



THIRU AROORAN SUGARS LIMITED
ANNUAL REPORT 2013 - 14

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Board of Directors

Mr R V Tyagarajan

Chairman and Managing Director

Mr V Thirupathi

Mr B Viswanathan

Mrs Malathi Ram Tyagarajan

Mr R Vijayaraghavan

Company Secretary

Mr R R Karthikeyan

Bankers

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

Auditors

M/s. S.N.S. Associates

Chartered Accountants

No. 12, 11th Cross Street, Indira Nagar

Chennai - 600 020.

Registered Office

Eldorado, Fifth Floor,
112, Nungambakkam High Road,
Chennai - 600 034

CIN: L15421TN1954PLC002915

Phones : 2827 6001, 2827 8267

Fax : 044-2827 0470

Shareholders' information

Date and Venue of Annual General Meeting

Monday, September 29, 2014 at 3 P.M. at the Obul Reddy Hall at Vani Mahal, 103,G.N. Chetty Road, T.Nagar, Chennai 600 017

Financial Calendar

The Financial Year of the Company is from April to March. Financial Reporting for the Quarter Ended

| | |
|--------------------|--------------------------------|
| June 30, 2014 | On or before August 14, 2014 |
| September 30, 2014 | On or before November 14, 2014 |
| December 31, 2014 | On or before February 14, 2015 |
| March 31, 2015 | On or before May 30, 2015 |

Date of Book Closure

The Register of Members and the Share Transfer Books of the Company will remain closed from September 23, 2014 to September 29,2014 (both days inclusive).

Share Price Movements

The high and low prices of the Company's shares on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited between April, 2013 and March 2014 are as under:

| Month | National Stock Exchange | | Bombay Stock Exchange | |
|----------------|-------------------------|---------|-----------------------|---------|
| | High Rs. | Low Rs. | High Rs. | Low Rs. |
| April 2013 | 70.35 | 58.00 | 70.00 | 52.00 |
| May 2013 | 70.00 | 55.90 | 70.10 | 60.00 |
| June 2013 | 70.00 | 65.00 | 77.00 | 61.50 |
| July 2013 | 70.00 | 62.30 | 69.90 | 62.35 |
| August 2013 | 70.00 | 66.50 | 64.00 | 60.00 |
| September 2013 | 66.50 | 60.05 | 62.85 | 57.40 |
| October 2013 | 69.00 | 59.30 | 68.35 | 64.50 |
| November 2013 | 68.00 | 58.00 | 72.90 | 62.85 |
| December 2013 | 66.50 | 50.20 | 66.90 | 58.65 |
| January 2014 | 68.25 | 61.00 | 67.00 | 60.80 |
| February 2014 | 67.95 | 56.00 | 69.00 | 55.05 |
| March 2014 | 67.00 | 52.40 | 65.90 | 56.00 |

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, 2014 to all the Stock Exchanges on which its Equity Shares are listed.

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

Dematerialisation of Equity Shares

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

The Equity Shares of the Company have been admitted for dematerialisation by these depositories with the International Securities Identification Number (ISIN) - INE 409A01015. Members desiring to know further details may contact the Depositories at the following address:

National Securities Depository Limited
Trade World, A Wing, 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 - 2814 0801
Fax : 044 - 2814 2479
Email :yesbalu@ieindia.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 21 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

Section 72 of the Companies Act, 2013 and the Rules prescribed thereunder viz. Companies (Share Capital and

Debentures) Rules, 2014 provide for nomination of shares. The shareholders can 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. Shareholders holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agent. In respect of shares held in demat form, the nomination form may be filed with the respective Depository Participant.

Communication

All share transfers should be forwarded to the Registrars & Share Transfer Agents of the Company. All communications should be forwarded to the Registered Office of the Company, marked to the attention of the Company Secretary. Share Transfers will normally be registered and returned within 15 days from the date of receipt of correct documents.

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

Distribution of Shareholding

| No. of Equity Shares held | As on March 31, 2014 | | | | As on March 31, 2013 | | | |
|---------------------------|----------------------|--------------------|--------------------|-----------------|----------------------|--------------------|--------------------|-----------------|
| | 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 | 2985 | 74.24 | 184344 | 1.63 | 2898 | 73.52 | 187444 | 1.66 |
| 101 - 200 | 395 | 9.82 | 66962 | 0.59 | 400 | 10.15 | 67409 | 0.60 |
| 201 - 500 | 282 | 7.01 | 102881 | 0.91 | 281 | 7.13 | 102743 | 0.91 |
| 501 - 1000 | 148 | 3.68 | 114622 | 1.01 | 152 | 3.86 | 118949 | 1.05 |
| 1001 - 5000 | 159 | 3.96 | 359426 | 3.18 | 158 | 4.00 | 353204 | 3.12 |
| 5001 - 10000 | 21 | 0.52 | 156271 | 1.38 | 23 | 0.58 | 173612 | 1.53 |
| 10001 and above | 31 | 0.77 | 10332218 | 91.30 | 30 | 0.76 | 10313363 | 91.13 |
| Total | 4021 | 100.00 | 11316724 | 100.00 | 3942 | 100.00 | 11316724 | 100.00 |

Categories of Shareholding

| Category | As on March 31, 2014 | | | | As on March 31, 2013 | | | |
|--|----------------------|--------------------|--------------------|-----------------|----------------------|--------------------|--------------------|-----------------|
| | 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 | 8 | 0.20 | 7051709 | 62.31 | 7 | 0.18 | 6932139 | 61.26 |
| Mutual Funds | 1 | 0.02 | 100 | 0.00 | 1 | 0.02 | 100 | 0.00 |
| Banks & Financial Institutions | 2 | 0.05 | 2300 | 0.02 | 2 | 0.05 | 2300 | 0.02 |
| FII's | 2 | 0.05 | 250400 | 2.21 | 2 | 0.05 | 250400 | 2.21 |
| Corporates | 107 | 2.66 | 1523307 | 13.46 | 126 | 3.20 | 1501613 | 13.27 |
| Individuals (including clearing members) | 3864 | 96.10 | 1654387 | 16.30 | 3765 | 95.51 | 1844284 | 16.30 |
| NRI's/OCBs | 37 | 0.92 | 834521 | 7.38 | 39 | 0.99 | 785888 | 6.94 |
| Total | 4021 | 100.00 | 11316724 | 100.00 | 3942 | 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, 1998-99 and 2005-06 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. Pursuant to the provisions of Investor and Education Protection Fund (Uploading of Information regarding unpaid and unclaimed dividend lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed dividend lying with the Company as on September 16, 2013 (date of the last Annual General Meeting) on the website of the Ministry of Corporate Affairs.

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 - 600 034.
Phone : 2827 6001
Fax : 2827 0470
Email : secretarial@tasugars.in

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

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

Dear Shareholders,

Your Directors present their 58th Annual Report on the working of the Company for the year ended March 31,2014.

(₹ in lakhs)

| | 2013-14 | 2012-13 |
|--|------------|----------|
| Profit before Interest & Depreciation | 3,588.83 | 4,196.36 |
| Less : Interest and Finance Charges | 4,523.57 | 2,336.69 |
| Depreciation | 1,539.90 | 1,383.76 |
| Profit / (Loss) before Tax | (2,474.64) | 475.91 |
| Less : Provision for Taxation | | |
| - Income Tax | — | 104.03 |
| - Deferred Tax | (879.12) | 132.46 |
| Profit / (Loss) after Tax | (1,595.52) | 239.42 |
| Balance brought forward from previous year | 3,500.79 | 3,261.37 |
| Profit available for appropriation | 1,905.27 | 3,500.79 |
| Surplus carried to Balance Sheet | 1,905.27 | 3,500.79 |

Dividend :

In view of the loss 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. The overall performance of the Company did not measure up to its potential, mainly because the Sugar Division continued to be plagued by uneconomical realizations on sale of sugar. This was further exacerbated by significant reduction in crushing quantity coupled with lower recovery as compared to the previous year. All these factors have together contributed to the Company reporting a Loss of Rs.247.39 million as against Profit Before Tax of Rs.47.59 million for the previous year.

Sugar:

The performance of the Sugar Division was impacted by severe drought conditions in the command area of both sugar mills. As a result, the aggregate quantity of sugarcane crushed by both the factories during the year was lower at 7.15 lakh MTs as against 12.39 lakh MTs crushed during the previous year, and likewise the combined sugar recovery was also lower at 8.42 % as against 8.96% recorded in the previous year.

The Government of India fixed the Fair and Remunerative Price (FRP) of sugarcane for 2012-13 season at Rs.1,700/- per MT linked to average recovery of 9.5%, which translated to an FRP of Rs.1,700/- per MT for both the Tirumandankudi and the A.Chittur units.

However, with a view to enthusing farmers to plant more sugarcane for the 2012-13 season and having regard to the sugar prices ruling at the start of the season, the Company announced payment of Rs.2,250/- per MT for both the units, as against Rs.2,000/- per MT for the previous season, in line with the State Advised Price of Rs.2250/- per MT linked to average recovery 9.5%. This apart, the Company has borne the entire cost of cane transport, the additional burden of which worked out to Rs.125/- per MT.

As against 1,10,987 MTs of sugar produced during the previous year, production for the year under review aggregated to 60,371 MTs.

Distillery:

The performance of the Distillery during the year has been gratifying. Alcohol production during the year was higher at 11,844 KL compared to 9,938 KL during the previous year and likewise, average realisation on sale of alcohol during the year was also higher as compared to the previous year.

Prospects for the 2013-14 season:**Sugar:**

The Government of India fixed the Fair and Remunerative Price (FRP) of sugarcane for 2013-14 season at Rs.2,100/- per MT linked to average recovery of 9.5%, which translates to an FRP of Rs.2,100/- per MT for both the Tirumandankudi and the A Chittur units. Thereafter, the Government of Tamil Nadu announced the State Advised Price (SAP) for the 2013-14 season at Rs.2,550/- per MT linked to average recovery of 9.5%. The SAP announced for 2013-14 season being way beyond the paying capacity of the industry, especially in the absence of any increase in sugar realizations, the private sugar sector mills have sought subsidies and various financial reliefs from the State Government to enable the payment of the increase in SAP over the previous season.

While so, the severe drought conditions prevailing across the State, consequent upon the second consecutive failure of the monsoons in 2013 have not only taken a heavy toll on cane yields and cane availability for the 2013-14 season, but also severely impacted planting of cane for supply during the 2014-15 season.

Sugar production in the country during 2013-14 season is estimated at 24.3 million MTs, which is in excess of projected offtake of 23.7 million MTs. With production in excess of consumption for the fourth successive season, even considering export of 2.2 million MTs, the closing stock is estimated at around 0.8 million MTs. Hence, sugar prices in the domestic market have continued to remain stagnant and unviable and the entire industry has been subject to severe financial hardship during the year, primarily on account of the increased mismatch between higher sugarcane prices and lower sugar realizations. In order to mitigate the financial crisis faced by the industry at large, so as to reduce the mounting cane price arrears, the Central Government has extended the following reliefs:

- i) Scheme for Extending Financial Assistance to Sugar Undertakings (SEFASU) in terms of which, the sugar mills were eligible to avail a loan for an amount equivalent to excise duty paid by the respective sugar mill in the preceding 3 sugar seasons, with interest subvention of up to 12% p.a. by the Central Government.
- ii) Incentive of Rs.3,300/- per MT for the production and export of raw sugar.

The aforesaid reliefs, however, are at best, only short term palliatives, with no permanent solution, in form of linkage of cane price to sugar realisations, in sight.

Distillery:

The steep reduction in cane crushing in the State during the 2013-14 season has had a significant impact on molasses and alcohol prices. Since the Company has built up adequate

stocks of molasses and is also holding large stocks of alcohol, the performance of the Distillery is expected to be better compared to the financial year under review.

Subsidiary Company:

The subsidiary Company viz. Terra Energy Ltd recorded a turnover of Rs.229.35 million and reported a Profit of Rs.6.43 million for the year as against a turnover of Rs.334.16 million and Profit of Rs.38.08 million for the previous year.

The Ministry of Corporate Affairs, Government of India, vide General Circular dated February 08, 2011, has directed that provisions of Section 212 of the Companies Act, 1956 shall not apply in relation to subsidiaries of those companies which fulfill the conditions specified in the aforesaid circular. Your Company fulfills the said conditions and accordingly, the Annual Report and other particulars of the subsidiary Company are not attached to this Annual Report. However, a statement of particulars of the subsidiary Company has been attached along with the audited Consolidated Financial Statement. The Company shall provide copy of the Annual Report and other documents of the subsidiary Company as required under Section 212 of the Companies Act, 1956 to the Members of the Company and also to the Members of the subsidiary Company on request. The Annual Report containing the audited accounts of the subsidiary Company is also kept open for inspection by any Member at the Registered Office of the Company and that of the subsidiary Company. The details of accounts of the subsidiary Company have been placed on the website of the Company. The Consolidated Financial Statement presented by the Company includes the financial results of the subsidiary Company.

The Statement under Section 212(3) of the Companies Act, 1956 is separately annexed.

Consolidated Financial Statements:

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

Directors:

Dr A Ramachandran resigned from the Board of Directors of the Company effective Nov 08, 2013, for health reasons. Dr Ramachandran had been a member of the Board for close to two decades and had served the Company with distinction and dedication. Mr B Viswanathan, Director, who retires by rotation at the ensuing Annual General Meeting, though eligible for reappointment, has informed that he does not wish to seek reappointment. The Board of Directors place on record its sincere appreciation for the invaluable guidance and services rendered by Dr A Ramachandran and Mr B Viswanathan to the Company

Mr R Vijayaraghavan, Director appointed by the Board in the casual vacancy caused by the resignation of Dr A Ramachandran (who would have retired by rotation at the ensuing Annual General Meeting had he continued) holds office up to the ensuing AGM.

Pursuant to Section 149 of the Companies Act, 2013, the Company proposes to appoint Mr R Vijayaraghavan and Mr V Thirupathi, Director, liable to retire by rotation at the Annual General Meeting to be held in 2015, as Independent Directors at the ensuing Annual General Meeting. As required in terms of Clause 49 of the Listing Agreement, details of their qualification, expertise etc., are furnished in the Notice convening the ensuing Annual General Meeting.

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 Loss 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:

24 Deposits aggregating to Rs. 1.165 million due for repayment on or before March 31, 2014 were not claimed by the depositors on that date. As on the date of the Report, deposits aggregating to Rs. 0.02 million thereof have been claimed and paid. The Company has discontinued acceptance of deposits from the public since April 01, 2014. As required under Section 74 of the Companies Act, 2013, deposits outstanding as on

March 31, 2014 shall be repaid along with interest due thereon on the due date or within one year from April 01, 2014 whichever is earlier.

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.

The Board, on the recommendation of the Audit Committee, has proposed that M/s. S.N.S. Associates, Chartered Accountants, Chennai, be appointed as Statutory Auditors of the Company for a period of three years at the ensuing Annual General Meeting of the Company. M/s. S.N.S. Associates, Chartered Accountants, have conveyed their willingness for their appointment as Statutory Auditors of the Company and have provided the requisite certificates as per Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditor) Rules, 2014.

Cost Auditors:

Pursuant to the directives of the Central Government under Section 233B of the Companies Act, 1956, M/s. Vaasan Co., Cost Accountants have been appointed to conduct the Cost Audit relating to Sugar and Industrial Alcohol for the year ended March 31, 2014.

The Cost Audit Reports relating to manufacture of Sugar and Industrial Alcohol for the year ended March 31, 2013 were filed by M/s. Vaasan Co., Cost Accountants, Cost Auditors of the Company on September 28, 2013.

Statutory Information:

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

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

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

Acknowledgement :

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

On behalf of the Board



R V Tyagarajan
Chairman and Managing Director
May 9, 2014

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.

