	83,426,076
 <u>Schedule VI</u>		
SUGARCANE RESEARCH FARM & DEVELOPMENT EXPENDITURE		
Salaries, Wages and Bonus	217,152	1,993
Cultivation Labour Expenses	7,062,436	3,767,213
Consumption of manure etc.	368,536	204,062
Pumpset Maintenance	212,972	33,581
Land Revenue and Water charges	2,789	3,950
	7,863,885	4,010,799
 <u>Schedule VII</u>		
INTEREST AND FINANCE CHARGES		
Interest on Fixed Loans	71,762,929	95,835,907
Interest on others	206,550,798	257,564,912
	278,313,727	353,400,819

NOTES

Forming part of the Consolidated Balance Sheet & Profit and Loss Account (all figures in Rupees)

Schedule L

Notes on the Accounts for the fifteen months ended March 31, 2012.

1. a. **Basis of Accounting**

The Financial Statements are prepared under the historical cost convention and comply with applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

b. **Principles of Consolidation**

The Consolidated Financial Statements relate to Thiru Arooran Sugars Limited and its subsidiary Terra Energy Limited. The Consolidated Financial Statements have been prepared on the following basis :

- i. The Financial Statements of the Company and its subsidiary have been prepared on a line by line consolidation by adding together the book value of like items of assets, liabilities, income and expenses as per the respective financial statements duly certified by the Auditors of the respective Companies. Intra-group balances, intra-group transactions and the unrealized profits on stocks/assets arising out of intra-group transactions have been eliminated.
- ii. Consolidated Financial Statements have been prepared using uniform accounting policies for the like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's individual Financial Statement.
- iii. The Subsidiary Company considered in the Company Financial Statements are as follows :

Name of the Company	Country of incorporation	% of voting power held on 31.03.2012
Terra Energy Limited	India	66.19%

c. **Other significant Accounting Policies**

These are set out in the notes to accounts under significant accounting policies of the Financial Statements of the Company and its Subsidiary company, Terra Energy Limited.

2. Managerial Remuneration under Section 198 of the Companies Act, 1956

Particulars	15 Months ended 31.03.2012	Year ended 31.12.2010
Sitting fees to Directors (Managing Director has not been paid any sitting fees or remuneration)	470,000	550,000

3. Contingent liabilities in respect of

Particulars	15 Months ended 31.03.2012	Year ended 31.12.2010
Guarantees issued by Bankers	4,768,620	348,620
Contracts to be executed on capital account and not provided for	95,872,627	119,268,883
Disputed income tax demand/liabilities not provided for	221,479,858	242,703,932
Claims against the Company for excise duty and others including Industrial disputes not acknowledged as debts and not provided for	378,271,780	160,400,807
Disputed Purchase tax & Sales tax liabilities not provided for	155,136,564	155,136,564

4. Company has filed petition before Tamil Nadu Electricity Regulatory Commission (TNERC), seeking direction to TNEB for the settlement of arrears of power dues along with interest for the belated payment. Other Income includes claim of Rs 54.02 million.
5. Tamil Nadu Electricity Generation and Distribution Corporation (TANGEDCO) has settled the purchase price of power at lower rate as against the applicable / invoiced rate from 1st April 2005. Differential amount to be received from TANGEDCO is Rs.205.50 million. The Petition filed by the Company before Tamil Nadu Electricity Regulatory Commission seeking direction to TANGEDCO to settle the differential amount is pending disposal.
6. As per the Power Purchase Agreements entered into by the Company with TANGEDCO, the tariff payable in respect of power exported from the Company's power plants is governed by the TNEB's/TANGEDCO's Board proceedings No.1 dated January 11,2000 and No.93 dated May 16, 2000. Vide aforesaid Board Proceedings, the tariff has been fixed for a period of 10 years from April 01,2000 to March 31,2010,with a condition that the tariff will be reviewed after this period. Pending determination of tariff with effect from April 01,2010, the Company has raised invoices at Rs.4.67 per unit for the year 2010-11 and at Rs.4.91 for the year 2011-12. Sale of Power includes Rs.67.95 million representing the excess over and above the rate fixed by the aforesaid TANGEDCO's Board Proceedings.

NOTES

Forming part of the Consolidated Balance Sheet & Profit and Loss Account (all figures in Rupees)

7. Writ Petitions filed by the Company before the High Court of Madras, challenging the levy of Electricity Tax as per Tax on Sale or Consumption of Electricity Act, 2003 as amended by Act 38 of 2007 have been admitted and are pending disposal. Pending disposal of the Writ Petitions by the High Court of Madras, no provision is considered necessary for Rs.41.32 million.
8. The Company has not received any intimation from the suppliers regarding status under the Micro, Small and Medium enterprises development Act,2006 (The Act) and hence disclosure regarding:
 - a. Amount due and outstanding to suppliers as at the end of the accounting year.
 - b. Interest paid during the year.
 - c. Interest payable at the end of the accounting year.
 - d. Interest accrued and unpaid at the end of the accounting year, have not been provided.
9. The Company has given Corporate Guarantee of Rs.5,918.2 million to Banks for the Term Loans and Working Capital facilities sanctioned to its Associate company. The total amount outstanding in respect of such loans as on March 31, 2012 is Rs.3,654.33 million.
10. Finance lease
 - a) The Company has acquired mechanical Harvesters on lease, the fair value of which aggregates to Rs.190.39 million. As per Accounting Standard-19 the Company has capitalized the Harvesters at fair value as the lease is in the nature of Finance Lease as defined in the Accounting Standard-19. Lease payments are apportioned between finance charges and outstanding liabilities.
 - b) The minimum lease rentals as at March 31, 2012 and the present value as at March 31, 2012 of minimum lease payments in respect of assets acquired under Finance Lease are as follows.

Particulars	Minimum lease payment		Present value of minimum lease payments	
	As at 31.03.12	31.12.10	31.03.12	31.12.10
1. Payable no later than 1 year	46,894,604	17,327,843	32,840,309	11,881,685
2. Payable later than 1 year but not later than 5 years	115,332,927	46,994,777	92,895,804	37,436,928
3. Payable later than 5 years	-	-	-	-
Total	162,227,531	64,322,620	125,736,113	49,318,613
Less: Future Finance Charges	36,491,419	15,004,007		
Present Value of Minimum Lease payments	125,736,112	49,318,613		

- c) Contingent rent recognised in the Profit and Loss Account in respect of finance lease: Rs Nil (Previous year: Nil)
11. Deferred Tax

In accordance with Accounting Standard - 22, Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India, the deferred tax for timing differences between the book and tax profits for the year is accounted for using the rates and the laws that have been enacted or subsequently enacted as of the Balance Sheet date.

Deferred tax assets arising from temporary timing differences are recognized to the extent there is virtual certainty that the assets can be realized in future as evidenced by the consistent past performance rendered by all the plants of performing to their potential in future.