YE March 31, 2014 Sugar Units

YE March 31, 2013 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) | 21,438,994 | 36,583,734 |
| (c) Own generation | | |
| Through Diesel Generator Units | — | — |
| Units / litre of Diesel | — | — |
| Cost per unit (Rs.) | — | — |
| (d) Through Steam Turbine / Generator (Units) | — | — |
| 2) Lignite | | |
| Quantity (Tonnes) | — | — |
| Total cost | — | — |
| Average cost | — | — |
| Lecofine | — | — |
| Quantity (Tonnes) | — | — |
| Total cost | — | — |
| Average cost | — | — |
| 3) Furnace Oil | | |
| Quantity (Litres) | — | — |
| Total amount (Rs.) | — | — |
| Average rate (Rs. per K Ltr) | — | — |
| 4) Other / Internal Generation | | |
| Firewood (Quantity in MT's) | — | — |
| Total (Rs.) | — | — |
| Rate / MT | — | — |
| 5) Consumption per quintal of Sugar | | |
| Electricity (Units) | 35.51 | 32.96 |
| Furnace Oil (Litres) | — | — |
| Firewood (Kgs) | — | — |
| Sugar Produced (Quintals) | 6,03,710 | 11,09,870 |

B. Research and Development and Technology Absorption.

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

- Soil health improvement by application of Bio-compost and trash incorporation without burning the trashes after harvesting sugarcane crop.
- On farm trials for selection of location specific varieties suitable for coastal delta region in collaboration with Sugarcane Breeding Institute, Coimbatore.
- Adoption of Integrated Plant Protection (IPPM) measures by using bio fungicides and chemicals in combination with organic plant extracts to mitigate the spread of Red Rot disease in sugarcane crop.

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

- Application of Bio-compost and incorporation of trashes in the ratoon cane fields without burning after the harvest has contributed to significant increase in cane yield.
- Elite clones have been selected from the initial varietal trials and multiplied for further observation along with new clones sourced from Sugarcane Breeding Institute, Coimbatore.

iii) The spread of Red Rot disease has been successfully controlled by spot application of turmeric extract and bio-fungicides like Pseudomonas, Trichoderma Viride along with Roko chemical in the sugarcane fields affected by Red Rot pathogen as secondary infection from soil.

3. Future Plan of Action :

- Establishment of Soil Testing Lab in the factory premises to analyse the soil samples collected from the farmers' land holdings and to recommend fertiliser schedule based on the soil analysis.
- Establishment of Tissue Culture Lab in the factory premises to ensure supply of disease free seed material to the cane growers through three tier nursery programme.

4. Expenditure on R & D :

- Capital : Rs.Nil
- Recurring : Rs.2.27 Million

5. Foreign Exchange Earnings and Outgo :

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

GLOBAL SCENARIO:

The International Sugar Organisation (ISO) has estimated the global sugar production to be 179.6 million tonnes for the sugar season 2012-13, recording an increase of 2.75% over the previous season. This growth has been attributed to increased acreage of sugarcane, encouraged by the healthy returns that farmers realized over the past three seasons.

For the ensuing season 2013-14, ISO has projected only a marginal increase in production to 180.2 million tonnes, on account of adverse climatic conditions in major sugarcane producing countries.

In 2013-14, the world sugar balance would be a surplus of 4.8 million tonnes, representing a decline of around 35% over previous season's surplus of 7.5 million tonnes. This reduced surplus is nevertheless expected to be adequate to keep global sugar prices stable at current levels.

Global sugar consumption, which was estimated at 172.1 million tonnes during 2012-13, is expected to increase to

175.4 million tonnes in 2013-14. This growth of around 2% is in line with the 10 year average trend. The global per capita sugar consumption is estimated at 24.35 kg per year in 2012-13 and is projected to increase to 24.55 kg per year in 2013-14.

WORLD SUGAR BALANCE

(mm MTs raw value)

| | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|---------------------|---------|---------|---------|---------|
| Production | 164.97 | 174.80 | 179.60 | 180.20 |
| Consumption | 164.03 | 168.30 | 172.10 | 175.40 |
| Surplus / (Deficit) | 0.94 | 6.50 | 7.50 | 4.80 |
| Import Demand | 52.77 | 53.20 | 50.70 | |
| Export availability | 53.22 | 54.00 | 53.90 | |
| End Stock | 56.53 | 64.30 | 69.70 | |
| - % of consumption | 34.46 | 38.20 | 41.00 | |

(Source: International Sugar Organisation)

In the continuing scenario of surplus, global sugar prices have come under significant pressure over the last two years. The average sugar prices, which hovered around 26 cents / lb in 2011, have declined to 21.5 cents / lb in 2012 and to 17.6 cents/lb in 2013, before hitting a low of 14.71 cents / lb in January 2014. Sugar prices have since recovered by around 20% by end of March 2014 in the expectation of adverse climatic conditions in Brazil. With Brazil heading for lower production in the ensuing season, the surplus scenario is expected to correct in the 2014-15 season, with consequent increase in global sugar prices.

Apart from being the leading sugar producer and exporter in the world, Brazil also happens to be the lowest cost producer. As such, the size of the Brazilian sugarcane crop and its allocation between sugar and ethanol, and also the exchange rate between the Brazilian Real and the US Dollars, are the key determinants of international sugar prices.

INDIAN SCENARIO :

Sugar Year 2012-13 turned out as expected to be the third consecutive year of surplus, despite a decline in sugar production to 25.1 million MTs from 26.3 million MTs in the previous season. This decline was on account of deficit rainfall and drought conditions which impacted sugarcane

production in Maharashtra, Karnataka and Tamil Nadu. With closing stock of 9.3 million MTs, equivalent to nearly 41% of domestic consumption, sugar markets were in the grip of a bearish trend, with sugar prices ruling 15-20% lower than at the start of the 2012-13 season.

INDIAN SUGAR BALANCE

| | (mm MTs) | |
|---------------------------|-------------|-------------|
| | 2012-13 | 2013-14 (E) |
| Opening Stock | 6.6 | 9.3 |
| Production | 25.1 | 24.3 |
| Imports | 6.8 | 1.0 |
| Total Availability | 32.4 | 33.7 |
| Offtake | | |
| - Internal | 22.8 | 24.0 |
| - Exports | 0.4 | 2.2 |
| Total Offtake | 23.1 | 26.2 |
| Closing Stock | 9.3 | 7.5 |
| % of Internal offtake | 40.8 | 31.3 |

Source: ISMA

Sugar production during the 2013-14 season is projected to decline further to 24.3 million MTs. With estimated domestic consumption of 24.0 million MTs and exports of 2.2 million MTs, closing stock is expected to decline to 7.5 million MTs, equivalent to 31.3% of domestic consumption. Despite this projected draw down in carry forward stocks, the price trends are distinctly bearish in the face of higher production estimate of 25.3 million MTs for 2014-15. Even with projected increase in domestic consumption to 24.5 million MTs, 2014-15 promises to be the fifth consecutive year of surplus production, with further accretion to closing stocks. With limited scope for exports in the absence of adequate subsidies or a marked improvement in international prices, the scenario for 2014-15 looks bleak, unless drastic reforms are implemented to align sugarcane prices with sugar prices.

GOVERNMENT POLICY RELATED:

The decontrol of sugar with effect from April 01, 2013 has thus far not benefitted the industry in the absence of corresponding decontrol of sugarcane prices as recommended by the Dr. C. Rangarajan Committee. With the exception of Karnataka, none of the sugar producing States have formalized any linkage between sugarcane price and realisations from sale of sugar and other by-products as envisaged in the Dr. C. Rangarajan Committee's Report. However, it is expected that the mounting cane price arrears, as a consequence of continuing mismatch between sugarcane and sugar prices, will soon compel the other States to rationalize the determination of sugarcane price in line with

realisations from sale of sugar and other by-products.

Following are the key policy announcements made in 2014:

- Import duty on sugar was hiked from 10% to 15% in July 2013 to discourage unwarranted imports.
- Government of India announced the 'Scheme for Extending Financial Assistance to Sugar Undertakings, 2014' to infuse liquidity and enable sugar mills to clear sugarcane dues to farmers. Under this scheme, sugar companies are entitled to avail soft loan from their Banks, equivalent to excise duty paid or payable for the last three sugar seasons' production. The said loan is to be repaid in 5 years, with a moratorium for the first 2 years, and with interest subvention of upto 12%.
- Government of India notified on February 28, 2014 a subsidy of Rs.3300/- per tonne to be paid from the Sugar Development Fund for production and export of raw sugar, with an inbuilt provision to recalibrate the subsidy amount every two months based on dollar-rupee parity.
- Government of Tamil Nadu announced State Advised Price (SAP) for 2013-14 season at Rs.2550 per tonne (as against Rs.2250 per tonne for 2012-13 season) linked to 9.5% recovery. In addition, transport charges from field to factory have to be borne in full by the sugar mills as in previous seasons. Private sector mills in the State have made representations to the State Government seeking subsidy and other support measures to enable payment of the SAP in the context of the prevailing depressed sugar price levels.

COMPANY PERFORMANCE: SEGMENT-WISE

| Products | UoM | 2013-14 | 2012-13 |
|------------------------|-----|-----------|-----------|
| SUGAR : | | | |
| Cane Crushed | MTs | 714,633 | 1,239,016 |
| Sugar Production | | | |
| - From Cane | MTs | 60,371 | 110,987 |
| Sugar Sales | | | |
| - Domestic | MTs | 46,564 | 54,042 |
| - Export | MTs | - | 52,563 |
| - Total | MTs | 46,564 | 106,605 |
| Molasses Production | MTs | 32,561 | 60,229 |
| ALCOHOL | | | |
| Alcohol Production | KL | 11,844 | 9,938 |
| Alcohol Sales | KL | 13,637 | 9,462 |
| Bio Fertilizers | | | |
| Sales | Rs. | 9,377,514 | 8,949,274 |

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, 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:

Post decontrol, sugar prices are determined by the interplay of domestic demand and supply as well as Government policies on export and import, and the

erstwhile controls on sale and distribution of sugar have been removed. On the other hand, alcohol prices and distribution continue to be directly or indirectly controlled by the State Government to varying degrees, especially through regulation of export and import of molasses and alcohol. The impact of domestic and 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 sugar price risk in the domestic and international commodity futures markets in respect of domestic sales and exports/ 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 direct and indirect controls by both the Central and State Governments, encompassing the entire gamut of sugarcane pricing, sugarcane command area reservation, location of new sugar mills, sugar packing and storage, sale and movement of molasses and alcohol, export/import of sugar, molasses and alcohol etc.

Such regulatory risks emanate from Government policy and legislation and are 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, 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 is dependent on factors like cane price fixation, domestic demand supply balance, Government policies on export/import etc. over which it has no control. On account of the increase in price paid for cane, notwithstanding lower realisation on the sale of sugar, the Company reported loss for the year under review. Reserves and Surplus decreased from Rs.1293.47 million on March 31, 2013 to Rs.1134 million on March 31, 2014.

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 656.

On behalf of the Board



R V Tyagarajan
Chairman and Managing Director
May 9, 2014

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 - 600 034.

During the financial year, 5 Board Meetings were held on May 29, 2013, July 25, 2013, August 09, 2013, November 14, 2013 and February 12, 2014.

The composition of the Board of Directors as on March 31, 2014 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, 2014 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 | 5 | Yes | 8 | 4 |
| Mrs. Malathi Ram Tyagarajan | NE | 5 | Yes | 6 | 2 |
| Mr. V Thirupathi | NEI | 4 | Yes | 7 | 4 |
| Mr. B Viswanathan | NEI | 3 | Yes | Nil | Nil |
| Mr. R Vijayaraghavan # | NEI | 2 | - | 8 | 7 |

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

Appointed with effect from November 14, 2013 in the vacancy caused by the resignation of Dr A Ramachandran effective November 08, 2013

None of the Directors on the Board is a member of more than 10 Committees nor 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.

The Company has not had any pecuniary relationships or transactions with any of the Non Executive Directors during the year 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

Mr B Viswanathan and Mr R Vijayaraghavan, who was appointed by the Board in the casual vacancy caused by the resignation of Dr A Ramachandran retire by rotation at the ensuing Annual General Meeting. While Mr Viswanathan has opted not to seek re-election, Mr Vijayaraghavan, being eligible, offers himself for re-election. Both Mr R Vijayaraghavan and Mr V Thirupathi who will be liable to retire by rotation at the AGM to be held in 2015 are proposed to be appointed as Independent Directors for a term of five and three years respectively from the date of the ensuing AGM.

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 comprises of four Directors (three Non Executive and Executive) as on March 31, 2014 and the Committee met 4 times during the year and attendance of the members at these meetings was as follows:

| SI No | Name of the Member | Category | No. of Meetings attended |
|-------|--|---------------------------|--------------------------|
| 1. | Mr. V Thirupathi Chairman upto November 13, 2013 | Non Executive Independent | 4 |
| 2. | Dr. A Ramachandran # | Non Executive Independent | Nil |
| 3 | Mr. B Viswanathan | Non Executive Independent | 3 |
| 3. | Mr R V Tyagarajan | Executive | 4 |
| 4. | Mr R Vijayaraghavan Chairman w.e.f. November 14, 2013 | Non Executive Independent | 1 |

Resigned on November 08, 2013

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.

Presently the Company does not have a Whistle Blower Policy in place, however, no personnel has been denied access to the Audit Committee.

b) Remuneration Committee

i) Composition

The Company has constituted a Nomination and Remuneration Committee on January 31, 2002 and this Committee at present consists of Mr. V Thirupathi (Chairman) and Mr. R Vijayaraghavan, both Independent Directors and Mrs Malathi Ram Tyagarajan, Non-Executive Director. No meeting of the Remuneration Committee was held during the year ended March 31, 2014.

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 year ended March 31, 2014 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 year ended March 31, 2014 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 | 80,000 |
| Mrs Malathi Ram Tyagarajan | 50,000 |
| Mr B Viswanathan | 60,000 |
| Mr R Vijayaraghavan | 30,000 |
| Total | 2,20,000 |

c) Investors' Grievance Committee / Stakeholders Relationship Committee

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

- Mr. V Thirupathi - Chairman
- Mr. R Vijayaraghavan - Member

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 April 1, 2013 to March 31, 2014 regarding non-receipt of dividend / non-receipt of share certificates sent for transfer / non-receipt Annual Report etc., | 24 |
| 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 met 7 times during the year ended March 31, 2014.

The Company confirms that there were no share transfers pending as on March 31, 2014 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) Prevention of Insider Trading

The Company has framed a Code of Conduct for prevention of Insider Trading based on SEBI (Prohibition of Insider Trading) Regulations, 1992. This code is applicable to all Directors / Officers (including Statutory Auditors) / designated employees. The code ensures prevention of dealing in Company's shares by persons who have access to unpublished price sensitive information.

d) Annual General Meetings

The last three Annual General Meetings were held as under:

| Financial Year | Date | Time | Venue |
|----------------|---------------|------------|--|
| 2010 | May 6, 2011 | 10.15 A.M. | Auditorium of the Tamil Nadu Pollution Control Board, Guindy, Chennai - 600 032. |
| 2011-12 | July 30, 2012 | 10.15 A.M. | Auditorium of the Tamil Nadu Pollution Control Board, Guindy, Chennai - 600 032. |
| 2012-13 | Sep 16, 2013 | 3.00 P.M. | P. Obul Reddy Hall, Vani Mahal, 103 G. N. Chetty Road, Chennai - 600 017 |

- e) During the Financial Year 2013-14, the following Special Resolutions were passed through Postal Ballot:

| Subject matter of the Resolution | Date of the Notice | Date of Shareholder approval |
|---|--------------------|------------------------------|
| Ratification u/s 372A of the Companies Act,1956 for issue of Corporate Guarantee for Rs.176.35 crores in favour of Punjab National Bank | August 10, 2013 | September 11, 2013 |
| Ratification u/s 372A of the Companies Act,1956 for issue of Corporate Guarantee for Rs.28 crores in favour of State Bank of India | August 10, 2013 | September 11, 2013 |

f) **Circular Resolution**

Recourse to Circular Resolution is made in exceptional and emergent cases and the same are recorded at the succeeding Board Meeting. During the year, four Circular Resolutions were passed on September 25, 2013, February 21, 2014, March 14, 2014 and March 28, 2014.

g) **Share Capital Audit Report**

The Company has submitted for each of the 4 quarters during the year 2013-14, 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 | 30.06.2013 | 17.07.2013 |
| | | 30.09.2013 | 17.10.2013 |
| | | 31.12.2013 | 20.01.2014 |
| | | 31.03.2014 | 18.04.2014 |

h) **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.

i) **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.32 of 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.

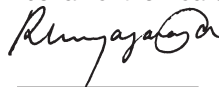
j) **Means of Communication**

- 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.
- e) As per Clause 54 of the Listing Agreement with Stock Exchanges, certain documents/information such as such as quarterly/annual financial results, shareholding pattern and Corporate Governance are accessible on the Company's website www.tasugars.in

k) **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 and declaration regarding compliance of code of Conduct has been obtained.

On behalf of the Board



R V Tyagarajan
Chairman and Managing Director
May 9, 2014

Auditors' Certificate on Corporate Governance

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 year ended March 31,2014, 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 review of the 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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 which 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 9, 2014

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying Financial statements of THIRU AROORAN SUGARS LIMITED, which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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, 2014
- (b) in the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

As required by Section 227(3) of the Companies Act, 1956, we report that:

- i) 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.
- ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- iii) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956
- v) On the basis of the written representations received from the Directors as at 31st March 2014 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2014 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956

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



S Nagarajan
Partner

Membership No. 20899
Chennai : May 9, 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REOPRT

(Referred to in our Report of even date)

As required by the Companies (Auditors' Report) Order 2003, as amended by the Companies (Auditor's Report) 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) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the Fixed Assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (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 the 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 system of internal control.
- (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 price. 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 thereunder.
- (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 generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities though there has been occasional delays in the remittance of Cane Cess and Sales Tax in a few cases. The provisions of Employees State Insurance Act are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Income-tax, Wealth tax, Service tax, Sales tax, Customs Duty, Excise Duty, Cess and other statutory dues were outstanding at the year end, for a period of more than six months from the date they became payable.
- (c) At the end of the financial year there were no dues of Sales tax, Income tax, Wealth tax, Customs

Duty, Excise 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 dispute is pending |
|--|--|--------------|--|
| Central Excise Act, 1944 | Cenvat on materials and penalty | 17,86,537 | Central Excise and Service tax Appellate Tribunal |
| Finance Act, 1994 | Service tax on goods Transport | 3,63,998 | Supreme Court |
| Finance Act, 1994 | Service tax on goods Transport | 2,42,904 | Supreme Court |
| Tamil Nadu General Sales Tax Act, 1959 | Waiver of Purchase Tax on Sugarcane | 10,25,97,189 | High Court of Madras |
| Central Excise Act, 1944 | Cenvat on inputs | 17,33,481 | Deputy Commissioner Central Excise, Cuddalore |
| Central Excise Act, 1944 | Excise duty on captive consumption of molasses | 22,60,15,228 | High Court of Madras and Central Excise and Service Tax Appellate Tribunal |
| Tamil Nadu General Sales Tax Act, 1959 | Purchase tax on Sugarcane | 8,43,950 | Deputy Commissioner, Commercial Tax (Appeals) |
| Income Tax Act, 1961 | Income tax | 33,291 | Commissioner of Income tax (Appeals) |
| Finance Act, 1994 | Service tax | 10,47,14,986 | Central Excise and Service tax Appellate Tribunal |
| Income Tax Act, 1961 | Income tax and Interest | 3,90,81,000 | Deputy Commissioner of Income tax |

(x) The Company does not have any accumulated losses at the end of the financial year exceeding fifty percent

of its net worth. It has incurred cash losses either in the financial year under report while there was no cash loss in the immediately preceding financial year.

- (xi) According to the records produced, the Company has not defaulted in the repayment of its dues to any Financial Institution or Bank 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 its 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, 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 (xii), (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 9, 2014

Balance Sheet

Analysis

Equity Capital

The Company's Equity Capital as on March 31,2014 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 FII's 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, 2014 stands at Rs.1,134 million and all the reserves are free reserves. The book value per share as on March 31, 2014 was Rs.110.20.

Debt Profile

Long Term Debt

As on March 31,2014 the long term loans outstanding aggregate to Rs.656.88 million. The weighted average cost of the borrowing works out to 16.18 per cent and average repayment period works out to less than 5 years. The Debt Equity ratio as on March 31,2014 was 0.53.

Gross Block

The total gross block, including capital work in progress and capital expenditure on projects as on March 31, 2014 aggregated to Rs.3,857.08 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.1,062 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 79 per cent of the Current Assets. Finished goods (sugar) account for 81.38 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 and instalments of Term Loans due within one year. In addition, the Company had also borrowed a sum of Rs.2,046.02 million from the consortium of bankers under the Cash Credit facility.

Unsecured Loans by way of Fixed Deposits and Trade Deposit aggregate to Rs.60.58 million as on the date of the Balance Sheet.

BALANCE SHEET

(₹ in lakhs)

| | Note No. | As at March 31, 2014 | As at March 31, 2013 |
|---|-------------|-------------------------|-------------------------|
| EQUITY AND LIABILITIES | | | |
| 1 Shareholders' Funds | | | |
| a) Share Capital | 2 | 1,131.67 | 1,131.67 |
| b) Reserves and Surplus | 3 | 11,339.17 | 12,934.69 |
| 2 Non-Current Liabilities | | | |
| a) Long Term Borrowings | 4 | 6,135.97 | 6,289.06 |
| b) Deferred Tax Liability (Net) | 5 | 1,235.61 | 2,114.73 |
| c) Long Term Provisions | 6 | 73.80 | 69.84 |
| 3 Current Liabilities | | | |
| a) Short Term Borrowings | 7 | 20,460.19 | 11,561.38 |
| b) Trade Payables | 8 | 12,156.92 | 10,903.65 |
| c) Other Current Liabilities | 9 | 7,528.08 | 11,065.56 |
| d) Short Term Provisions | 10 | 840.12 | 700.37 |
| TOTAL | | 60,901.53 | 56,770.95 |
| ASSETS | | | |
| Non-Current Assets | | | |
| 1 a) Fixed Assets | | | |
| i) Tangible Assets | 11 | 17,017.18 | 16,555.91 |
| ii) Intangible Assets | | 54.27 | 25.94 |
| iii) Capital work-in-progress | | 885.49 | 1,358.39 |
| b) Non-Current Investments | 12 | 10,642.12 | 10,641.23 |
| c) Long Term Loans and Advances | 13 | 287.22 | 463.47 |
| 2 Current Assets | | | |
| a) Inventories | 14 | 25,252.70 | 19,122.91 |
| b) Trade Receivables | 15 | 1,186.74 | 2,006.08 |
| c) Cash and cash equivalents | 16 | 307.89 | 184.89 |
| d) Short Term Loans and Advances | 17 | 3,990.02 | 4,581.72 |
| e) Other Current Assets | 18 | 1,277.90 | 1,830.41 |
| TOTAL | | 60,901.53 | 56,770.95 |
| Significant Accounting Policies | 1 | | |
| See accompanying Notes forming part of the Financial Statements | | | |

Vide our Report of even date attached

For SNS Associates
Chartered Accountants
Firm Registration No. 006297S

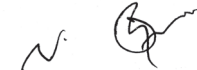


S Nagarajan
Partner
Membership No. 20899
Chennai, May 9, 2014



R R Karthikeyan
SGM (Finance) and
Company Secretary

On behalf of the Board



V Thirupathi
Director



R V Tyagarajan
Chairman and
Managing Director

STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

| | Note No. | Year ended March 31, 2014 | Year ended March 31, 2013 |
|---|----------|------------------------------|------------------------------|
| CONTINUING OPERATIONS | | | |
| I. Revenue from Operations (Gross) | 19 | 19,852.65 | 34,766.28 |
| Less : Excise Duty | | 506.93 | 457.24 |
| Revenue from Operations (Net) | | 19,345.72 | 34,309.04 |
| II. Other Income | 20 | 29.84 | 474.01 |
| III. Total Revenue (I + II) | | <u>19,375.56</u> | <u>34,783.05</u> |
| IV. Expenses: | | | |
| Cost of Materials consumed | 21 | 15,889.75 | 28,476.38 |
| Purchases of Stock-in-Trade | | 977.71 | 3,624.15 |
| Changes in Inventories of Finished Goods and Work-in-progress | 22 | (6,367.18) | (8,160.14) |
| Excise Duty movement in Inventory | | 190.29 | 212.56 |
| Employee Benefits Expense | 23 | 1,465.81 | 1,568.76 |
| Finance Cost | 24 | 4,523.57 | 2,336.69 |
| Depreciation and Amortization Expense | | 1,539.90 | 1,383.76 |
| Other Expenses | 25 | 3,630.35 | 4,864.98 |
| Total Expenses | | <u>21,850.20</u> | <u>34,307.14</u> |
| V. Profit / (Loss) Before Tax (III - IV) | | (2,474.64) | 475.91 |
| VI. Tax Expenses: | | | |
| 1) Current Tax | | - | 104.03 |
| 2) Deferred Tax | | (879.12) | 132.46 |
| VII. Profit / (Loss) After Tax from Continuing Operations (V-VI) | | <u>(1,595.52)</u> | <u>239.42</u> |
| VIII. Earnings per Equity Share (Ref. Note no. 33) | | | |
| 1) Basic (Rs.) | | (14.10) | 2.12 |
| 2) Diluted (Rs.) | | (14.10) | 2.12 |

See accompanying Notes forming part of the Financial Statements

Vide our Report of even date attached

For SNS Associates
Chartered Accountants
Firm Registration No. 006297S

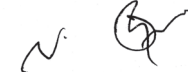


S Nagarajan
Partner
Membership No. 20899
Chennai, May 9, 2014



R R Karthikeyan
SGM (Finance) and
Company Secretary

On behalf of the Board



V Thirupathi
Director



R V Tyagarajan
Chairman and
Managing Director

I. Significant accounting policies

General

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

Fixed Assets & Depreciation

Fixed Assets of the Distillery Unit 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 there from are recognized in the Books of Accounts as and when the settlement take 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 Statement of Profit and Loss 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. Impairment loss is recognized whenever the carrying amount of an asset exceeds recoverable amount.

NOTES

Forming part of the Financial Statements

(₹ in lakhs)

| | As at March 31, 2014 | As at March 31, 2013 |
|---|-------------------------|-------------------------|
| 2. SHARE CAPITAL | | |
| Authorised | | |
| 35,000,000 (P.Y.: 35,000,000) Redeemable Cumulative Preference Shares of Rs 10/- each | 3,500.00 | 3,500.00 |
| 15,000,000 (P.Y.: 15,000,000) Equity Shares of Rs.10/-each | 1,500.00 | 1,500.00 |
| | <u>5,000.00</u> | <u>5,000.00</u> |
| Issued, Subscribed and Paid up | | |
| 11,316,724 (P.Y.: 11,316,724) Equity Shares of Rs.10/-each fully paid | 1,131.67 | 1,131.67 |
| Total | <u>1,131.67</u> | <u>1,131.67</u> |

a) Reconciliation of the number of Shares:

| Equity | As on March 31, 2014 | | As on March 31, 2013 | |
|---|----------------------|----------|----------------------|----------|
| | No of shares | Amount | No of shares | Amount |
| Shares outstanding as on April 1, 2013 | 11,316,724 | 1,131.67 | 11,316,724 | 1,131.67 |
| Shares outstanding as on March 31, 2014 | 11,316,724 | 1,131.67 | 11,316,724 | 1,131.67 |

b) List of Shareholders holding more than 5% of the total number of shares issued by the Company:

| Name of the share holder | As on March 31, 2014 | | As on March 31, 2013 | |
|--|----------------------|-------------------|----------------------|-------------------|
| | No of Shares held | % of Shareholding | No of Shares held | % of Shareholding |
| 1. Mr. V T Ramalingam (HUF) | 959,556 | | 959,556 | |
| Mr R V Tyagarajan (Individual) | 81,000 | | 81,000 | |
| Total | <u>1,040,556</u> | 9.19 | <u>1,040,556</u> | 9.19 |
| 2. M/s. Venkatesa Tyagarajan Private Ltd | 2,682,600 | 23.71 | 2,682,600 | 23.71 |
| 3. M/s Mustang Trading and Investments Private Ltd | 2,786,158 | 24.62 | 2,666,588 | 23.56 |

Terms attached to Shares:

Equity Shares

The Equity Shares have a par value of Rs.10/-each. Each holder of the Equity Share is entitled to one vote per share.

The dividend, when proposed by the Board of Directors, is subject to approval of the Shareholders in the ensuing Annual General Meeting. Repayment of capital on liquidation will be in proportion to the number of Equity Shares held.

NOTES

Forming part of the Financial Statements

(₹ in lakhs)

| | | As at March 31, 2014 | As at March 31, 2013 |
|--|-------------------|-------------------------|-------------------------|
| 3. RESERVES & SURPLUS | | | |
| a. Capital Reserves | | | |
| As per the last Balance Sheet | | 1.40 | 1.40 |
| b. Capital Redemption Reserve | | | |
| As per the last Balance Sheet | | 3,450.00 | 3,450.00 |
| c. Share Premium Account | | | |
| As per the last Balance Sheet | | 5,450.40 | 5,450.40 |
| d. General Reserve | | | |
| As per the last Balance Sheet | | 532.10 | 532.10 |
| e. Surplus in the Statement of Profit & Loss | | | |
| Opening balance | 3,500.79 | 3,261.37 | |
| Add : Net Profit / (Loss) for the year | <u>(1,595.52)</u> | <u>239.42</u> | |
| Closing Balance | | 1,905.27 | 3,500.79 |
| Total | | <u>11,339.17</u> | <u>12,934.69</u> |

| | | As at March 31, 2014 | As at March 31, 2013 |
|---|--|-------------------------|-------------------------|
| 4. LONG TERM BORROWINGS | | | |
| Secured | | | |
| (i) Term Loans | | | |
| From Banks | | 6,568.84 | 4,242.00 |
| ii) Other Loans and Advances | | | |
| Obligation under Finance Lease | | 965.06 | 1,220.51 |
| Unsecured | | | |
| (a) Fixed Deposit | | 105.77 | 136.05 |
| (b) Trade Deposit from the subsidiary company, Terra Energy Ltd. | | 500.00 | 2,000.00 |
| | | <u>8,139.67</u> | <u>7,598.56</u> |
| Less: Amount due within 12 months disclosed under Other Current Liabilities | | <u>2,003.70</u> | <u>1,309.50</u> |
| Total | | <u>6,135.97</u> | <u>6,289.06</u> |

4.1 Secured Loans from banks of Rs.6,568.84 lakhs as detailed below are secured on a pari-passu first charge basis on company's Fixed Assets including Land and Building, Plant and Machinery and other immovables and movable Fixed Assets, both present and future and second charge on pari-passu basis on Current Assets of the Company.