Break up of deferred tax asset/(liability) as on March 31, 2012 is as follows:

Timing Difference on account of	Mar. 31, 2012	Dec. 31, 2010
Depreciation	(349,137,848)	(348,525,896)
Unabsorbed Allowances	58,583,518	49,673,194
Others	20,146,052	18,004,399
Net Deferred Tax Asset/Liability	(270,408,278)	(280,848,303)

12. Previous year figures have been regrouped wherever necessary to confirm to current year's classification.
13. The figures for the reported accounting year relate to 15 months and to that to that extent are not comparable with the figures of the previous accounting period which is for 12 months.
14. Since the current Financial year commenced on 1st January 2011, the provisions of the revised Schedule VI of the Companies Act, 1956 are not applicable. Hence the accounts have been presented in accordance with old Schedule VI.

CONSOLIDATED SEGMENT

NOTES

15. Consolidated Segment Information for the fifteen month period ended 31st March 2012 Information about primary business segments

Description	Sugar		Distillery		Power		Unallocated		Elimination		Total	
	PE 31.03.12	YE 31.12.10	PE 31.03.12	YE 31.12.10	PE 31.03.12	YE 31.12.10	PE 31.03.12	YE 31.12.10	PE 31.03.12	YE 31.12.10	PE 31.03.12	YE 31.12.10
	(Rs.in millions)											
SEGMENT REVENUE												
External sales / income	5,388.91	4,137.83	520.98	414.97	354.02	298.16	92.26	7.54	92.26	7.54	6,263.91	4,850.96
Inter-segment Sales	113.44	155.97	-	-	87.30	204.29	-	-	200.74	360.26	-	-
Total Revenue	5,502.35	4,293.80	520.98	414.97	441.32	502.45	92.26	7.54	293.00	367.80	6,263.91	4,850.96
SEGMENT RESULT												
Segment Result	141.80	359.61	134.07	(20.18)	37.16	72.03	-	-	-	-	313.03	411.46
Unallocated Corporate Expenses net off unallocable Income							55.88	64.99	-	-	55.88	64.99
Operating Profit	141.80	359.61	134.07	(20.18)	37.16	72.03	(55.88)	(64.99)	-	-	257.15	346.47
Interest Expense	8.41	1.45	-	0.11	8.84	7.34	296.78	344.49	-	-	314.03	353.39
Interest Income	1.73	0.83	-	-	0.20	0.13	92.26	7.55	-	-	94.19	8.51
Profit Before Tax	135.12	358.99	134.07	(20.29)	28.52	64.83	(260.41)	(401.93)	-	-	37.30	1.59
Income Tax												
Tax for current / earlier years							23.88	3.17	-	-	23.88	3.17
Deferred Tax (Net)							(10.44)	(23.06)	-	-	(10.44)	(23.06)
Wealth Tax							0.01	-	-	-	0.01	-
Fringe Benefit Tax							-	-	-	-	-	-
Profit After Tax	135.12	358.99	134.07	(20.29)	28.52	64.83	(273.86)	(382.04)	-	-	23.85	21.48
OTHER INFORMATION												
Segment Assets	2,787.95	4,202.47	521.04	405.42	1,373.04	1,182.35	594.57	744.75	-	-	4,682.03	5,790.24
Unallocated Corporate Assets							594.57	744.75	-	-	594.57	744.75
Total Assets	2,787.95	4,202.47	521.04	405.42	1,373.04	1,182.35	594.57	744.75	-	-	5,276.60	6,534.99
Segment Liabilities	2,146.99	3,036.67	118.81	76.70	771.00	850.69	2,239.80	2,570.93	-	-	3,036.80	3,964.06
Unallocated Corporate Liabilities							2,239.80	2,570.93	-	-	2,239.80	2,570.93
Total Liabilities	2,146.99	3,036.67	118.81	76.70	771.00	850.69	2,239.80	2,570.93	-	-	5,276.60	6,534.99
Capital Expenditure	155.00	155.00	92.01	0.86	15.19	15.80	2.78	1.21	-	-	264.98	172.87
Depreciation	132.24	93.39	33.45	26.03	96.30	76.68	6.39	7.09	-	-	268.58	203.19
Non-Cash Expenses other than Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Geographical Segment												
	India	Other Countries	Total									
	PE 31.03.12	YE 31.12.2010	PE 31.03.12	YE 31.12.2010	PE 31.03.12	YE 31.12.2010	PE 31.03.12	YE 31.12.2010	PE 31.03.12	YE 31.12.2010	PE 31.03.12	YE 31.12.2010
Segment Revenue External												
Sales to Customers / Income	3,865.65	4,411.93	2,398.26	439.03	6,263.91	4,850.96						
Segment Reporting												
1. The Company's operations relate to manufacture of Sugar, Alcohol and generation of power and trading.												
2. The Company is exporting sugar apart from sale in the domestic market. The analysis of geographical segment is demarcated into local and exports.												
3. Inter segment Transfer Pricing Policy: Molasses supplied to Alcohol segment is based on market price and stream on actual cost.												

NOTES

16. Related Party disclosure for the fifteen month period ended March 31, 2012

A. Name of the Associate Company

Shree Ambika Sugars Limited

B. Key Managerial Personnel

R.V. Tyagarajan
Chairman and Managing Director

C. Transactions with Associates

	15 Months ended Mar. 31, 2012	Year ended Dec. 31, 2010
1. Sale of Goods	8,985,797	5,043,984
2. Purchase of goods	7,878,242	102,790,722
3. Processing Charges received	-	194,915
4. Processing Charges paid	15,488,716	72,053,014
5. Share of common expenses	24,511,494	22,117,565
Closing Balance Debit	63,530,812	-
Closing Balance Credit	-	436,277,612
Investments made in :		
Equity shares		
Shree Ambika Sugars Ltd.,	702,049,061	702,049,061
17,532,090 equity shares of Rs.10/- each		
Guarantees given as of 31.03.2012	5,918,200,000	6,596,300,000
17. Earnings per share		
Profit after tax as per Profit & Loss Account	22,097,850	26,904,690
Weighted average number of Equity Shares of Rs.10/- each outstanding during the year- Basic	11,316,724	11,316,724
Earnings per Share (Annualised) Basic and Diluted (Rs.)	1.56	2.38

Vide our Report of even date attached

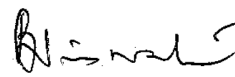
For SNS Associates
Chartered Accountants
Firm Registration No. 006297S



S Nagarajan
Partner
Membership No. 20899
Chennai, May 12, 2012



R R Karthikeyan
SGM (Finance) and
Company Secretary



B Viswanathan
Director



R V Tyagarajan
Chairman and
Managing Director

On behalf of the Board

CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT

	15 Months ended Mar. 31, 2012	Year ended Dec. 31, 2010
		(In Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Taxation	37,303,930	1,587,220
Adjustments for		
- Depreciation	268,576,393	203,190,808
- Interest expenses	278,313,728	353,400,819
- Loss / (Profit) on sale of Assets/Investments	(107,024)	6,379
- Provision for diminution in the value of Investment	(16,605)	(16,606)
- Other Income	(58,474,586)	(8,508,222)
Operating Profit Before Working Capital Changes (A)	525,595,835	549,660,399
Decrease in Current Assets		
- Inventories	1,193,392,663	935,362,503
- Receivables	(114,792,057)	(115,370,261)
- Loans & Advances	(103,661,014)	(36,647,923)
Increase in Current Liabilities	19,836,196	(1,074,126,047)
(Increase) / Decrease in Working Capital (B)	994,775,788	(290,781,728)
Cash generated from Operations (A + B)	1,520,371,623	258,878,671
Income Tax ,FBT, Wealth Tax Paid	(23,890,165)	(3,172,000)
Cash Flow before Extraordinary items	1,496,481,458	255,706,671
Extra-ordinary items	-	-
Net Cash from Operating activities (C)	1,496,481,458	255,706,671
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Assets		
- Payment to suppliers & others	(364,343,016)	(172,674,601)
Investments	(4,108)	(2,114)
Interest Received	58,374,074	8,408,677
Dividend Received	100,512	99,545
Proceeds from Sale of Assets	612,131	18,270
Cash flow from Investing Activities (D)	(305,260,407)	(164,150,223)
Net Cash used in Investment activities (C + D)	1,191,221,051	91,556,448