NOTES

Forming part of the Financial Statements

(₹ in lakhs)

| Name of the Bank | Amount | Terms of repayment and rate of interest |
|------------------------|-----------------|--|
| 1. State Bank of India | 2,250.00 | This loan carries interest at the rate of Banks Base rate plus 4.55%(currently 16.10% p.a.) and is repayable in 20 Quarterly instalments of Rs.112.50 lakhs each commencing from June, 2014 |
| 2. UCO Bank | 1,875.00 | This loan carries interest at the rate of Banks Base Rate plus 6% (currently 16.20% p.a.) and is repayable in 64 monthly instalments of Rs.31.25 lakhs each commencing from October, 2013. |
| 3. UCO Bank TL II | 90.62 | This loan carries interest at the rate of Banks Base Rate plus 6% (currently 16.20% p.a.) and is repayable in 64 monthly instalments of Rs.3.125 lakhs each commencing from October, 2013. |
| 4. DCB Bank | 165.72 | This loan carries interest at the rate 3.5% over Banks Base rate (currently 14.00 % p.a.) and is repayable in 20 monthly equal instalments of Rs.25 lakhs each commencing from February, 2013. |
| 5. DCB Bank TL II | 437.50 | This loan carries interest at the rate 3.5% over Banks Base rate (currently 14.00 % p.a.) and is repayable in 24 monthly equal instalments of Rs.20.83 lakhs each commencing from January, 2014. |
| 6. IDBI | 1750 | This loan carries interest at the rate of Bank Base Rate plus 575 bps. (currently 17% p.a.) and is repayable in 48 monthly instalments of Rs.36.45 lakhs each commencing from June, 2014. |
| Total | 6,568.84 | |

4.2 Obligations under Finance Lease is secured by the respective asset purchased under Finance Lease. The loan carries interest at the rate of 15% p.a. and is repayable in 60 instalments from the date of disbursement

4.3 Trade Deposit from the Subsidiary Company carries interest at 16% p.a. and is repayable over a period of five years.

4.4 Rate of interest on Fixed Deposit is 8% p.a. for 2 years and 9% p.a. for 3 years.

4.5 Secured Loans to the extent of Rs.1,965.62 lakhs as detailed below are additionally secured by Corporate Guarantee of the Subsidiary Company, Terra Energy Ltd.

UCO Bank Rs. 1,965.62 lakhs

4.6 Secured Loans to the extent of Rs.4,603.22 lakhs are also guaranteed by the Chairman and Managing Director.

| | As at March 31, 2014 | As at March 31, 2013 |
|--|-------------------------|-------------------------|
| 5. TAX EFFECTS OF ITEMS CONSTITUTING DEFERRED TAX LIABILITY (NET) | | |
| a) On difference between Book value and tax balance of Fixed Assets | 2,671.86 | 2,283.79 |
| b) Unabsorbed Depreciation and Business Loss | (1,218.96) | - |
| c) Expenses disallowed u/s 43 B allowabe on Payment | (217.29) | (169.06) |
| Total | <u>1,235.61</u> | <u>2,114.73</u> |
| 6. LONG TERM PROVISIONS | | |
| Provision for Employee Benefits | | |
| Earned Leave | 73.80 | 69.84 |
| Total | <u>73.80</u> | <u>69.84</u> |

NOTES

Forming part of the Financial Statements

(₹ in lakhs)

| | As at March 31, 2014 | As at March 31, 2013 |
|---------------------------------|-------------------------|-------------------------|
| 7. SHORT TERM BORROWINGS | | |
| Secured | | |
| From Banks | | |
| Cash Credit | 20,460.19 | 11,561.38 |
| Total | <u>20,460.19</u> | <u>11,561.38</u> |

7.1 Cash Credit facilities from Banks are 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. The above loan to the extent of Rs.17,194.24 lakhs are also secured by the Corporate Guarantee of subsidiary company Terra Energy Ltd. Cash credit is renewable every 12 months.

| | As at March 31, 2014 | As at March 31, 2013 |
|---|-------------------------|-------------------------|
| 8. TRADE PAYABLES | | |
| a) Dues to Micro, Small and Medium Enterprises (Refer Note no. 27) | – | – |
| b) Due to Others: | | |
| i) Acceptances | 22.08 | 31.74 |
| ii) Others | 12,134.84 | 10,871.91 |
| Total | <u>12,156.92</u> | <u>10,903.65</u> |
| 9. OTHER CURRENT LIABILITIES | | |
| a) Current maturities of long-term debt | 2,003.70 | 1,309.50 |
| b) Interest accrued but not due on borrowings | 115.11 | 72.57 |
| c) Unpaid dividends | 2.69 | 3.98 |
| d) Unpaid matured deposits and interest accrued thereon | 12.28 | 12.56 |
| e) Other payables: | | |
| Statutory dues | 326.88 | 271.08 |
| Others | 5,067.42 | 9,395.87 |
| Total | <u>7,528.08</u> | <u>11,065.56</u> |

9.1 Refer Note no. 4 for current maturities of Long Term Debt
Refer Note no.4.1 to 4.6 for details of securities etc.

10. SHORT TERM PROVISIONS

| | | |
|------------------------------------|---------------|---------------|
| a) Provision for Employee Benefits | | |
| i) Contribution to Provident Fund | 19.72 | 18.49 |
| ii) Gratuity | – | 50.89 |
| iii) Bonus | 2.98 | 4.41 |
| iv) Salaries and Wages | 15.39 | 12.37 |
| v) Others | 12.56 | 15.03 |
| b) Excise Duty on Finished Goods | 789.47 | 599.18 |
| Total | <u>840.12</u> | <u>700.37</u> |

NOTES

Forming part of the Financial Statements

11 FIXED ASSETS

(₹ in lakhs)

| Sl. No. | Description | Gross Block | | | | Depreciation | | | | Net Block | |
|---------|--|---------------------|-----------|--------------------|----------------------|---------------------|--------------|---------------------------|----------------------|----------------------|-----------|
| | | As at April 1, 2013 | Additions | Sales/ Adjustments | As at March 31, 2014 | As at April 1, 2013 | For the year | Withdrawn during the year | As at March 31, 2014 | As at March 31, 2013 | |
| a | Tangible Assets | | | | | | | | | | |
| | Land - Freehold | 438.24 | - | - | 438.24 | - | - | - | 438.24 | 438.24 | 438.24 |
| | Buildings | 4,642.91 | 11.55 | - | 4,654.46 | 2,907.02 | 119.45 | - | 1,627.99 | 1,735.89 | 1,735.89 |
| | Plant and Equipment | | | | | | | | | | |
| | (i) Owned | 27,466.05 | 1,981.96 | 8.14 | 29,439.87 | 15,119.11 | 1,271.33 | 8.14 | 13,057.57 | 12,346.94 | 12,346.94 |
| | (ii) Asset under lease | 2,106.17 | - | - | 2,106.17 | 211.04 | 105.65 | - | 1,789.48 | 1,895.13 | 1,895.13 |
| | Furniture & Fittings and Office Equipments - Owned | 607.00 | 3.77 | - | 610.77 | 513.34 | 20.32 | - | 77.11 | 93.66 | 93.66 |
| | Vehicles | 207.34 | - | 24.72 | 182.62 | 161.29 | 10.01 | 15.47 | 26.79 | 46.05 | 46.05 |
| | Total | 35,467.71 | 1,997.28 | 32.86 | 37,432.13 | 18,911.80 | 1,526.76 | 23.61 | 17,017.18 | 16,555.91 | 16,555.91 |
| b | Intangible Assets | | | | | | | | | | |
| | Computer software | 211.73 | 41.47 | - | 253.20 | 185.79 | 13.14 | - | 54.27 | 25.94 | 25.94 |
| | Total | 211.73 | 41.47 | - | 253.20 | 185.79 | 13.14 | - | 54.27 | 25.94 | 25.94 |
| | Total (a+b) | 35,679.44 | 2,038.75 | 32.86 | 37,685.33 | 19,097.59 | 1,539.90 | 23.61 | 17,071.45 | 16,581.85 | 16,581.85 |
| c | Capital Work-in-progress | 1,358.39 | 1,520.61 | 1,993.51 | 885.49 | | | | 885.49 | 1,358.39 | 1,358.39 |

NOTES

Forming part of the Financial Statements

(₹ in lakhs)

| Particulars | As at April 1 2013 | Additions during the year | Realised during the year | As at March 31 2014 |
|---|--------------------------|---------------------------------|--------------------------------|---------------------------|
| 12. NON-CURRENT INVESTMENTS | | | | |
| At Cost | | | | |
| A. Non-Trade : | | | | |
| In Equity Shares of the Companies - Quoted | | | | |
| a) 15,000 Equity Shares of Rs.10/-each in South Asian Financial Exchange Ltd. | 1.50 | | | 1.50 |
| b) 400 Equity Shares of Rs.10/- each in ICICI Bank Ltd. | 0.20 | | | 0.20 |
| c) 4,737 Equity Shares of Rs.10/- each in Punjab Communications Ltd. | 11.84 | | | 11.84 |
| d) 414 Equity Shares of Rs.10/- each in United Spirits Ltd. | 3.98 | | | 3.98 |
| e) 17,400 Equity Shares of Rs.5/- each in Prime Securities Ltd. | 17.57 | | | 17.57 |
| f) 22,000 Equity Shares of Rs.10/- each in Madan Capital Market Ltd. | 3.37 | | | 3.37 |
| g) 15,800 Equity Shares of Rs 10/- each in IndusInd Bank Limited | 7.11 | | | 7.11 |
| In Mutual Funds | | | | |
| Units of Franklin Templeton Mutual Fund (Including dividend reinvestment) | 0.66 | 0.05 | | 0.71 |
| | 46.23 | 0.05 | – | 46.28 |
| Less: Provision for diminution in value of investments | 31.49 | | | 30.60 |
| Sub - total | 14.74 | | | 15.68 |

NOTES

Forming part of the Financial Statements

(₹ in lakhs)

| Particulars | As at April 1 2013 | Additions during the year | Realised during the year | As at March 31 2014 |
|--|--------------------------|---------------------------------|--------------------------------|---------------------------|
| 12. NON CURRENT INVESTMENTS (contd.) | | | | |
| At Cost | | | | |
| B. Non-Trade: | | | | |
| In Equity Shares of Companies - Unquoted | | | | |
| a) Investment in Subsidiary Company | | | | |
| 20,540,524 Equity Shares of Rs.10/- each in Terra Energy Limited | 3,599.51 | | | 3,599.51 |
| b) Investment in Company under the same Management | | | | |
| 17,532,032 Equity Shares of Rs.10/- each in Shree Ambika Sugars Ltd. | 7,020.47 | | | 7,020.47 |
| c) Investment in other Companies | | | | |
| i) Shares in Thanjavur Co-operative Marketing Federation Limited | 0.001 | | | 0.001 |
| ii) Shares in M/s. Cholamandalam Industries Service Co-operative Society Ltd, Trichy | 0.03 | | | 0.03 |
| iii) 120,000 Equity Shares of Rs.10/-each in Trichy Distilleries & Chemicals Ltd. | 6.33 | | | 6.33 |
| Government Securities: | | | | |
| i) 7 Year National Savings Certificate (Deposited with various Government Departments) | 0.05 | – | 0.05 | – |
| ii) 6 Year National Savings Certificate (Deposited with various Government Departments) | 0.10 | – | – | 0.10 |
| Sub - total | 10,626.49 | – | 0.05 | 10,626.44 |
| TOTAL (A+B) | 10,641.23 | – | | 10,642.12 |

Aggregate value of Quoted Investments (P.Y.: Rs.14.74 lakhs) 15.68

Aggregate Market value of Quoted Investments (P.Y.: Rs.78.78 lakhs) 99.49

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.

NOTES

Forming part of the Financial Statements

(₹ in lakhs)

| | As at March 31, 2014 | As at March 31, 2013 |
|---|-------------------------|-------------------------|
| 13. LONG TERM LOANS AND ADVANCES | | |
| (Unsecured and considered good) | | |
| a) Security Deposits | 41.91 | 324.18 |
| b) Advance Tax (Net of provisions) | 245.31 | 139.29 |
| Total | <u>287.22</u> | <u>463.47</u> |
| 14. INVENTORIES | | |
| (Valued at lower of Cost or Net realisable value) | | |
| a) Raw materials | – | – |
| b) Work in progress | 839.46 | 429.61 |
| c) Finished goods | 23,768.59 | 16,745.86 |
| d) Stock in trade | – | 1,050.70 |
| e) Stores and Spares | 638.65 | 876.04 |
| f) Others: | | |
| Standing crop at own Farm | 3.34 | 11.17 |
| Bio-compost | 2.66 | 9.53 |
| Total | <u>25,252.70</u> | <u>19,122.91</u> |
| 15. TRADE RECEIVABLES | | |
| (Unsecured and considered good) | | |
| a) Trade Receivables outstanding for a period exceeding six months: | | |
| i) Considered good | 1,026.51 | 1,033.02 |
| ii) Considered doubtful | 3.63 | 3.63 |
| Less: Provision for bad and doubtful debts | <u>3.63</u> | <u>3.63</u> |
| b) Other debts | 160.23 | 973.06 |
| Total | <u>1,186.74</u> | <u>2,006.08</u> |
| 16. CASH AND CASH EQUIVALENTS | | |
| a) Cash on hand | 5.00 | 5.25 |
| b) Balance with Banks: | | |
| i) In Current Account | 196.11 | 72.47 |
| ii) In Deposit Account | 103.96 | 103.06 |
| iii) Unpaid Dividend/Dividend a/c balance | 2.69 | 3.98 |
| iv) In Earmarked Account | 0.13 | 0.13 |
| Total | <u>307.89</u> | <u>184.89</u> |

16.1 Bank balance include deposit of Rs.0.46 lakhs (P.Y.: Rs.Nil) which have maturity of more than 12 months.

16.2 Bank balance include deposit of Rs.86.92 lakhs (P.Y.: Rs.80.08 lakhs) as margin money to banks for various facilities granted to the Company.

NOTES

Forming part of the Financial Statements

(₹ in lakhs)

| | As at March 31, 2014 | As at March 31, 2013 |
|--|-------------------------|-------------------------|
| 17. SHORT TERM LOANS AND ADVANCES | | |
| (Unsecured and considered good) | | |
| a) Prepaid expenses | 65.79 | 67.64 |
| b) Balances with Central Excise Department | 834.07 | 878.93 |
| c) Other Advances | | |
| Due from the subsidiary company Terra Energy Ltd. | — | 2,307.50 |
| Others | 3,090.16 | 1,327.65 |
| d) Other Advances considered doubtful | 25.33 | 25.33 |
| Less: Provision | 25.33 | — |
| Total | <u>3,990.02</u> | <u>4,581.72</u> |
| 18. OTHER CURRENT ASSETS | | |
| a) Govt. Subsidies | 995.32 | 1,216.93 |
| b) Interest accrued on Deposits | 72.18 | 72.41 |
| c) Others: | | |
| i) Supplier's Advance | 177.22 | 326.03 |
| ii) Other Advances | 33.18 | 215.04 |
| | <u>1,277.90</u> | <u>1,830.41</u> |

NOTES

Forming part of the Financial Statements

(₹ in lakhs)

| Particulars | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
|---|---|---|
| 19. REVENUE FROM OPERATIONS | | |
| a) Sale of Products | | |
| Sugar | 13,869.87 | 30,903.42 |
| Alcohol | 5,788.72 | 3,010.82 |
| Bio-compost & Insecticides | 96.06 | 92.96 |
| Pressmud | 3.77 | 6.50 |
| | <u>19,758.42</u> | <u>34,013.70</u> |
| b) Other operating revenues | | |
| Scrap sale | 73.25 | 78.54 |
| Sale of Paddy and other produce | 16.57 | 21.07 |
| Diesel bunk Income | 0.30 | 14.58 |
| Duty drawback on export of Sugar | – | 309.21 |
| Sundry receipts | 4.11 | 6.39 |
| Raw sugar processing charges | – | 322.79 |
| | <u>94.23</u> | <u>752.58</u> |
| Total Revenue from Operations | <u>19,852.65</u> | <u>34,766.28</u> |
| 20. OTHER INCOME | | |
| a) Interest Income: | | |
| i) Interest on Bank deposits | 8.52 | 9.44 |
| ii) Other Interest income | 8.54 | 9.76 |
| b) Dividend Income from Long Term Investments | 0.54 | 0.47 |
| c) Rent receipts | 7.43 | 7.89 |
| d) Profit on sale of Assets | 4.81 | 10.56 |
| e) Net gain on Foreign Currency transactions | – | 435.89 |
| Total | <u>29.84</u> | <u>474.01</u> |
| 21. COST OF MATERIALS CONSUMED | | |
| Opening Stock | – | – |
| Add: Purchase | 15,889.75 | 28,476.38 |
| | 15,889.75 | 28,476.38 |
| Less: Closing Stock | – | – |
| Cost of Materials consumed | <u>15,889.75</u> | <u>28,476.38</u> |
| Cost of Materials consumed comprise of: | | |
| Sugarcane | 15,321.42 | 28,013.54 |
| Molasses | 568.33 | 462.84 |
| Total | <u>15,889.75</u> | <u>28,476.38</u> |