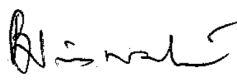
CASH FLOW STATEMENT

	15 Months ended Mar. 31, 2012	Year ended Dec. 31, 2010
		(In Rupees)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	130,000,155	195,577,796
Proceeds from / (Repayment) of Short Term Borrowings	24,436,294	495,993,949
Repayment of Long Term Borrowings	(1,180,966,337)	(803,488,875)
Interest Paid	(278,320,430)	(362,232,875)
Net Cash From Financing Activities (E)	(1,304,850,318)	(474,150,005)
Net Increase In Cash (C+D+E)	(113,629,267)	(382,593,557)
Opening Balance	155,028,078	537,621,635
Closing Balance	41,398,811	155,028,078

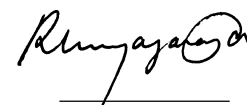
On behalf of the Board



R R Karthikeyan
SGM (Finance) and
Company Secretary
Chennai, May 12, 2012



B Viswanathan
Director



R V Tyagarajan
Chairman and
Managing Director

Auditors' Certificate

This is the Cash Flow statement referred to in our report of even date attached

For SNS Associates
Chartered Accountants
Firm Registration No. 006297S



S Nagarajan,
Partner
Membership No. 20899
Chennai, May 12, 2012

Accounts of Subsidiary Company

Terra Energy Limited

Board of **Directors**

Mr R V Tyagarajan
Managing Director

Mr V Thirupathi

Mrs Malathi Ram Tyagarajan

Company Secretary

Mr K Ramesh

Audit Committee

Mr V Thirupathi Chairman

Mr R V Tyagarajan

Mrs Malathi Ram Tyagarajan

Banker

- State Bank of India

Auditors

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

Registered Office

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

Dear Shareholders,

Your Directors present the 16th Annual Report on the working of the Company for the fifteen month period ended March 31, 2012.

Financial Results

(Figures in Rupees)

	2011-12 (15 months)	2010 (12 months)
Profit before Interest & Depreciation	214,863,881	138,132,593
Less: Interest and Finance Charges	87,376,067	76,479,872
- Depreciation	108,571,114	86,500,500
Profit/ (Loss) before Tax	18,916,700	(24,847,779)
Less : Provision for Taxation		
- Current Tax	13,269,000	56,000
- Deferred Tax (Net)	4,53,934	(5,266,447)
- Excess provision for taxation in earlier years	-	(3,584,000)
Profit/ (Loss) after Tax	5,193,766	(16,053,332)
Add: Surplus from previous year	151,336,596	167,389,928
Profit available for appropriation	156,530,362	151,336,596
Balance carried to Balance Sheet	156,530,362	151,336,596

Dividend

In view of the inadequate profit reported for the period, no Dividend on Equity Shares is recommended.

Operations

During the 15 month period under report, the cogeneration plants at Tirumandankudi and A.Chittur together generated 124.25 million units of power, of which 53.66 million units were exported to the State Grid fetching gross revenue of Rs.259.89 million.

Directors

Mr. V Thirupathi, Director, retires by rotation 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:

- 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.

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:

Section 217(2-A) of the Companies Act 1956

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

Conservation of Energy and Technology Absorption

The information required as per 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, Employees, Bankers, Tamil Nadu Electricity Board, Power Trading Corporation and the Central and State Governments for their continued cooperation and support.

On behalf of the Board



R V Tyagarajan
Director

Chennai, April 21, 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.

A) Technology Absorption

Research & Development (R & D):

1) **Specific areas in which R&D is carried out by the Company:**

Development and installation of an innovative power distribution system.

2) **Benefits derived as a result of the above R & D:**

Reduction in down time and improvement in system reliability.

3) **Future Plan of Action:**

To improve the operating efficiency of Turbanes

4) Expenditure on R & D

Capital : Rs.1.7 million

Recurring : Nil

Total R & D Expenditure
(as % of turnover) : Nil

5) Technology Absorption,
Adoption and Innovation

: Nil

B) Foreign Exchange Earnings and Outgo:

The information in this regard is provided in Note No.10 (VI) to (VIII) of Schedule K to the Accounts.

Auditors'

report

Shareholders of Terra Energy Limited,

We have audited attached Balance Sheet of TERRA ENERGY LIMITED as at 31st March 2012 and also the Profit and Loss Account and the Cash Flow Statement for the period ended that date annexed thereto and report that:

1. These statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
4. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
5. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
6. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
7. On the basis of written representations received from the Directors, as on 31st March 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at 31st March 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
8. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012; and
 - b) In the case of the Profit and Loss Account, of the PROFIT for the period ended on that date.
 - c) In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.
9. As required by the Companies (Auditors' Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we report that:
 - (i)
 - (a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets of the Company have been physically verified during the year by the management and no material discrepancies between the book records and the physical inventory have been noticed.
 - (c) No substantial part of the fixed assets of the Company has been disposed off during the year.
 - (ii)
 - (a) The inventories of the Company at all its locations have been physically verified by the management during the year.
 - (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company has maintained proper records of inventories and the discrepancies between the physical inventories and book records which have been properly dealt with in the books of account were not material.
 - (iii)
 - (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - (iv) In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for purchase of inventories, fixed assets and for the sale of goods. Further on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

- (v) (a) In our opinion, the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956, have been so entered.
- (b) In our opinion, the aforesaid transactions have been made at prices which are reasonable having regard to the prevailing market prices. However in the absence of market price, the steam supplied to the holding company, Thiru Arooran Sugars Limited has been accounted for at cost.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.
- (viii) On the basis of records produced, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Government of India under section 209(1)(d) of the Companies Act, 1956 have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
- (ix) (a) The Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Sales tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities in India. The provisions of Employees State Insurance Act are not applicable to the Company.
- (b) At the end of the financial year there were no dues of Sales tax, Income tax, Customs Duty, Excise Duty, Wealth tax, Service tax, Customs Duty and Cess which have not been deposited on account of any dispute except as follows:

Name of the Statute	Nature of the dues	Amount Rs.	Forum where the dispute is pending
Income tax Act, 1961	Penalty	4,00,00,000	Hon'ble High Court of Madras
Tamil Nadu General Sales tax Act	Interest on Sales tax	9,355	On remand with Commercial Tax Officer

- (x) The Company does not have any accumulated losses at the end of the financial year nor had it incurred cash losses both in the financial year under report and in the immediately preceding financial year.
- (xi) According to the records produced, the Company has not defaulted in repayment of its dues to any financial institution or bank or debenture holder during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the terms and conditions in respect of guarantees given by the Company for loans taken by its Holding Company, Thiru Arooran Sugars Limited, are not prima facie prejudicial to the interests of the Company.
- (xiv) On the basis of review of utilization of funds on an overall basis, in our opinion, the term loans taken by the Company were applied for the purposes for which the loans were obtained.
- (xv) On the basis of review of utilization of funds on an overall basis, in our opinion, the funds raised on short term basis have not been used for long term investment or vice versa during the year.
- (xvi) The Company has not made any preferential allotment of shares to parties and/or companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xvii) The Company has not issued any debentures.
- (xviii) During the course of our examination of the books of account carried out in accordance with generally accepted auditing practices in India, we have not come across any instance of fraud on or by the Company nor have we been informed by the management of any such instance being noticed or reported during the year.
- (xix) Clauses (xiii), (xiv) and (xx) of the aforesaid Order are not applicable to the Company.

For S N S Associates,
Chartered Accountants,
Firm Registraion No. 006297S



S Nagarajan
Partner

Membership No. 20899
Chennai, April 21, 2012

BALANCE SHEET

(all figures in Rupees)

	Schedule	As at Mar. 31, 2012	As at Dec. 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
a) Share Capital	A	310,329,170	310,329,170
b) Reserves & Surplus	B	486,387,412	481,193,646
		796,716,582	791,522,816
Loan Funds			
a) Secured loans	C		
i) Cash Credit		84,323,078	85,674,791
ii) Other Loans		408,563,451	484,589,575
		492,886,529	570,264,366
Deferred Tax Liability		72,180,957	71,727,023
Total		1,361,784,068	1,433,514,205
APPLICATION OF FUNDS			
Fixed Assets			
a) Gross Block	D	1,700,926,468	1,699,757,087
b) Less: Depreciation		920,005,161	811,572,493
c) Net Block		780,921,307	888,184,594
d) Capital Work-in-progress		13,755,331	283,223
Investments	E	117,200	117,200
Current Assets, Loans and Advances			
a) Inventories	F	163,400,309	135,365,984
b) Sundry Debtors	G	318,357,311	351,212,935
c) Cash & Bank Balances	H	20,864,517	32,630,911
d) Loans & Advances	I	415,798,250	306,145,762
		918,420,387	825,355,592
Less: Current Liabilities & Provisions	J	351,430,157	280,426,404
Net Current Assets		566,990,230	544,929,188
Total		1,361,784,068	1,433,514,205


Note : Significant Accounting Policies , Schedules 'A' to 'J' & Notes in Schedule' K' form part of this Balance sheet.

Vide our Report of even date attached

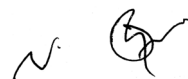
For SNS Associates
Chartered Accountants
Firm Registraion No. 006297S



S Nagarajan
Partner
Membership No. 20899
Chennai, April 21, 2012



K Ramesh
Company Secretary



V Thirupathi
Director



R V Tyagarajan
Managing Director

PROFIT AND LOSS ACCOUNT

(all figures in Rupees)

	Schedule	Fifteen months ended Mar. 31, 2012	Year ended Dec. 31, 2010
INCOME			
Sales	I	349,665,760	500,708,858
Other Income	II	96,043,276	3,133,543
Total Income		445,709,036	503,842,401
EXPENDITURE			
Raw Materials Consumed		138,962,472	263,259,085
Manufacturing & Other expenses	III	91,882,683	102,450,723
Interest and Financing Charges	IV	87,376,067	76,479,872
Depreciation		108,571,114	86,500,500
Total Expenditure		426,792,336	528,690,180
Profit / (Loss) Before Tax		18,916,700	(24,847,779)
Less: Tax for Current year			
Income Tax		13,269,000	56,000
Deferred Tax (Net)		453,934	(5,266,447)
Excess Provision for Taxation in earlier years		-	(3,584,000)
Profit / (Loss) After Tax		5,193,766	(16,053,332)
Add : Surplus from previous year		151,336,596	167,389,928
Surplus Balance carried to Balance sheet		156,530,362	151,336,596
Earnings per Share - (Basic and diluted) (Annualised)		0.13	(0.52)

Note : Significant Accounting Policies, Schedules 'I' to 'IV' and Notes in Schedule 'K' form part of this Profit & Loss Account.

Vide our Report of even date attached

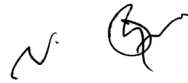
For SNS Associates
Chartered Accountants
Firm Registraion No. 006297S



S Nagarajan
Partner
Membership No. 20899
Chennai, April 21, 2012



K Ramesh
Company Secretary



V Thirupathi
Director



R V Tyagarajan
Managing Director

On behalf of the Board

SCHEDULES

Forming part of the Balance Sheet (all figures in Rupees)

	As at Mar. 31, 2012	As at Dec. 31, 2010
Schedule A		
SHARE CAPITAL		
AUTHORISED		
32,000,000 Equity Shares of Rs.10/- each	320,000,000	320,000,000
1,800,000 Redeemable Preference Shares of Rs. 100/- each	180,000,000	180,000,000
	500,000,000	500,000,000
ISSUED, SUBSCRIBED AND PAID UP		
31,032,917 Equity Shares of Rs. 10/- each fully paid up (Of the above 22,840,000 Equity Shares were allotted as fully paid up pursuant to Scheme of Arrangement without payment being received in cash)	310,329,170	310,329,170
(Of the above 20,540,524 Equity Shares are held by the Holding Company, Thiru Arooran Sugars Limited)		
Total	310,329,170	310,329,170
 Schedule B		
RESERVES AND SURPLUS		
USAID Matching Grant: As per last Balance Sheet	27,000,000	27,000,000
Share Premium Account: As per last Balance Sheet	278,181,778	278,181,778
General Reserve As per last Balance Sheet	24,675,272	24,675,272
Surplus: Balance in Profit and Loss Account	156,530,362	151,336,596
	486,387,412	481,193,646

SCHEDULES

Forming part of the Balance Sheet (all figures in Rupees)

As at
Mar. 31, 2012

As at
Dec. 31, 2010

Schedule C

SECURED LOANS

(1) Loans & Advances from Banks

(i) Cash Credit	84,323,078	85,674,791
(Secured by way of hypothecation of Current Assets viz., stock of raw material, consumables, stores and spares and charge on book debts and second charge on immovable assets of the Company and by Corporate Guarantee of the Holding company, Thiru Arooran Sugars Limited)		