NOTES

Forming part of the Financial Statements

(₹ in lakhs)

| Particulars | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
|---|---|---|
| 22. CHANGES IN INVENTORY OF FINISHED GOODS | | |
| Opening Stock on 01.04.2013 | | |
| Sugar | 14,924.95 | 8,372.37 |
| Molasses | 1,896.21 | 214.71 |
| Alcohol | 975.40 | 825.58 |
| Bagasse | — | 51.71 |
| Sugar work in progress | 429.61 | 568.54 |
| Bio-compost | 9.53 | 20.04 |
| Standing crop at own farm | 11.18 | 26.45 |
| Total | <u>18,246.88</u> | <u>10,079.40</u> |
| Stock on 29.3.2013 at the time of commencement of Commercial Production of Modification of Distillery Unit | | |
| Alcohol | — | 7.32 |
| | <u>18,246.88</u> | <u>10,086.72</u> |
| Closing Stock on 31.03.2014 | | |
| Sugar | 20,549.94 | 14,924.95 |
| Molasses | 2,279.53 | 1,896.21 |
| Alcohol | 939.12 | 975.40 |
| Sugar work in progress | 839.46 | 429.61 |
| Bio-compost | 2.66 | 9.53 |
| Standing crop at own farm | 3.35 | 11.18 |
| Total | <u>24,614.06</u> | <u>18,246.88</u> |
| Changes in Inventory | <u>(6,367.18)</u> | <u>(8,160.14)</u> |
| 23. EMPLOYEE BENEFITS EXPENSE | | |
| a) Salaries and Wages | 1,317.90 | 1,322.82 |
| b) Contribution to Provident and Other Funds | 85.95 | 182.62 |
| c) Staff Welfare Expenses | 61.96 | 63.32 |
| Total | <u>1,465.81</u> | <u>1,568.76</u> |
| 24. FINANCE COST | | |
| a) Interest Expenses: | | |
| i) Term Loan | 792.39 | 83.43 |
| ii) Other Loans | 3,529.20 | 2,156.33 |
| b) Other Borrowing costs | 201.98 | 96.93 |
| Total | <u>4,523.57</u> | <u>2,336.69</u> |

NOTES

Forming part of the Financial Statements

(₹ in lakhs)

| Particulars | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
|--|---|---|
| 25. OTHER EXPENSES | | |
| Consumption of Stores and Spares | 334.05 | 458.72 |
| Power and Fuel | 876.66 | 327.02 |
| Packing Materials | 307.25 | 509.09 |
| Rent | 100.73 | 20.06 |
| Insurance | 52.76 | 31.51 |
| Rates & Taxes | 109.61 | 95.48 |
| Cane Development Expenses | 547.49 | 1,224.26 |
| Repairs & Maintenance | | |
| - Plant & Machinery | 232.64 | 232.88 |
| - Buildings | 27.83 | 35.58 |
| - Others | 68.99 | 67.76 |
| Transport and Handling | 4.86 | 11.77 |
| Selling and Distribution Expenses | 220.88 | 1,210.19 |
| Composting and Effluent treatment expenses | 267.48 | 186.67 |
| Research Farm & Development Expenses | 22.71 | 35.52 |
| Audit Fees and Expenses: | | |
| a. For Statutory Audit | 4.00 | 2.94 |
| b. For Taxation matters | 0.40 | 0.35 |
| c. For Other services | 3.81 | 1.16 |
| d. Reimbursement of expenses | 0.23 | 0.06 |
| e. For Cost Audit | 0.50 | 0.68 |
| Directors' Sitting Fees | 2.47 | 2.97 |
| Directors' Travelling Expenses | 5.36 | 8.03 |
| Legal & Professional charges | 39.17 | 55.01 |
| Travelling and Conveyance | 29.37 | 32.25 |
| Donations | 3.76 | 11.36 |
| Printing and Stationery | 16.76 | 17.39 |
| Telephone and Telex | 13.04 | 13.97 |
| Vehicle Maintenance | 70.31 | 81.80 |
| Bank Charges | 5.88 | 14.19 |
| Forex Fluctuation Loss | 89.65 | - |
| Security Expenses | 91.53 | 85.05 |
| Investments Written off | - | 0.01 |
| Others | 80.17 | 91.25 |
| Total | 3,630.35 | 4,864.98 |

NOTES

Forming part of the Financial Statements

(₹ in lakhs)

| Particulars | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
|---|---|---|
| 26. CONTINGENT LIABILITIES IN RESPECT OF | | |
| Guarantees issued by bankers | 383.98 | 36.70 |
| Estimated amount of Contracts to be executed on Capital Account and not provided for (Net of advance paid) | – | 23.18 |
| Other Commitments - Purchase order issued for items such as Raw materials, Services etc. | 13.03 | 44.29 |
| Disputed Income Tax demand/liabilities not provided for | 391.15 | 391.15 |
| Claims against the Company for Excise Duty and others including Industrial disputes not acknowledged as debt and not provided for | 3,613.66 | 4,295.38 |
| Disputed Purchase Tax & Sales Tax liabilities not provided for | 1,547.50 | 1,547.50 |

27. 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.

28. FINANCE LEASE

- a) The Company has acquired mechanical Harvestors on lease, the fair value of which aggregates to Rs.1,903.90 lakhs. As per Accounting Standard-19 the Company has capitalised the said Harvestors at its fair value as the leases are in the nature of finance lease as defined in Accounting Standard-19. Lease Payments are apportioned between finance charges and outstanding liabilities.
- b) The minimum lease rentals as at March 31, 2014 and the present value as at March 31, 2014 of minimum Lease Payments in respect of assets acquired under finance leases are as follows.

| Particulars | Minimum lease payment | | Present value of minimum lease payments | |
|--|--------------------------|---------------------|--|---------------------|
| | As at 31.03.2014 | As at 31.03.2013 | As at 31.03.2014 | As at 31.03.2013 |
| 1. Payable not later then 1 year | 414.99 | 415.32 | 336.30 | 304.31 |
| 2. Payable later than 1 Year but not later than 5 Years | 375.68 | 790.67 | 333.28 | 668.68 |
| 3. Payable later than 5 Years | – | – | – | – |
| Total | 790.67 | 1,205.99 | 669.58 | 972.99 |
| Less : Future Finance charges | 121.09 | 233.00 | | |
| Present Value of Minimum Lease Payments | 669.58 | 972.99 | | |

- c) Contingent rent recognised in the profit and loss account in respect of Finance Lease : Rs. Nil (P.Y. : Nil).

29. The Company has given Corporate Guarantee of Rs.81,009.00 lakhs (P.Y.: Rs 61,974.00 lakhs) 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, 2014 is Rs. 53,198.69 lakhs. (P.Y.: Rs.39,547.74 lakhs).

SCHEDULES

Forming part of the Financial Statements

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

1. Defined Contribution Plans

Contribution of Rs.116.40 lakhs to defined contribution plans is recognized as expense and included in the employees cost in the Statement of Profit and Loss.

2. Defined Benefit Plans

(Value ₹ in lakhs)

| General description | Gratuity Funded Plan | | Leave Encashment Non Funded Plan | |
|---|--------------------------|--------------------------|-------------------------------------|--------------------------|
| | Year ended 31.03.2014 | Year ended 31.03.2013 | Year ended 31.03.2014 | Year ended 31.03.2013 |
| a) Change in Defined Benefit Obligation | | | | |
| Present Value - Opening Balance | 339.74 | 314.15 | 69.83 | 53.81 |
| Current Service Cost | 28.57 | 19.14 | 5.48 | 14.61 |
| Interest Cost | 25.17 | 23.85 | 5.38 | 5.02 |
| Actuarial Gain / (Loss) | 43.31 | 14.75 | 1.81 | 4.73 |
| Benefits Paid | 50.12 | 32.15 | 5.08 | 8.34 |
| Present Value - Closing Balance | 300.05 | 339.74 | 73.80 | 69.83 |
| b) Change in fair value of Plan Assets | | | | |
| Opening Balance | 308.00 | 278.29 | | |
| Expected Return | 27.75 | 22.41 | | |
| Actuarial Gain / (Loss) | (3.89) | 3.59 | | |
| Contributions by Employer | 50.89 | 35.86 | 5.08 | 8.34 |
| Benefits Paid | 50.12 | 32.15 | 5.08 | 8.34 |
| Closing Balance | 332.63 | 308.00 | | |
| Actual Return | 23.86 | 26.00 | | |
| c) Amount recognised in the Balance Sheet (as at year end) | | | | |
| Present Value of Obligations | 300.05 | 339.74 | 73.80 | 69.83 |
| Fair Value of Plan Assets | 332.63 | 308.00 | | |
| Net assets / (liability) recognised | 32.58 | (31.74) | 73.80 | 69.83 |
| d) Expenses recognised in the Statement of Profit and Loss | | | | |
| Current Service cost | 28.57 | 19.14 | 5.48 | 14.61 |
| Interest on obligation | 25.17 | 23.85 | 5.38 | 5.02 |
| Expected return on plan assets | 27.75 | 22.41 | | |
| Net actuarial Gain / (Loss) | 39.42 | 11.16 | 1.81 | 4.73 |
| Total Included in Employee Cost | (13.43) | 31.74 | 9.05 | 24.36 |
| e) Principal actuarial Assumptions | | | | |
| Discount rate (%) | 9.00% | 8.00% | 9% | 8% |
| Future Salary Increase (%) | 4.00% | 4.00% | 5% | 5% |
| Rate of Return on plan assets | 9.00% | 8.00% | – | – |
| Expected Average remaining working lives of employees (Years) | 10.27 | 12.00 | 15.43 | 13.00 |
| 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.40 lakhs to Gratuity Fund in 2014-15. | | | | |

31. Segment Information for the year ended March 31, 2014

Information about primary business segments

| Description | Sugar | | Distillery | | Unallocated | | Elimination | | Total | |
|---|------------------|------------------|-----------------|-----------------|-------------------|-------------------|-----------------|---------------|-------------------|------------------|
| | YE 31.03.14 | YE 31.03.13 | YE 31.03.14 | YE 31.03.13 | YE 31.03.14 | YE 31.03.13 | YE 31.03.14 | YE 31.03.13 | YE 31.03.14 | YE 31.03.13 |
| SEGMENT REVENUE | | | | | | | | | | |
| External sales / income | 13,634.31 | 31,683.79 | 5,732.13 | 3,089.15 | 9.12 | 10.12 | 9.12 | 10.12 | 19,366.44 | 34,772.94 |
| Inter-segment Sales | 2,015.07 | 432.41 | - | - | | | 2,015.07 | 432.41 | - | - |
| Total Revenue | 15,649.38 | 32,116.20 | 5,732.13 | 3,089.15 | 9.12 | 10.12 | 2,024.19 | 442.53 | 19,366.44 | 34,772.94 |
| SEGMENT RESULT | | | | | | | | | | |
| Segment Result | 862.23 | 1,573.84 | 1,634.13 | 1,783.97 | | | | | 2,496.36 | 3,357.81 |
| Unallocated Corporate Expenses net off unallocable Income | | | | | 465.03 | 564.88 | | | 465.04 | 564.89 |
| Operating Profit | 862.23 | 1,573.84 | 1,634.13 | 1,783.97 | (465.03) | (564.88) | - | - | 2,031.33 | 2,792.91 |
| Interest Expense | 1,344.45 | 514.41 | | | 3,179.12 | 1,822.29 | | | 4,523.57 | 2,336.69 |
| Interest Income | 8.48 | 9.56 | - | - | 9.12 | 10.12 | | | 17.60 | 19.68 |
| Profit / (Loss) Before Tax | (473.74) | 1,069.00 | 1,634.13 | 1,783.97 | (3,635.03) | (2,377.06) | - | - | (2,474.64) | 475.91 |
| Income Tax | | | | | | | | | | |
| Tax for current | | | | | - | 104.03 | | | - | 104.03 |
| Deferred Tax (Net) | | | | | (879.12) | 132.45 | | | (879.12) | 132.45 |
| Profit / (Loss) After Tax | (473.74) | 1,069.00 | 1,634.13 | 1,783.97 | (2,755.91) | (2,613.54) | - | - | (1,595.52) | 239.42 |
| OTHER INFORMATION | | | | | | | | | | |
| Segment Assets | 42,276.34 | 37,692.53 | 8,009.80 | 7,339.19 | | | | | 50,286.14 | 45,031.71 |
| Unallocated Corporate Assets | | | | | 10,615.40 | 11,739.24 | | | 10,615.40 | 11,739.24 |
| Total Assets | 42,276.34 | 37,692.53 | 8,009.80 | 7,339.19 | 10,615.40 | 11,739.24 | - | - | 60,901.53 | 56,770.95 |
| Segment Liabilities | 36,474.62 | 30,846.94 | 2,293.79 | 1,795.31 | | | | | 38,768.41 | 32,642.25 |
| Unallocated Corporate Liabilities | | | | | 22,133.13 | 24,128.70 | | | 22,133.13 | 24,128.70 |
| Total Liabilities | 36,474.62 | 30,846.94 | 2,293.79 | 1,795.31 | 22,133.13 | 24,128.70 | - | - | 60,901.53 | 56,770.96 |
| Capital Expenditure | 931.87 | 775.31 | 590.67 | 2,287.72 | 43.32 | 10.65 | | | 1,565.86 | 3,073.68 |
| Depreciation | 1,104.85 | 1,089.21 | 410.78 | 261.88 | 24.27 | 32.67 | | | 1,539.90 | 1,383.76 |
| Non-Cash Expenses other than Depreciation | - | - | - | - | - | - | - | - | - | - |
| Geographical Segment | | | | | | | | | | |
| | India | | Other Countries | | Total | | | | | |
| | YE 31.03.14 | YE 31.03.13 | YE 31.03.14 | YE 31.03.13 | YE 31.03.14 | YE 31.03.13 | | | | |
| Segment Revenue External | | | | | | | | | | |
| Sales to Customers / Income | 19366.44 | 19312.30 | - | 15460.64 | 19366.44 | 34772.94 | | | | |

Segment Reporting

1. The Company's operations relate to manufacture of Sugar and Alcohol.
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.

NOTES

Forming part of the Financial Statements

32. 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

(₹ in lakhs)

| | As at March 31, 2014 | | As at March 31, 2013 | |
|--|----------------------|-------------------|----------------------|-------------------|
| | Subsidiary Company | Associate Company | Subsidiary Company | Associate Company |
| Sale of materials | 0.80 | 53.88 | 31.17 | 137.30 |
| Purchase of materials | – | 212.05 | – | 142.11 |
| Sale of Sugar | – | 3,035.79 | – | 619.92 |
| Purchase of Sugar | – | – | – | 2,154.82 |
| Processing Charges received | – | – | – | 839.75 |
| Purchase of Steam & Power | 863.64 | – | 824.77 | – |
| Interest Paid for Trade Deposit | 253.87 | – | 333.37 | – |
| Closing Balance Debit | – | – | 2,307.50 | 389.01 |
| Closing Balance Credit | 9.58 | 1224.02 | – | – |
| Trade Deposit outstanding | 500.00 | – | 2,000.00 | – |
| Investments made in : | | | | |
| Equity shares | | | | |
| Terra Energy Limited | | | | |
| 20,540,524 shares of Rs.10/- each | 3,599.51 | – | 3,599.51 | – |
| Shree Ambika Sugars Ltd., | | | | |
| 17,532,032 equity shares of Rs.10/- each | | 7,020.47 | | 7,020.47 |
| Guarantees given | 2,800.00 | 78,209.00 | 6,550.00 | 55,424.00 |
| Corporate Guarantee received | 20,364.00 | – | 16,164.00 | 5,178.00 |

Note : The Chairman & Managing Director has not been paid any remuneration. As per the terms of arrangement between Thiru Arooran sugars Ltd and Terra Energy Ltd., 173,093 Mts (P.Y.: 351,386 Mts) of Bagasse has been Supplied by Thiru Arooran Sugars Ltd., in exchange for 321,585 Mts (P.Y.: 550,547 Mts) of steam and 21,438,994 Units (P.Y.: 35,383,754 Units) of Power from Terra Energy Ltd.

33. EARNINGS PER SHARE

| Particulars | March 31, 2014 | March 31, 2013 |
|--|----------------|----------------|
| Profit / (Loss) After Tax as per Statement of Profit & Loss | (1,595.52) | 239.42 |
| 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) | (14.10) | 2.12 |

NOTES

Forming part of the Financial Statements


(₹ in lakhs)

| Particulars | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
|---|---|---|
| 34. VALUE OF IMPORTED / INDIGENOUS RAW MATERIAL / SPARES AND COMPONENTS CONSUMED | | |
| 1. Raw materials | | |
| a. Imported | — | — |
| b. Percentage | — | — |
| c. Indigenous | 15,889.75 | 28,476.38 |
| d. Percentage | 100.00% | 100.00% |
| 2. Spares & Components | | |
| a. Imported | 3.18 | 9.78 |
| b. Percentage | 0.92% | 1.66% |
| c. Indigenous | 343.95 | 578.25 |
| d. Percentage | 99.08% | 98.34% |
| 3. VALUE OF IMPORTS CALCULATED ON CIF BASIS | | |
| a. Raw Materials | — | — |
| b. Components & Spare Parts | — | — |
| c. Capital Goods | — | — |
| 4. EXPENDITURE IN FOREIGN CURRENCY | | |
| a. Travelling Expenses | 2.65 | 3.40 |
| b. Others | — | 7.94 |
| 5. Amount Remitted in Foreign Currency | — | — |
| 6. EARNINGS IN FOREIGN CURRENCY | — | 15,911.96 |
| Export of Sugar on FOB Basis | | |

35. Previous year figures have been regrouped wherever necessary to conform to current year's classification.

Vide our Report of even date attached

For SNS Associates
Chartered Accountants
Firm Registration No. 006297S

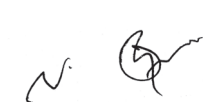


S Nagarajan
Partner
Membership No. 20899
Chennai, May 9, 2014



R R Karthikeyan
SGM (Finance) and
Company Secretary

On behalf of the Board



V Thirupathi
Director



R V Tyagarajan
Chairman and
Managing Director

SECTION 212

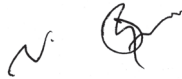
Statement pursuant to Section 212 of the Companies Act relating to Subsidiary Company

- 1 Name of the Subsidiary Company : TERRA ENERGY LIMITED
- 2 Statement of Holding Company's interest in Subsidiary Company : As on March 31, 2014
- 20,540,524** Equity shares of Rs. 10/- each : 66.19 %
- 3 Financial year of the Subsidiary ended on : Year ended March 31, 2014
- 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 March 31, 2014 : Nil
- (b) Not dealt with in the accounts of Thiru Arooran Sugars Limited
- For the Year ended March 31, 2014 : Profit of Rs.34.88 Lakhs
- For the Year ended March 31, 2013 : Profit of Rs.115.43 Lakhs

On behalf of the Board



R R Karthikeyan
SGM (Finance) and
Company Secretary
Chennai, May 9, 2014



V Thirupathi
Director



R V Tyagarajan
Chairman and
Managing Director

CASH FLOW STATEMENT

(₹ in lakhs)

| | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
|--|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit / (Loss) before Taxation | (2,474.64) | 475.91 |
| Adjustments for | | |
| - Depreciation | 1,539.90 | 1,383.76 |
| - Interest expenses | 4,523.57 | 2,336.69 |
| - Loss / (Profit) on sale of Assets | (4.81) | (9.63) |
| - Provision for diminution in the value of Investment | (0.89) | 6.90 |
| - Other Income | (17.60) | (19.68) |
| Operating Profit Before Working Capital Changes (A) | 3,565.53 | 4,173.95 |
| Decrease in Current Assets | | |
| - Inventories | (6,129.79) | (7,530.84) |
| - Receivables | 819.34 | 420.79 |
| - Loans & Advances | 1,320.47 | (2,001.98) |
| - Margin Deposit for Loans | (6.84) | (69.80) |
| Increase (Decrease) in Current Liabilities | (2,877.23) | 7,688.43 |
| (Increase) / Decrease in Working Capital (B) | (6,874.05) | (1,493.10) |
| Cash Generated From Operations (A + B) | (3,308.53) | 2,680.86 |
| Income Tax & Wealth Tax Paid | - | (104.03) |
| Cash Flow before Extraordinary items | (3,308.53) | 2,576.83 |
| Net Cash from Operating activities (C) | (3,308.53) | 2,576.83 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Fixed Assets | | |
| - Payment to suppliers & others | (1,565.86) | (3,064.34) |
| Investments(net) | 0.01 | (0.03) |
| Interest Received | 17.06 | 19.20 |
| Dividend Received | 0.54 | 0.48 |
| Proceeds from Sale of Assets | 14.06 | 11.07 |
| Cash flow from Investing Activities (D) | (1,534.19) | (3,033.62) |
| Net Cash used in Investment activities (C + D) | (4,842.72) | (456.79) |

CASH FLOW STATEMENT

(₹ in lakhs)

| | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
|--|---|---|
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Long Term Borrowings | 2,326.84 | 4,242.00 |
| Changes in Short term borrowings | 7,368.53 | (1,149.75) |
| Repayment of Long Term Borrowings | (255.45) | (429.81) |
| Interest paid | (4,481.04) | (2,295.60) |
| Net Cash from Financing Activities (E) | 4,958.88 | 366.84 |
| Net Increase in Cash (C+D+E) | 116.16 | (89.95) |
| Opening Balance | 104.81 | 194.76 |
| Closing Balance | 220.97 | 104.81 |
| Reconciliation of Cash & Cash Equivalents with Balance Sheet | | |
| Cash & Cash Equivalents as per Balance Sheet | 307.89 | 184.89 |
| Less : Margin Deposit not considered as Cash and Cash equivalents as defined in AS-3 | 86.92 | 80.08 |
| Cash and Cash Equivalents as per Cash Flow closing balance | 220.97 | 104.81 |

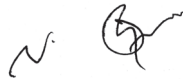
Note 1. Figures in brackets represent outflows.

2. 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



V Thirupathi
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 9, 2014

**Consolidated Financial Statements of
Thiru Arooran Sugars Ltd**

Report of the Auditors

Independent Auditors' Report

To

**The Board of Directors of
Thiru Arooran Sugars Limited**

We have audited the accompanying financial statements of Thiru Arooran Sugars Limited (hereinafter referred to as "the Company") and its Subsidiary, Terra Energy Limited, which comprise the Consolidated Balance Sheet as at 31st March 2014 and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated
Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on

the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstance. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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 Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

We draw attention to Note No.27 relating to accounting interest on amounts due from TANGEDCO and Note No.28 regarding the rate at which power supplied to TANGEDCO has been billed pending fixation of tariff for the reasons stated therein. Our opinion is not qualified in respect of this matter.

For SNS Associates
Chartered Accountants
Firm Registration No. 006297S



S Nagarajan
Partner
Membership No. 20899
Chennai : May 9, 2014

CONSOLIDATED BALANCE SHEET

(₹ in lakhs)

| | Note No. | As at March 31, 2014 | As at March 31, 2013 |
|---|-------------|-------------------------|-------------------------|
| EQUITY AND LIABILITIES | | | |
| 1 Shareholders' Funds | | | |
| a) Share Capital | 2 | 1,131.67 | 1,131.67 |
| b) Reserves and Surplus | 3 | 12,512.74 | 13,975.10 |
| 2 Minority Interest | | 2,727.97 | 2,710.15 |
| 3 Non-Current Liabilities | | | |
| a) Long Term Borrowings | 4 | 7,594.97 | 7,344.62 |
| b) Deferred Tax Liability (Net) | 5 | 2,080.58 | 2,961.08 |
| c) Long Term Provisions | 6 | 83.91 | 79.13 |
| 4 Current Liabilities | | | |
| a) Short Term Borrowings | 7 | 21,124.58 | 12,318.21 |
| b) Trade Payables | 8 | 13,318.52 | 12,476.15 |
| c) Other Current Liabilities | 9 | 10,135.63 | 11,722.12 |
| d) Short Term Provisions | 10 | 850.73 | 749.61 |
| TOTAL | | 71,561.30 | 65,467.84 |
| ASSETS | | | |
| Non-Current Assets | | | |
| 1 a) Fixed Assets | 11 | | |
| i) Tangible Assets | | 23,479.46 | 23,819.22 |
| ii) Intangible Assets | | 57.05 | 25.94 |
| iii) Capital work-in-progress | | 1,147.03 | 1,565.40 |
| iv) Goodwill (on consolidation) | | 11.05 | 11.05 |
| b) Non-Current Investments | 12 | 7,043.78 | 7,042.90 |
| c) Long Term Loans and Advances | 13 | 958.64 | 952.57 |
| 2 Current Assets | | | |
| a) Inventories | 14 | 25,939.74 | 19,751.39 |
| b) Trade Receivables | 15 | 5,647.98 | 6,627.31 |
| c) Cash and Cash Equivalents | 16 | 668.81 | 373.58 |
| d) Short Term Loans and Advances | 17 | 4,515.41 | 2,762.04 |
| e) Other Current Assets | 18 | 2,092.35 | 2,536.44 |
| TOTAL | | 71,561.30 | 65,467.84 |
| Significant Accounting Policies | 1 | | |
| See accompanying Notes forming part of the Financial Statements | | | |

Vide our Report of even date attached

For SNS Associates
Chartered Accountants
Firm Registration No. 006297S

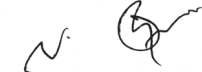


S Nagarajan
Partner
Membership No. 20899
Chennai, May 9, 2014



R R Karthikeyan
SGM (Finance) and
Company Secretary

On behalf of the Board



V Thirupathi
Director



R V Tyagarajan
Chairman and
Managing Director

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

| | Note No. | Year ended March 31, 2014 | Year ended March 31, 2013 |
|---|----------|------------------------------|------------------------------|
| CONTINUING OPERATIONS | | | |
| I. Revenue from Operations (Gross) | 19 | 21,282.54 | 37,809.16 |
| Less : Excise Duty | | 506.93 | 457.25 |
| Revenue from Operations (Net) | | 20,775.61 | 37,351.91 |
| II. Other Income | 20 | 147.41 | 593.78 |
| III. Total Revenue (I + II) | | 20,923.02 | 37,945.69 |
| IV. Expenses: | | | |
| Cost of Materials consumed | 21 | 16,210.54 | 29,364.53 |
| Purchases of Stock-in-Trade | | 977.71 | 3,624.15 |
| Changes in Inventories of Finished Goods and Work-in-progress | 22 | (6,367.18) | (8,160.14) |
| Excise Duty movement in Inventory | | 190.29 | 212.56 |
| Employee Benefits Expense | 23 | 1,656.72 | 1,843.53 |
| Finance Cost | 24 | 4,903.82 | 2,593.48 |
| Depreciation and Amortization Expense | | 2,358.51 | 2,183.20 |
| Other Expenses | 25 | 3,304.65 | 5,329.43 |
| Total Expenses | | 23,235.06 | 36,990.74 |
| V. Profit / (Loss) Before Tax (III-IV) | | (2,312.04) | 954.95 |
| VI. Tax Expense: | | | |
| 1) Current Tax | | 13.00 | 185.86 |
| 2) Deferred Tax | | (880.50) | 257.00 |
| VII. Profit / (Loss) After Tax from Continuing Operations (V - VI) | | (1,444.54) | 512.09 |
| VIII. Less: Minority Interest | | 17.82 | 58.96 |
| IX. Profit / (Loss) for the year | | (1,462.36) | 453.13 |
| X. Earnings per Equity Share (Ref. Note no. 35) | | | |
| 1) Basic (Rs.) | | (12.92) | 4.00 |
| 2) Diluted (Rs.) | | (12.92) | 4.00 |

See accompanying Notes forming part of the Financial Statements

Vide our Report of even date attached

For SNS Associates
Chartered Accountants
Firm Registration No. 006297S



S Nagarajan
Partner
Membership No. 20899
Chennai, May 9, 2014



R R Karthikeyan
SGM (Finance) and
Company Secretary



V Thirupathi
Director



R V Tyagarajan
Chairman and
Managing Director

I. Significant accounting policies

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 unrealised 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 31.03.2014 |
|----------------------|--------------------------|--------------------------------------|
| 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.

NOTES

Forming part of the Financial Statements

(₹ in lakhs)

| | As at March 31, 2014 | As at March 31, 2013 |
|--|-------------------------|-------------------------|
| 2. SHARE CAPITAL | | |
| Authorised | | |
| 35,000,000 (PY 35,000,000) Redeemable Cumulative Preference Shares of Rs 10/- each | 3,500.00 | 3,500.00 |
| 15,000,000 (PY 15,000,000) Equity Shares of Rs.10/-each | 1,500.00 | 1,500.00 |
| | <u>5,000.00</u> | <u>5,000.00</u> |
| Issued, Subscribed and Paid up | | |
| 11,316,724 (PY 11,316,724) Equity Shares of Rs.10/-each fully paid | 1,131.67 | 1,131.67 |
| Total | <u>1,131.67</u> | <u>1,131.67</u> |

a) Reconciliation of the number of Shares:

| Equity | As on March 31, 2014 | | As on March 31, 2013 | |
|---|----------------------|----------|----------------------|----------|
| | No of shares | Amount | No of shares | Amount |
| Shares outstanding as on 1 st April 2013 | 11,316,724 | 1,131.67 | 11,316,724 | 1,131.67 |
| Shares outstanding as on March 31, 2014 | 11,316,724 | 1,131.67 | 11,316,724 | 1,131.67 |

b) List of Shareholders holding more than 5% of the total number of shares issued by the Company:

| Name of the share holder | As on March 31, 2014 | | As on March 31, 2013 | |
|--|----------------------|-------------------|----------------------|-------------------|
| | No of Shares held | % of Shareholding | No of Shares held | % of Shareholding |
| 1. Mr. V T Ramalingam (HUF) | 959,556 | | 959,556 | |
| Mr R V Tyagarajan (Individual) | 81,000 | | 81,000 | |
| Total | <u>1,040,556</u> | 9.19 | <u>1,040,556</u> | 9.19 |
| 2. M/s. Venkatesa Tyagarajan Private Ltd | 2,682,600 | 23.71 | 2,682,600 | 23.71 |
| 3. M/s Mustang Trading and Investments Private Ltd | 2,786,158 | 24.62 | 2,666,588 | 23.56 |

Terms attached to Shares:

Equity Shares

The Equity shares have a par value of Rs.10/-each. Each holder of equity share is entitled to one vote per share. The dividend when proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting. Repayment of capital on liquidation will be in proportion to the number of equity shares held.