(2) Other Loans and Advances

(i) From L & T Infrastructure Finance Company Ltd	238,888,912	316,666,660
(Secured by a mortgage by deposit of title deeds of the Company's immovable property and a first charge by way of hypothecation of all the Company's movables except book debts but including movable machinery, machinery spares tools and accessories furniture and fixtures, vehicle and other movable assets present and future and Corporate Guarantee of Thiru Arooran Sugars Ltd)		
(ii) From Tamil Nadu Newsprint and Papers Limited		
(a) Interest Free Advance	150,000,000	150,000,000
(b) Interest bearing Loan	16,666,668	16,666,668
(Secured by way of residuary charge on the immovable and movable properties of the Company)		
(iii) Vehicle Loan	-	126,110
(Secured by Vehicles purchased out of the loan)		
Interest accrued and due	3,007,871	1,130,137
	492,886,529	570,264,366

SCHEDULES

Forming part of the Balance Sheet (all figures in Rupees)

Schedule D

FIXED ASSETS

SL. No.	PARTICULARS	COST					DEPRECIATION				WRITTEN DOWN VALUE	
		As on Jan. 01, 2011	Additions	Sales / Adjustments	As on Mar. 31, 2012	As on Jan. 01, 2011	For the period	As on Mar. 31, 2012	As on Mar. 31, 2012	As on Mar. 31, 2012	As on Dec. 31, 2010	
1	Land	10,045,148	-	-	10,045,148	-	-	-	-	10,045,148	10,045,148	
2	Development of Properties	511,693	-	-	511,693	-	-	-	-	511,693	511,693	
3	Buildings	87,509,004	-	-	87,509,004	29,128,222	3,653,500	32,781,722	54,727,282	58,380,782	58,380,782	
4	Plant and Machinery	1,593,071,348	1,709,124	552,018	1,594,228,454	776,032,831	104,636,298	880,530,683	713,697,771	817,038,517	817,038,517	
5	Furniture fittings & Office equipments	3,249,135	12,275	-	3,261,410	1,918,032	142,174	2,060,206	1,201,204	1,331,103	1,331,103	
6	Vehicles	5,370,759	-	-	5,370,759	4,493,408	139,142	4,632,550	738,209	877,351	877,351	
		1,699,757,087	1,721,399	552,018	1,700,926,468	811,572,493	108,571,114	920,005,161	780,921,307	888,184,594	888,184,594	
7	Capital in Progress	283,223	15,193,507	1,721,399	13,755,331	-	-	-	13,755,331	283,223	283,223	
	Total	1,700,040,310	16,914,906	2,273,417	1,714,681,799	811,572,493	108,571,114	920,005,161	794,676,638	888,467,817	888,467,817	

SCHEDULES

Forming part of the Balance Sheet (all figures in Rupees)

Schedule E

INVESTMENTS

	As at Jan. 1, 2011	Additions during the period	Realised during the period	As at Mar. 31, 2012	As at Dec. 31, 2010
Unquoted					
Companies under the same management					
58 Equity Shares of Rs. 10/- each in Shree Ambika Sugars Limited	2,000	-	-	2,000	2,000
Sub Total	2,000	-	-	2,000	2,000
Quoted Shares					
7200 Equity Shares of Rs. 10/- each in Union Bank of India	115,200	-	-	115,200	115,200
Sub - Total	115,200	-	-	115,200	115,200
Total	117,200	-	-	117,200	117,200
Aggregate value of Quoted Investments				115,200	115,200
Aggregate Market value of Quoted Investments				1,690,920	2,499,120

Schedule F

INVENTORIES

(As per Inventories valued and certified
by the Management)

	As at Mar. 31, 2012	As at Dec. 31, 2010
Raw Materials	9,252,238	83,149,434
Stores & Sundry Stock	154,148,071	52,216,550
	<u>163,400,309</u>	<u>135,365,984</u>

Schedule G

SUNDRY DEBTORS

Unsecured - Considered Good.

a) Debts outstanding for a period exceeding six months	224,748,457	209,045,470
b) Other debts	93,608,854	142,167,465
	<u>318,357,311</u>	<u>351,212,935</u>

SCHEDULES

Forming part of the Balance Sheet (all figures in Rupees)

	As at Mar. 31, 2012	As at Dec. 31, 2010
Schedule H		
CASH & BANK BALANCES		
Cash, Stamps & Cheques on hand	98,751	64,175
Bank Balances with Scheduled Banks		
a) In Current Accounts	5,269,399	10,436,251
b) In Deposit Accounts (Under lien to Banks for facilities granted)	15,496,367	22,130,485
	20,864,517	32,630,911
 Schedule I		
LOANS AND ADVANCES		
<i>Advances recoverable in cash or in kind or for value to be received.</i>		
1) Unsecured, considered good:		
i) Prepaid Expenses	1,457,274	961,601
ii) Deposits	3,035,020	2,467,440
iii) Trade Deposit with Holding Company Thiru Arooran Sugars Limited	250,000,000	-
iv) Due from company under the same management, Shree Ambika Sugars Ltd.,	-	1,258,454
v) Other Advances	119,355,988	266,253,227
2) Income Tax payments pending adjustment (Net of Provisions)	41,949,968	35,205,040
	415,798,250	306,145,762
 Schedule J		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Acceptances	50,961,500	20,900,001
Sundry Creditors		
- for Purchase and others	300,468,657	259,526,403
	351,430,157	280,426,404

SCHEDULES

Forming part of the Profit and Loss Account (all figures in Rupees)

	15 months ended Mar. 31, 2012	Year ended Dec. 31, 2010
<u>Schedule I</u>		
SALES		
Sale of Power	259,887,192	296,421,491
Sale of Bagasse	2,477,390	-
Sale of Power & Steam to Thiru Arooran Sugars Limited	87,301,178	204,287,367
	349,665,760	500,708,858
<u>Schedule II</u>		
OTHER INCOME		
Interest received (Tax deducted at source Rs.3,693,862/-)	91,833,487	1,482,920
Sundry receipts	4,152,189	1,611,023
Income from Investments	57,600	39,600
	96,043,276	3,133,543
<u>Schedule III</u>		
MANUFACTURING AND OTHER EXPENSES		
Power and Fuel	10,519,310	10,185,694
Consumption of Stores	10,634,235	10,186,451
Transport and handling charges	2,208,335	2,190,135
Salaries, Wages and Bonus	23,171,075	19,795,901
Company's contribution to Provident Fund and Superannuation Fund	2,327,315	1,882,811
Contribution to Gratuity Fund	994,537	717,683
Staff Welfare Expenses	853,641	754,517
Rent	97,975	243,613
Insurance	1,572,525	1,031,395
Rates and Taxes	1,830,282	1,525,753
Repairs and Maintenance		
Plant and Machinery	19,334,331	19,123,463
Buildings	656,152	629,481
Others	2,280,329	1,779,342
Directors' Sitting Fees	120,000	100,000
Auditors' Fees & Expenses:		
Audit Fees	202,950	166,094
Fees for Certification and other services	3,309	18,751
Fees for taxation matters	35,150	22,060
Travel & Out of pocket expenses	-	2,537
Loss on Sale of Assets	374,572	-
Early payment Rebate	-	2,001,203
Miscellaneous Expenses (Schedule III- A)	14,666,660	30,093,837
	91,882,683	102,450,723

SCHEDULES

Forming part of the Profit and Loss Account (all figures in Rupees)