NOTES

Forming part of the Financial Statements

(₹ in lakhs)

| | | As at March 31, 2014 | As at March 31, 2013 |
|--|------------|-------------------------|-------------------------|
| 3. RESERVES & SURPLUS | | | |
| a. Capital Reserves | | | |
| As per the last Balance Sheet | | 1.40 | 1.40 |
| b. USAID Matching Grant | | | |
| As per the last Balance Sheet | | 178.72 | 178.72 |
| c. Capital Redemption Reserve | | | |
| As per the last Balance Sheet | | 3,450.00 | 3,450.00 |
| d. Share Premium Account | | | |
| As per the last Balance Sheet | | 5,757.28 | 5,757.28 |
| e. General Reserve | | | |
| As per the last Balance Sheet | | 674.02 | 674.02 |
| f. Surplus in the Statement of Profit & Loss | | | |
| Opening balance | 3,913.68 | 3,460.55 | |
| Add : Net Profit / (Loss) for the year | (1,462.36) | 453.13 | |
| Closing Balance | | 2,451.32 | 3,913.68 |
| Total | | <u>12,512.74</u> | <u>13,975.10</u> |

| | | As at March 31, 2014 | As at March 31, 2013 |
|---|--|-------------------------|-------------------------|
| 4. LONG TERM BORROWINGS | | | |
| Secured | | | |
| (i) Term loans | | | |
| a) From Banks | | 9,373.84 | 4,242.00 |
| b) From L&T Infrastructure Finance Company Ltd. | | - | 1,722.22 |
| ii) Other Loans and Advances | | | |
| a) Obligation under Finance Lease | | 965.06 | 1,220.51 |
| b) Tamil Nadu Newsprint and Papers Limited | | | |
| Interest bearing Loans | | - | 15.60 |
| Interest free Advances | | 1,500.00 | 1,500.00 |
| Unsecured | | | |
| (a) Fixed Deposit | | 105.77 | 136.05 |
| | | <u>11,944.67</u> | <u>8,836.38</u> |
| Less: Amount due within 12 months disclosed under | | | |
| Other Current Liabilities | | 4,349.70 | 1,491.76 |
| Total | | <u>7,594.97</u> | <u>7,344.62</u> |

4.1. Secured Loans from banks of Rs.9,373.84/- lakhs as detailed below are secured on a pari-passu first charge basis on company's Fixed Assets including Land and Building, Plant and Machinery and other immovable Fixed Assets both present and future and second charge on pari-passu Current Assets of the Company.

NOTES

Forming part of the Financial Statements

(₹ in lakhs)

| Name of the Bank | Amount | Terms of repayment and rate of interest |
|--|----------|---|
| 1. State Bank of India | 2,250.00 | This loan carries interest at the rate of Banks Base rate plus 4.55% (currently 16.10% p.a.) and is repayable in 20 Quarterly instalments of Rs.112.50 lakhs each. |
| 2. UCO Bank | 1,875.00 | This loan carries interest at the rate of Banks Base Rate plus 6% (currently 16.20% p.a.) and is repayable in 64 monthly instalments of Rs.31.25 lakhs each commencing from October, 2013. |
| 3. UCO Bank - Term Loan II | 90.62 | This loan carries interest at the rate of Banks Base Rate plus 6% (currently 16.20% p.a.) and is repayable in 64 monthly instalments of Rs.3.13 lakhs each commencing from October, 2013. |
| 4. DCB Bank | 165.72 | This loan carries interest at the rate of 3.5% over Banks Base rate (currently 14.00 % p.a.) and is repayable in 20 monthly equal instalments of Rs.25.00 lakhs each commencing from February, 2013 . |
| 5. DCB Bank - Term Loan II | 437.50 | This loan carries interest at the rate of 3.5% over Banks Base rate (currently 14.00 % p.a.) and is repayable in 24 monthly equal instalments of Rs.20.83 lakhs each commencing from January, 2014. |
| 6. IDBI | 1,750.00 | This loan carries interest at the rate of Banks Base rate plus 575 bps. (currently 17.00 % p.a.) and is repayable in 48 monthly instalments of Rs.36.45 lakhs each commencing from June, 2014. |
| 7. State Bank of India - Term Loan | 750.00 | This loan carries interest at 3.60% above Base rate (Present rate 13.60%) and is repayable in 54 monthly instalment commencing from October, 2013. |
| 8. State Bank of India Corporate Loan - I | 1,055.00 | This loan carries interest at 3.10% above Base rate (Present rate 13.10%) and is repayable in 19 monthly instalment commencing from April, 2014. |
| 9. State Bank of India Corporate Loan - II | 1,000.00 | This loan carries interest at 3.15% above Base rate (Present rate 13.15%) and is repayable in 72 monthly instalment commencing from April, 2014. |
| Total | 9,373.84 | |

4.2 Obligations under Finance Lease is secured by the respective assest purchased under Finance Lease. The loan carries interest at the rate of 15% and is repayable in 60 instalments from the date of disbursement.

4.3 Rate of interest on Fixed Deposit from public is 8% for 2 years and 9% for 3 years.

4.4 Secured Loans to the extent of Rs.6,658.22 lakhs are also guaranteed by the Chairman and Managing Director.

4.5 Interest free Advance from Tamil Nadu Newsprint and Papers Ltd is secured by way of residuary charges on the immovable and movable properties of the Company. The said advance is repayable on completion of fuel supply agreement which is valid till September, 2014.

| | As at March 31, 2014 | As at March 31, 2013 |
|--|-------------------------|-------------------------|
| 5. TAX EFFECTS OF ITEMS CONSTITUTION DEFERRED TAX LIABILITIES (NET) | | |
| a) On difference between book value and tax balance of Fixed Assets | 4,149.64 | 3,761.57 |
| b) Unabsorbed Depreciation and Business Loss | (1,834.76) | (615.80) |
| c) Expenses disallowed u/s 43 B allowable on payment | (234.30) | (184.69) |
| Total | <u>2,080.58</u> | <u>2,961.08</u> |
| 6. LONG TERM PROVISIONS | | |
| a) Provision for Employee Benefits | | |
| Earned Leave | 83.91 | 79.13 |
| Total | <u>83.91</u> | <u>79.13</u> |
| 7. SHORT TERM BORROWINGS | | |
| Secured | | |
| From Banks | | |
| Cash Credit | 21,124.58 | 12,318.21 |
| Total | <u>21,124.58</u> | <u>12,318.21</u> |

NOTES

Forming part of the Financial Statements

7.1. Cash Credit facilities from Banks are secured by way of hypothecation of Current Assets viz., stocks of Raw materials, semi-finished and finished goods, consumable stores and spares and charge on book debts and second charge on immovable assets of the Company.

7.2. The above Loan to the extent of Rs.17,858.63 lakhs are also guaranteed by the Chairman and Managing Director

| | As at March 31, 2014 | As at March 31, 2013 |
|---|-------------------------|-------------------------|
| (₹ in lakhs) | | |
| 8. TRADE PAYABLES | | |
| a) Dues to Micro, Small and Medium Enterprises (Refer Note no. 30) | – | – |
| b) Due to Others | | |
| i) Acceptances | 548.24 | 700.00 |
| ii) Others | 12,770.28 | 11,776.15 |
| Total | <u>13,318.52</u> | <u>12,476.15</u> |
| 9. OTHER CURRENT LIABILITIES | | |
| a) Current maturities of Long Term Debt | 4,349.70 | 1,491.77 |
| b) Interest accrued but not due on borrowings | 144.14 | 72.57 |
| c) Unpaid Dividends | 2.69 | 3.98 |
| d) Unpaid matured Deposits and interest accrued thereon | 12.28 | 12.56 |
| e) Other payables: | | |
| i) Statutory dues | 327.18 | 271.65 |
| ii) Others | 5,299.64 | 9,869.59 |
| Total | <u>10,135.63</u> | <u>11,722.12</u> |
| 9.1 Refer Note no.4 for current maturities of Long Term Debt. Refer Note no. 4.1 to 4.5 for details of securities etc. | | |
| 10. SHORT TERM PROVISIONS | | |
| a) Provision for Employee Benefits | | |
| i) Contribution to Provident Fund | 22.37 | 21.17 |
| ii) Gratuity | – | 69.19 |
| iii) Bonus | 3.67 | 5.38 |
| iv) Salaries and Wages | 18.28 | 37.95 |
| v) Others | 16.95 | 16.74 |
| b) Excise Duty on Finished Goods | 789.46 | 599.18 |
| Total | <u>850.73</u> | <u>749.61</u> |

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Forming part of the Financial Statements

11 FIXED ASSETS

(₹ in lakhs)

| Sl. No. | Descriptions | Cost | | | | Depreciation | | | | Written down value | |
|---------|--|---------------------|-----------|---------------------|----------------------|---------------------|--------------|---------------------------|------------------------------|----------------------|----------------------|
| | | As at April 1, 2013 | Additions | Sales / Adjustments | As on March 31, 2014 | As on April 1, 2013 | For the year | Withdrawn during the year | Provided upto March 31, 2014 | As on March 31, 2014 | As on March 31, 2013 |
| a | Tangible Assets | | | | | | | | | | |
| | Land - Freehold | 503.25 | | | 503.25 | | | | | 503.25 | 503.25 |
| | Buildings | 5,265.56 | 11.55 | | 5,277.11 | 3,156.94 | 140.57 | | 3,297.51 | 1,979.60 | 2,108.61 |
| | Plant and Machinery | | | | | | | | | | |
| | (i) Owned | 42,766.51 | 1,999.10 | 8.14 | 44,757.47 | 23,615.93 | 2,066.83 | 8.14 | 25,674.62 | 19,082.85 | 19,150.59 |
| | (ii) Asset under lease | 2,106.17 | | | 2,106.17 | 211.04 | 105.65 | | 316.69 | 1,789.48 | 1,895.12 |
| | Furniture fittings & Office Equipments - Owned | 639.91 | 4.20 | | 644.11 | 533.72 | 22.00 | | 555.72 | 88.39 | 106.20 |
| | Vehicles | 249.69 | | 24.72 | 224.97 | 194.24 | 10.31 | 15.47 | 189.08 | 35.89 | 55.45 |
| | Sub Total (a) | 51,531.09 | 2,014.85 | 32.86 | 53,513.08 | 27,711.87 | 2,345.36 | 23.61 | 30,033.62 | 23,479.46 | 23,819.22 |
| b | Intangible Assets | | | | | | | | | | |
| | Software | 211.73 | 44.25 | - | 255.98 | 185.79 | 13.14 | - | 198.93 | 57.05 | 25.94 |
| | Total (a+b) | 51,742.82 | 2,059.10 | 32.86 | 53,769.06 | 27,897.66 | 2,358.51 | 23.61 | 30,232.55 | 23,536.51 | 23,845.16 |
| c | Capital Work In Progress | 1,565.40 | 1,595.48 | 2,013.86 | 1,147.03 | | | | | 1,147.03 | 1,565.40 |

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Forming part of the Financial Statements

(₹ in lakhs)

| Particulars | As at April 01 2013 | Additions during the year | Realised during the year | As at March 31 2014 |
|---|---------------------------|---------------------------------|--------------------------------|---------------------------|
| 12. NON-CURRENT INVESTMENTS | | | | |
| At Cost | | | | |
| A. Non-Trade: | | | | |
| In Equity Shares of the Companies - Quoted | | | | |
| a) 15,000 Equity Shares of Rs.10/-each in South Asian Financial Exchange Ltd. | 1.50 | | | 1.50 |
| b) 400 Equity Shares of Rs.10/- each in ICICI Bank Ltd. | 0.20 | | | 0.20 |
| c) 4,737 Equity Shares of Rs.10/- each in Punjab Communications Ltd. | 11.84 | | | 11.84 |
| d) 414 Equity Shares of Rs.10/- each in United Spirits Ltd. | 3.99 | | | 3.99 |
| f) 17,400 Equity Shares of Rs.5/- each in Prime Securities Ltd. | 17.57 | | | 17.57 |
| g) 22,000 Equity Shares of Rs.10/- each in Madan Capital Market Ltd. | 3.37 | | | 3.37 |
| h) 15,800 Equity Shares of Rs 10/- each in IndusInd Bank Limited | 7.11 | | | 7.11 |
| i) 7,200 Equity Shares of Rs 10/- each in Union Bank of India | 1.15 | | | 1.15 |
| IN MUTUAL FUNDS | | | | |
| j) Units of Franklin Templeton Mutual Fund (Including dividend reinvestment) | 0.66 | 0.04 | - | 0.70 |
| | 47.39 | 0.04 | - | 47.43 |
| Less : Provision for diminution in value of Investments | 31.49 | | | 30.60 |
| Sub - total (A) | 15.90 | 0.04 | - | 16.83 |

NOTES

Forming part of the Financial Statements

(₹ in lakhs)

| Particulars | As at April 01 2013 | Additions during the year | Realised during the year | As at March 31 2014 |
|--|---------------------------|---------------------------------|--------------------------------|---------------------------|
| 12. NON-CURRENT INVESTMENTS (contd.) | | | | |
| At Cost | | | | |
| B. Non-Trade: | | | | |
| In Equity Shares of Companies - Unquoted | | | | |
| a) Investment in Company under the same Management | | | | |
| 17,532,090 Equity Shares of Rs.10/ each in Shree Ambika Sugars Ltd. | 7,020.49 | | | 7,020.49 |
| b) Investment in other Companies | | | | |
| i) Shares in Thanjavur Co-operative Marketing Federation Limited | 0.001 | | | 0.001 |
| ii) Shares in M/s Cholamandalam Industries Service Co-operative Society Ltd, Trichy | 0.03 | | | 0.03 |
| iii) 120,000 Equity Shares of Rs.10/- each in Trichy Distilleries & Chemicals Ltd., | 6.33 | | | 6.33 |
| Government Securities | | | | |
| i) 7 Year National Savings Certificate (Deposited with various Government Departments) | 0.05 | – | 0.05 | – |
| ii) 6 Year National Savings Certificate (Deposited with various Government Departments) | 0.10 | – | – | 0.10 |
| Sub - total (B) | 7,027.00 | – | 0.05 | 7,026.95 |
| TOTAL (A+B) | 7,042.90 | – | 0.05 | 7,043.78 |
| Aggregate value of Quoted Investments (PY: Rs.15.90 lakhs) | | | | 16.83 |
| Aggregate Market value of Quoted Investments (PY: Rs.94.47 lakhs) | | | | 109.37 |

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.

NOTES

Forming part of the Financial Statements

(₹ in lakhs)

| | As at March 31, 2014 | As at March 31, 2013 |
|---|-------------------------|-------------------------|
| 13. LONG TERM LOANS AND ADVANCES (Unsecured and considered good) | | |
| a) Security Deposits | 75.02 | 352.55 |
| b) Advance for Capital Goods | 89.65 | 89.65 |
| c) Advance Tax net of provisions | 793.97 | 510.37 |
| Total | <u>958.64</u> | <u>952.57</u> |
| 14. INVENTORIES (Valued at lower of cost or net realisable value) | | |
| a) Raw Materials | 165.71 | 42.59 |
| b) Work in progress | 839.46 | 429.61 |
| c) Finished Goods | 23,768.59 | 16,745.86 |
| d) Stock in Trade | – | 1,050.70 |
| e) Stores and Spares | 1,159.98 | 1,461.93 |
| f) Others: | | |
| i) Standing crop at own Farm | 3.34 | 11.17 |
| ii) Bio-compost | 2.66 | 9.53 |
| Total | <u>25,939.74</u> | <u>19,751.39</u> |
| 15. TRADE RECEIVABLES (Unsecured and considered good) | | |
| a) Trade Receivables outstanding for a period exceeding six months | | |
| i) Considered good | 4,597.96 | 4,253.49 |
| ii) Considered doubtful | 3.63 | 3.63 |
| Less: Provision for bad and doubtful debts | <u>3.63</u> | <u>3.63</u> |
| b) Other debts | 1,050.02 | 2,373.82 |
| Total | <u>5,647.98</u> | <u>6,627.31</u> |
| 16. CASH AND CASH EQUIVALENTS | | |
| a) Cash on hand | 5.73 | 6.52 |
| b) Balance with Banks | | |
| i) In Current Account | 236.01 | 110.20 |
| ii) In Deposit Account | 407.34 | 243.57 |
| iii) Unpaid Dividend / Dividend a/c balance | 2.69 | 3.98 |
| iv) In earmarked Account | 17.04 | 9.31 |
| Total | <u>668.81</u> | <u>373.58</u> |

16.1 Bank balance include deposit of Rs. 250.84 lakhs (P.Y.: Rs Nil) which have maturity of more than 12 months.

16.2 Bank balance include deposit of Rs.390.30 lakhs (P.Y.: Rs.220.59 lakhs) as margin money to banks for various facilities granted to the Company.