	15months ended Mar. 31, 2012	Year ended Dec. 31, 2010
<u>Schedule III A</u>		
MISCELLANEOUS EXPENSES		
Legal and Professional Charges	4,846,734	1,031,326
Travelling and Conveyance	229,068	495,216
Printing and Stationery	84,242	145,656
Communication Expenses	69,543	10,669
Advertisement charges	2,590	1,400
Vehicle Maintenance	533,086	269,945
Bank Charges	5,483,129	5,230,898
Compensation Expense	-	19,250,851
Security charges	2,924,549	2,683,596
Other miscellaneous expenses	493,719	974,280
	14,666,660	30,093,837

Schedule IV

INTEREST AND FINANCE CHARGES

Interest on Fixed Loans	54,375,691	58,833,212
Interest on others	33,000,376	17,646,660
	87,376,067	76,479,872

Schedule K

Notes on Accounts for the 15 month period ended 31.03.2012

	Mar. 31, 2012	Dec. 31, 2010
1. Contingent Liabilities in respect of		
a) Estimated amount of contracts to be executed on capital account and not provided for, net of advance	11,278,670	11,372,425
b) Disputed Income tax demand / liabilities not provided for	44,857,280	136,092,259
c) Disputed Sales tax Liability not provided for	386,555	386,555

NOTES

Forming part of the Balance Sheet and Profit and Loss Account

- 2) The Company has filed Petition before Tamil Nadu Electricity Regulatory Commission, seeking direction to Tamil Nadu Generation and Distribution Corporation (TANGEDCO) for the settlement of arrears of power dues along with interest for the belated payment. Other Income includes interest claim of Rs.54.02 million.
- 3) The Company has not received any intimation from the suppliers regarding status under the Micro, Small and Medium Enterprises Development Act 2006, and hence disclosure regarding
 - a) Amount due and outstanding to suppliers as at the end of the accounting year,
 - b) Interest paid during the year,
 - c) Interest payable at the end of the accounting year,
 - d) Interest accrued and unpaid at the end of the accounting year, have not been provided.
- 4) TANGEDCO has settled the purchase price of power at lower rate as against the applicable / invoiced rate from April 01, 2005. The differential amount to be recovered from TANGEDCO is Rs.205.50 million. The Petition filed by the Company before Tamil Nadu Electricity Regulatory Commission seeking direction to TANGEDCO to settle the differential amount is pending disposal after admission.
- 5) As per the Power Purchase Agreements entered into by the Company with TANGEDCO, the Tariff payable in respect of power exported from the Company's Power Plants is governed by the TANGEDCO's Board proceedings No 1 dated January 11, 2000 and No 93 dated May 16, 2000. vide aforesaid Board Proceedings, the tariff has been fixed for a period of 10 years from April 01, 2000 to March 31, 2010, with a condition that the tariff will be reviewed after this period. Pending determination of tariff with effect from April 01, 2010, the Company has raised invoices at Rs.4.67 per unit for the year 2010-11 and at Rs.4.91 for the year 2011-12. Sale of Power includes Rs.67.95 million representing the excess over and above the rate fixed by the aforesaid TANGEDCO's Board Proceedings.
- 6) Writ Petitions filed by the Company before the High Court of Madras, challenging the levy of Electricity Tax as per Tax on Sale or Consumption of Electricity Act, 2003 as amended by Act 38 of 2007 have been admitted and are pending disposal. Pending disposal of the Writ petitions by the High Court of Madras, no provision is considered necessary for Rs.41.32 million.
- 7) The Company has given Corporate Guarantee of Rs.1582.40 million to Banks for the Working Capital facilities sanctioned to its Holding company. The total amount outstanding in respect of such loans/facilities as on March 31, 2012 is Rs.758.53 million.
- 8) **Deferred Tax:**
In accordance with Accounting Standard - 22, Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India, the deferred tax for timing differences between the book and tax profits for the year is accounted for using the tax rates and the laws that have been enacted or subsequently enacted as of the Balance Sheet date.

Deferred tax assets arising from temporary timing differences are recognized to the extent there is virtual certainty that the assets can be realized in future as evidenced by the consistent past performance rendered by all the plants of the Company and the likelihood of such plants performing to their potential in future.

Break up of Deferred Tax Asset / Liability as on 31.03.2012 is as follows:

(Rupees)

	Mar. 31, 2012	Dec. 31, 2010
Timing difference on account of		
a) Depreciation	(134,125,625)	(121,717,905)
b) Unabsorbed Allowances	58,583,518	49,673,194
c) Others	3,361,050	317,688
Net Deferred Tax Asset / (Liability)	(72,181,057)	(71,727,023)

- 9) Previous year figures have been regrouped wherever necessary to confirm to current year's classification.
- 10) The figures for the reported year relate to 15 months and to that extent are not comparable with the figures of the previous period which is for 12 months.
- 11) Since the current Financial Year commenced on 1st January 2011, the provisions of the revised Schedule VI of the Companies Act, 1956 are not applicable. Hence the accounts have been presented in accordance with old Schedule VI.

NOTES

Forming part of the Balance Sheet and Profit and Loss Account

12. Information required under Paragraph 3,4(c) and 4(d) of Part II of Schedule V to Companies Act,1956

	UOM	15 months ended March 31, 2012		Year ended December 31, 2010	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
I CAPACITY:					
a) Installed:					
Cogeneration - Plant I at A. Chittur	MW	18.68	-	18.68	-
Cogeneration - Plant II at Tirumandankudi	MW	28.42	-	28.42	-
b) Actual production					
Power	KWH	124,252,290	-	113,465,554	-
II TURNOVER					
Power exported (Excluding transmission loss, Captive consumption and Power sold / transferred to Holding Company)	KWH	53,657,462	259,887,192	64,618,410	296,421,491
III RAW MATERIAL CONSUMED					
Coal	MTs	45,574,245	136,737,307	55,551.545	256,697,476
Others	MTs	-	306,650	-	4,754,090
Materials handling charges	MTs	-	1,918,515	-	1,807,519
Total			<u>138,962,472</u>		<u>263,259,085</u>
IV VALUE OF IMPORTED/INDIGENEOUS RAW MATERIAL/ STORES & SPARES CONSUMED					
a) Raw Materials					
(i) Imported			-		-
Percentage			-		-
(ii) Indigenous			138,962,472		263,259,085
Percentage			100.00		100.00
b) Stores & Spares					
(i) Imported			1,062,921		500,925
Percentage			4.16		2.11
(ii) Indigenous			24,468,884		23,286,309
Percentage			95.84		97.89

NOTES

Forming part of the Balance Sheet and Profit and Loss Account

	UOM	15 months ended March 31, 2012		Year ended December 31, 2010	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
V VALUE OF IMPORTS CALCULATED ON C.I.F BASIS					
a) Raw Materials			-		-
b) Components & Spare parts			3,890,733		331,219
c) Capital goods			-		-
VI EXPENDITURE IN FOREIGN CURRENCY					
a) Travelling Expenses			Nil		Nil
b) Others			-		304,559
VII AMOUNT REMITTED IN FOREIGN CURRENCY			Nil		Nil
VIII EARNINGS IN FOREIGN EXCHANGE			Nil		Nil

Vide our Report of even date attached

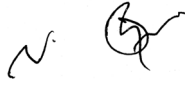
For SNS Associates
Chartered Accountants
Firm Registraion No. 006297S



S Nagarajan
Partner
Membership No. 20899
Chennai, April 21, 2012



K Ramesh
Company Secretary



V Thirupathi
Director



R V Tyagarajan
Managing Director

On behalf of the Board

NOTES

Forming part of the Balance Sheet and Profit and Loss Account

13. Related party disclosures

a) Names of the related parties

1. Holding Company : **Thiru Arooran Sugars Ltd**
2. Associate Company : **Shree Ambika Sugars Ltd**

b) Key Managerial Personnel : **R V Tyagarajan, Managing Director**

c) Transactions with subsidiaries and Associates companies

(Value in Rs.)

	15 months ended Mar. 31, 2012		Year ended Dec. 31, 2010	
	Holding Company	Associate Company	Holding Company	Associate Company
Sale of Goods	280,783	4,118,063	7,655	1,508,476
Purchase of goods	152,733	368,555	-	4,345,727
Share of common expenses	1,549,812	-	3,653,123	-
Trade Deposit paid	250,000,000			
Trade deposit interest received	35,716,744			
Sale of Steam & Power	87,301,178	-	204,287,366	-
Closing Balance Debit	-	-	429,108,274	1,258,454
Closing Balance Credit	73,299,446	41,628,274	-	-
Investments made in :				
Equity shares				
Shree Ambika Sugars Ltd.,				
58 Equity Shares of Rs.10/- each		2,000		2,000
Corporate Guarantees given as on Mar.31,2012	1,582,400,000		1,758,500,000	
Corporate Guarantee received as on Mar.31,2012	655,000,000		655,000,000	

As per the terms of arrangement between Thiru Arooran sugars Ltd and Terra Energy Ltd., 448,014 MTs of bagasse has been supplied by Thiru Arooran Sugars Ltd., in exchange for 694,611 MTs of steam and 43,684,013 Units of power from Terra Energy Ltd

Mr.R.V.Tyagarajan, Managing Director has not been paid any remuneration

14. Earnings per share :

Particulars	Mar. 31, 2012	Dec. 31, 2010
Profit/(Loss) after tax as per Profit & Loss Account	5,193,766	(16,053,332)
Weighted average number of Equity Shares of Rs.10/- each outstanding during the year	31,032,917	31,032,917
Earnings per share (Annualised) - Basic and diluted	0.13	(0.52)

Vide our Report of even date attached

On behalf of the Board

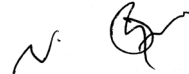
For SNS Associates
Chartered Accountants
Firm Registraion No. 006297S



S Nagarajan
Partner
Membership No. 20899
Chennai, April 21, 2012



K Ramesh
Company Secretary



V Thirupathi
Director



R V Tyagarajan
Managing Director

NOTES

Forming part of the Balance Sheet and Profit and Loss Account

Disclosure as per Accounting Standard - 15 (Revised) - Employee Benefits.

1 Defined Contribution plans

Contribution of Rs.2.32 million to defined contribution plans is recognized as expense and included in the employee cost in the Profit and Loss Account.

2 Defined Benefit Plans.

(Value in Rs.)

General description	Gratuity Funded Plan		Leave Encashment Non Funded Plan	
	Period ended 31.03.2012	Year ended 31.12.2010	Period ended 31.03.2012	Year ended 31.12.2010
a. Change in Defined Benefit Obligation				
Present Value - Opening Balance	4619839	4228227	525515	501821
Current Service Cost	438120	383767	143769	109549
Interest Cost	436487	307406	38820	23447
Actuarial Gain / (Loss)	153300	486861	200055	316360
Benefits Paid	609370	786422	289131	425662
Present Value - Closing Balance	5038376	4619839	619028	525515
b. Change in fair value of Plan Assets				
Opening Balance	4,326,280	3,934,667		
Expected Return		531437	548516	
Actuarial Gain / (Loss)	-498067	-88164		
Contributions by Employer	293559	717683	289131	425662
Benefits Paid	609370	786422	289131	425662
Closing Balance	4043839	4326280		
Actual Return	0.0875	0.0845		
c. Amount recognised in the Balance Sheet (as at Year end)				
Present Value of Obligations	5038376	4619839	525515	501820
Fair Value of Plan Assets	4043839	4326280		-
Net (assets)/ liability recognised	994537	293559	619028	525515
d. Expenses recognised in the Profit and Loss Account				
Current Service cost	438120	383767	143769	109549
Interest on obligation	436487	307406	38820	23447
Expected return on plan assets	531437	548516	0	-
Net actuarial Gain / (loss)	651367	575026	200055	316360
Total Included in Employee Cost	994537	717683	382644	449356
e. Principal actuarial Assumptions				
Discount rate (%)	8%	8%	8%	8%
Future Salary Increase (%)	4%	4%	5%	4%
Rate of Return on plan assets	8.75%	8.45%	-	-
Expected Average remaining working lives of employees (Years)	12	12.25	13.10	12.9
f.	In the absence of detailed information regarding Plan assets which is funded with SBI Life Insurance Co Ltd the composition of each major category of plan assets, the percentage or amount for each category to the fair value of the Plan Assets has not been disclosed.			
g.	The Company expects to contribute Rs.10.00 lakhs to Gratuity Fund in 2012-13.			

CASH FLOW STATEMENT

	15 months ended Mar. 31, 2012	Year ended Dec. 31, 2010 <i>(In Rupees)</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Taxation	18,916,700	(24,847,779)
Adjustments for		
– Depreciation	108,571,114	86,500,500
– Interest expenses	87,376,067	76,479,872
– Loss / (Profit) on sale of Assets / Investments	374,572	-
– Income from Investments	(57,600)	(39,600)
– Other Income	(95,985,676)	(1,482,920)
Operating Profit Before Working Capital Changes (A)	119,195,178	136,610,073
Decrease / (Increase) in Current Assets		
– Inventories	(28,034,326)	(70,714,964)
– Receivables	32,855,623	(45,304,125)
– Loans & Advances	(109,652,489)	(10,210,707)
Increase / (Decrease) in Current Liabilities	71,003,754	221,632,324
(Increase) / Decrease in Working Capital (B)	(33,827,438)	95,402,527
Cash generated from Operations (A + B)	85,367,740	232,012,600
Income Tax & Fringe Benefit Tax Paid	(13,269,000)	3,528,000
Cash Flow before Extraordinary items	72,098,740	235,540,600
Extraordinary items	-	-
Net Cash from Operating activities (C)	72,098,740	235,540,600
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Assets		
– Payment to suppliers & others	(15,193,507)	(15,596,758)
Interest Received	95,985,676	1,482,920
Dividend Received	57,600	39,600
Proceeds from Sale of Assets	39,000	-
Cash flow from Investing activities (D)	80,888,769	(14,074,238)
Net Cash used in Investment activities (C + D)	152,987,509	221,466,362

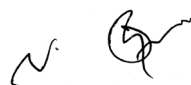
CASH FLOW STATEMENT

	15 months ended Mar. 31, 2012	Year ended Dec. 31, 2010 <i>(In Rupees)</i>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Short Term Borrowings-CC	(1,351,713)	64,366,891
Repayment of Long Term Borrowings	(77,903,858)	(190,649,777)
Interest paid	(85,498,333)	(85,700,916)
Net Cash from Financing activities (E)	(164,753,903)	(211,983,803)
Net increase in Cash (C+D+E)	(11,766,394)	9,482,560
Opening Balance	32,630,911	23,148,352
Closing Balance	20,864,517	32,630,911

On behalf of the Board



K Ramesh
Company Secretary
Chennai, April 21, 2012



V Thirupathi
Director



R V Tyagarajan
Managing Director

Auditors' Certificate

This is the Cash Flow Statement referred to in our report of even date attached.

For SNS Associates
Chartered Accountants
Firm Registration No. 006297S



S Nagarajan,
Partner
Membership No. 20899
Chennai, April 21, 2012

MANDATORY STATEMENT

Information pursuant to the provision of Part IV of Schedule VI of the Companies Act, 1956

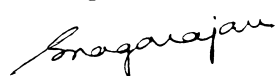
Balance Sheet Abstract & Company's Business Profile

		Rs. in million
I	REGISTRATION DETAILS	
	State Code : 18	
	Registration Number : 30420	
	Balance Sheet Date : 31.03.2012	
II	CAPITAL RAISED DURING THE YEAR	
	Public Issue	Nil
	Rights Issue	Nil
	Bonus Issue	Nil
	Private Placement of Equity Shares	Nil
	Private Placement of Preference Shares	Nil
III	POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS	
	Total Liabilities	1361.78
	Total Assets	1361.78
	Source of funds	
	Paid up Capital	310.33
	Reserves & Surplus	486.39
	Secured Loans	492.88
	Unsecured Loans	Nil
	Deferred Tax Liability Net	72.18
	Application of funds	
	Net Fixed Assets	794.67
	Investments	0.12
	Net Current Assets	566.99
IV	PERFORMANCE OF THE COMPANY	
	Turnover including other income & Stock Adjustment	445.71
	Total Expenditure including Depreciation	426.79
	Profit/(Loss) Before Tax	18.92
	Profit/(Loss) After Tax	5.19
	Earnings Per Equity Share (Rs.) (Annualised)	0.13
	Dividend Rate	-
V	GENERIC NAMES OF THE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY	
	(as per monetary terms)	
	Item Code No.	Not Applicable
	Product Description	Power & Steam

Vide our Report of even date attached

On behalf of the Board

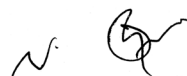
For SNS Associates
Chartered Accountants
Firm Registration No. 006297S



S Nagarajan
Partner
Membership No. 20899
Chennai, April 21, 2012



K Ramesh
Company Secretary



V Thiurpathi
Director



R V Tyagarajan
Managing Director

Significant

accounting policies

The following are the accounting policies adopted by the Company.

General

The accompanying Financial Statements have been prepared on the Historical Cost Convention.

Fixed Assets & Depreciation

Fixed Assets are stated at cost. Fixed Assets are depreciated on the Straight Line Method in accordance with the provisions of the Companies Act, 1956.

Investments

Investments are stated at cost.

Valuation of inventories

- Stores, Sundry Stocks and Bought out Raw Materials are valued at cost or realizable value whichever is lower.

Income & expenditure recognition

- Income is recognized and expenditure is accounted for on their accrual. Provision for Gratuity and Leave Encasement has been made on actuarial basis.
- Under the Barter Agreement with the Holding Company, Thiru Arooran Sugars Limited, Steam and Power is supplied for the cane crushing operations of the Sugar Division in exchange for the Bagasse received from them. Consequently, no entries are passed in the financial books for the value of Bagasse received from them and Steam and Power supplied to them within the agreed norms for the Sugar Division pertaining to cane crushing operations. The transfer of steam and power more than agreed norms for cane crushing operations, or for any other activity of the Holding Company, Thiru Arooran Sugars Limited, is charged at cost, which power is charged at applicable rate charged by TANGEDCO.

Foreign currency transactions

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Any income or expense on account of exchange difference is recognised in the Profit and Loss Account.

Borrowing costs

Borrowing costs that are attributable to the acquisition of or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial time to get ready for its intended use. All other borrowing costs are charged to revenue.

Employee Benefits

a. Short Term Employee Benefits

Short term Employee Benefits are charged at the undiscounted amount to Profit and Loss account in the year in which related service is rendered.

b. Defined Contribution Plan

Contribution to defined contribution schemes towards retirement benefits in the form of Provident Fund and Superannuation fund for the year is charged to Profit and Loss Account as incurred.

c. Defined Benefit Plan

Liabilities in respect of defined benefit plans are determined based on actuarial valuation made by an independent actuary using Projected Unit Credit Method as at the Balance Sheet date. Actuarial gain or loss is recognized immediately in the Profit and Loss Account.

Terminal benefits are recognized as expenses as and when incurred.

Impairment of Fixed Assets

Consideration is given at each Balance Sheet date to determine whether there is any indication of impairment on the carrying amount of the company's fixed assets. If any such indication exists, an asset's recoverable amount is estimated. Any impairment loss is recognized whenever the carrying amount of an asset exceeds recoverable amount.

THIRU AROORAN SUGARS LIMITED

Regd. Office: "Eldorado" – 5th Floor, 112, Nungambakkam High Road, Chennai - 600 034

PROXY FORM

I/We.....of.....in the district of..... being a Member / Members of the above named Company, hereby appoint.....of..... in the District of.....or failing him.....of..... in the District of.....as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Shareholders of the Company to be held on July 30, 2012 at 10.15 A.M. and at any adjournment thereof.

Signed this.....day of.....2012.

Affix
revenue
stamp

The Companies Act, 1956 lays down that an instrument appointing proxy shall be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for holding the Meeting. The Proxy need not be a member of the Company.

THIRU AROORAN SUGARS LIMITED

Regd. Office: "Eldorado" – 5th Floor, 112, Nungambakkam High Road, Chennai - 600 034

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

Name of the attending Member

Folio No./DP ID No. / Client ID No.

Name of the Proxy*

*(If Proxy attends instead of member)

I hereby record my presence at the Fifty sixth Annual General Meeting.

Venue : The Auditorium of the
Tamil Nadu Pollution Control Board,
76, Mount Salai, Guindy,
Chennai - 600 032

Date : Monday, July 30, 2012
10.15 A.M.

Signature of the Shareholders / Proxy

Request to Members

1. Shareholders or their proxies should bring the attendance slip duly filled in for attending the Meeting.
2. Members are requested to avoid being accompanied by non-members and/or children.
3. Members are requested to bring their copies of Annual Report to the Meeting, as the Company is unable to provide another copy in view of the increased cost of paper.
4. Members are requested to be in their seats at the Meeting Hall before the scheduled time for commencement of the Annual General Meeting to avoid interruption of the proceedings.
5. If you and/or your family members are receiving more than one copy of the Annual Report and other communication and would like to avoid duplication, kindly advise us. This will help us avoid wastage.