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Forming part of the Financial Statements

(₹ in lakhs)

| | As at March 31, 2014 | As at March 31, 2013 |
|--|-------------------------|-------------------------|
| 17. SHORT TERM LOANS AND ADVANCES | | |
| (Unsecured and considered good) | | |
| a) Prepaid expenses | 83.97 | 86.39 |
| b) Balances with Central Excise Department | 834.07 | 878.93 |
| c) Other Advances | 3,597.37 | 1,796.72 |
| d) Other Advances considered doubtful | 25.33 | 25.33 |
| Less: Provision | 25.33 — | 25.33 — |
| Total | <u>4,515.41</u> | <u>2,762.04</u> |
| 18. OTHER CURRENT ASSETS | | |
| a) Govt. Subsidies | 997.40 | 1,242.81 |
| b) Interest accrued on Deposits | 72.18 | 72.41 |
| c) Interest accrued on Trade Receivables | 737.78 | 638.97 |
| d) Others | | |
| i) Advance to Suppliers | 177.22 | 326.03 |
| ii) Other Advances | 107.77 | 256.22 |
| Total | <u>2,092.35</u> | <u>2,536.44</u> |

NOTES

Forming part of the Financial Statements

(₹ in lakhs)

| Particulars | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
|--|---|---|
| 19. REVENUE FROM OPERATIONS | | |
| a) Sale of Products | | |
| Sugar | 13,869.87 | 30,903.42 |
| Alcohol | 5,788.72 | 3,010.82 |
| Co-generation - Sale of Power | 1,401.14 | 2,430.44 |
| Bio-compost & Insecticides | 96.06 | 92.96 |
| Pressmud | 3.77 | 6.49 |
| Sale of Bagasse | – | 70.32 |
| | <u>21,159.56</u> | <u>36,514.45</u> |
| b) Other Operating Revenues | | |
| Scrap sale | 73.25 | 78.54 |
| Sale of Paddy and other produce | 16.57 | 21.07 |
| Diesel bunk Income | 0.30 | 14.58 |
| Duty Drawback on Export of Sugar | – | 309.21 |
| Sundry receipts | 32.86 | 22.44 |
| Raw sugar processing charges | – | 848.87 |
| | <u>122.98</u> | <u>1,294.71</u> |
| Total Revenue from Operations | <u>21,282.54</u> | <u>37,809.16</u> |
| 20. OTHER INCOME | | |
| a) Interest Income | | |
| i) Interest from Bank Deposits | 23.31 | 26.31 |
| ii) Interest on overdue Trade receivables | 98.80 | 98.80 |
| iii) Others | 11.33 | 12.29 |
| b) Dividend Income from Long Term Investments | 1.31 | 1.05 |
| c) Rent receipts | 7.85 | 8.31 |
| d) Profit on sale of Assets | 4.81 | 11.14 |
| e) Net gain on Foreign Currency transactions | – | 435.88 |
| Total | <u>147.41</u> | <u>593.78</u> |
| 21. COST OF MATERIALS CONSUMED | | |
| Opening Stock | 42.60 | 92.52 |
| Add: Purchases | 16,333.65 | 29,314.61 |
| | <u>16,376.25</u> | <u>29,407.13</u> |
| Less: Closing Stock | 165.71 | 42.60 |
| Cost of Materials Consumed | <u>16,210.54</u> | <u>29,364.53</u> |
| Sugarcane | 15,321.42 | 28,013.54 |
| Molasses | 568.33 | 462.84 |
| Coal | 314.82 | 866.61 |
| Bagasse | – | 4.98 |
| Others | 5.97 | 16.56 |
| Total | <u>16,210.54</u> | <u>29,364.53</u> |

NOTES

Forming part of the Financial Statements

(₹ in lakhs)

| Particulars | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
|---|---|---|
| 22. CHANGES IN INVENTORY OF FINISHED GOODS | | |
| Opening Stock on 01.04.2013 | | |
| Sugar | 14,924.95 | 8,372.37 |
| Molasses | 1,896.21 | 214.71 |
| Alcohol | 975.40 | 825.58 |
| Bagasse | – | 51.71 |
| Sugar work in progress | 429.61 | 568.54 |
| Bio-compost | 9.53 | 20.04 |
| Standing crop at own Farm | 11.17 | 26.46 |
| Total | <u>18,246.87</u> | <u>10,079.41</u> |
| Stock on 29.03.2013 at the time of commencement of commercial production of modification of Distillery Unit | | |
| Alcohol | – | 7.32 |
| Total | <u>18,246.87</u> | <u>10,086.73</u> |
| Closing Stock on 31.03.2014 | | |
| Sugar | 20,549.94 | 14,924.95 |
| Molasses | 2,279.53 | 1,896.21 |
| Alcohol | 939.12 | 975.40 |
| Sugar Work-in-progress | 839.46 | 429.61 |
| Bio-compost | 2.66 | 9.53 |
| Standing crop at own Farm | 3.34 | 11.17 |
| Total | <u>24,614.05</u> | <u>18,246.87</u> |
| Changes in Inventories | <u>(6,367.18)</u> | <u>(8,160.14)</u> |
| 23. EMPLOYEE BENEFIT EXPENSES | | |
| a) Salaries and Wages | 1,493.06 | 1,552.53 |
| b) Contribution to Provident and other Funds | 94.68 | 221.08 |
| c) Staff Welfare Expenses | 68.98 | 69.92 |
| Total | <u>1,656.72</u> | <u>1,843.53</u> |
| 24. FINANCE COST | | |
| a) Interest Expenses | | |
| i) Term Loan | 1,153.64 | 429.70 |
| ii) Other loans | 3,494.95 | 2,000.60 |
| b) Other borrowing costs | 255.23 | 163.18 |
| Total | <u>4,903.82</u> | <u>2,593.48</u> |

NOTES

Forming part of the Financial Statements

(₹ in lakhs)

| Particulars | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
|--|---|---|
| 25. OTHER EXPENSES | | |
| Consumption of Stores and Spares | 392.85 | 551.18 |
| Power and Fuel | 236.18 | 210.95 |
| Packing Materials | 307.25 | 509.09 |
| Rent | 103.56 | 22.88 |
| Insurance | 68.29 | 45.82 |
| Rates & Taxes | 126.60 | 111.67 |
| Cane Development Expenses | 547.49 | 1,224.26 |
| Repairs & Maintenance | | |
| - Plant & Machinery | 351.53 | 552.94 |
| - Buildings | 30.29 | 40.70 |
| - Others | 99.45 | 97.42 |
| Transport and Handling | 8.49 | 28.36 |
| Selling and Distribution expenses | 220.88 | 1,210.19 |
| Composting and Effluent treatment expenses | 267.48 | 186.67 |
| Research Farm & Development Expenses | 22.71 | 35.52 |
| Audit Fees and Expenses | | |
| a. For Statutory Audit | 5.97 | 4.85 |
| b. For taxation matters | 0.74 | 0.63 |
| c. For other services | 5.27 | 1.16 |
| d. Reimbursement of expenses | 0.31 | 0.06 |
| e. For Cost Audit | 0.50 | 0.68 |
| Directors Sitting Fees | 2.47 | 2.97 |
| Directors Travelling Expenses | 6.82 | 9.22 |
| Legal & Professional charges | 63.16 | 80.07 |
| Travelling and Conveyance | 30.12 | 33.50 |
| Donations | 3.76 | 17.65 |
| Printing and Stationery | 16.99 | 17.68 |
| Telephone and Telex | 13.25 | 14.06 |
| Vehicle Maintenance | 73.26 | 88.43 |
| Bank Charges | 6.51 | 23.02 |
| Forex Fluctuation Loss | 89.65 | - |
| Security Expenses | 116.90 | 109.18 |
| Investments Written off | - | 0.01 |
| Others | 85.92 | 98.61 |
| Total | 3,304.65 | 5,329.43 |

NOTES

Forming part of the Financial Statements

(₹ in lakhs)

| Particulars | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
|--|---|---|
| 26. CONTINGENT LIABILITIES IN RESPECT OF | | |
| Guarantees issued by bankers | 383.68 | 36.70 |
| Estimated amount of Contracts to be executed on capital account and not provided for (Net of advance paid) | 233.77 | 317.02 |
| Other Commitments-Purchase Order given for items such as Raw materials, services etc., | 34.47 | 60.88 |
| Disputed income tax demand / liabilities not provided for | 791.15 | 791.15 |
| Claims against the Company for excise duty and others including Industrial disputes not acknowledged as debts and not provided for | 3,860.52 | 4,295.38 |
| Disputed Purchase tax & Sales tax liabilities not provided for | 1,548.39 | 1,556.64 |

27. In respect of power exported by the Company to Tamil Nadu Generation and Distribution Corporation (TANGEDCO) Limited during the off-season, TANGEDCO has settled the purchase price of power at a lower rate since April 01, 2005 till March 31, 2010 as against the applicable tariff under the Power Purchase Agreement (PPA) entered into between the Company and the TANGEDCO. The differential amount due from TANGEDCO on this account is Rs.1,210.21 lakhs (P.Y.: Rs.1,210.21 lakhs). The Petition filed by the Company before the Tamil Nadu Electricity Regulatory Commission seeking direction to TANGEDCO to settle the arrears for the said period along with claim for interest is pending disposal. The interest claimed from TANGEDCO on the aforesaid arrears is Rs.98.80 lakhs (P.Y.: Rs.98.80 lakhs) which is included in the Other Interest Income under Item No.20.

28. As per the Power Purchase Agreement entered into between the Company and TANGEDCO, the tariff payable in respect of power exported by the Company is governed by TANGEDCO Board Proceedings No.1 dated January 11, 2000 and No.93 dated May 16, 2000. Vide aforesaid Board Proceedings, the tariff was fixed for a period of 10 years from April 01, 2000 to March 31, 2010 with a condition that it will be reviewed after this period. TANGEDCO has filed a Petition before TNERC for determination of the tariff effective April 01, 2010 and pending this exercise, the Company has raised invoices for power exported to TANGEDCO at rates arrived at, having regard to an earlier order of TNERC, determining tariff after its period of expiry under the PPA in the case of another generator. Sale of power includes Rs.623.11 lakhs (P.Y.: Rs.1,103.37 lakhs) representing the excess of the invoiced amount over the tariff rate at which invoices were settled by TANGEDCO prior to March 31, 2010.

29. Company has filed Appeal before the Supreme Court against the Order of the High Court of Madras, dismissing the Writ Petition filed by the company, challenging the levy of Electricity Tax as per Tax on Consumption and Sale of Electricity Act, 2003 as amended by Act 38 of 2007. Pending disposal of the Appeal / Special Leave Petition by the Supreme Court, no provision is considered necessary for Rs.603.88 lakhs (P.Y.: Rs.577.90 lakhs). Against this liability, demand has been raised for Rs. 266.73 lakhs which includes interest of Rs. 71.87 lakhs for sale of power through PTC which has been stayed by the High Court of Madras and demand of Rs. 562.12 lakhs (inclusive of interest of Rs. 204.49 lakhs) for consumption of power by sugar unit.

30. 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.

31. The Company has given Corporate Guarantee of Rs. 78,209.00 lakhs (P.Y.: Rs. 55,424.00 lakhs) 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, 2014 is Rs. 51,784.00 lakhs (P.Y.: Rs. 37,096.01 lakhs).

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Forming part of the Financial Statements

32. FINANCE LEASE

- a) The Company has acquired mechanical Harvesters on lease, the fair value of which aggregates to Rs.1,903.90 lakhs. As per Accounting Standard-19, the Company has capitalised the said Harvesters at their fair value as the leases are in the nature of finance lease as defined in Accounting Standard-19. Lease Payments are apportioned between finance charges and outstanding liabilities.
- b) The minimum lease rentals as at March 31, 2014 and the present value as at March 31, 2014 of Minimum lease payments in respect of assets acquired under finance leases are as follows.

(₹ in lakhs)

| Particulars | Minimum lease payment | | Present value of minimum lease payments | |
|--|-----------------------|------------------|---|------------------|
| | As at 31.03.2014 | As at 31.03.2013 | As at 31.03.2014 | As at 31.03.2013 |
| 1. Payable not later than 1 Year | 414.99 | 415.32 | 336.30 | 304.31 |
| 2. Payable later than 1 Year but not later than 5 Years. | 375.68 | 790.67 | 333.28 | 668.68 |
| Total | 790.67 | 1,205.99 | 669.58 | 972.99 |
| Less: Future Finance Charges | 121.09 | 233.00 | – | – |
| Present Value of Minimum Lease payments | 669.58 | 972.99 | – | – |

- c) Contingent rent recognised in the Statement of Profit and Loss in respect of finance lease: Rs. Nil (P.Y.: Nil)

NOTES

33. Consolidated Segment Information for the year ended 31st March 2014 Information about primary business segments

(₹ in lakhs)

| Description | Sugar | | Distillery | | Power | | Unallocated | | Elimination | | Total | |
|---|------------------|------------------|-----------------|-----------------|------------------|------------------|-------------------|-------------------|-------------|-------------|-------------------|------------------|
| | YE 31.03.14 | YE 31.03.13 | YE 31.03.14 | YE 31.03.13 | YE 31.03.14 | YE 31.03.13 | YE 31.03.14 | YE 31.03.13 | YE 31.03.14 | YE 31.03.13 | YE 31.03.14 | YE 31.03.13 |
| SEGMENT REVENUE | | | | | | | | | | | | |
| External sales / income | 13,634.31 | 31,683.79 | 5,732.13 | 3,089.15 | 1,433.10 | 3,046.39 | 123.48 | 27.58 | 123.48 | 27.58 | 20,799.54 | 37,819.32 |
| Inter-segment Sales | 2,015.07 | 432.41 | - | - | 863.64 | 298.70 | 2,878.71 | 731.11 | 2,878.71 | 731.11 | - | - |
| Total Revenue | 15,649.38 | 32,116.20 | 5,732.13 | 3,089.15 | 2,296.74 | 3,345.09 | 123.48 | 27.58 | 3,002.19 | 758.69 | 20,799.54 | 37,819.32 |
| SEGMENT RESULT | | | | | | | | | | | | |
| Segment Result | 862.23 | 1,573.84 | 1,634.13 | 1,783.97 | 474.74 | 716.13 | | | | | 2,971.09 | 4,073.93 |
| Unallocated Corporate Expenses net off unallocable Income | | | | | | | 514.07 | 661.44 | | | 514.07 | 661.44 |
| Operating Profit | 862.23 | 1,573.84 | 1,634.13 | 1,783.97 | 474.74 | 716.13 | (514.07) | (661.44) | - | - | 2,457.03 | 3,412.49 |
| Interest Expense | 1,344.45 | 514.41 | - | - | 16.33 | 0.05 | 3,543.04 | 2,079.02 | | | 4,903.82 | 2,593.47 |
| Interest Income | 8.48 | 9.56 | - | - | 2.79 | - | 123.48 | 126.38 | | | 134.75 | 135.94 |
| Profit / (Loss) Before Tax | (473.74) | 1,069.00 | 1,634.13 | 1,783.97 | 461.20 | 716.08 | (3,933.63) | (2,614.08) | - | - | (2,312.04) | 954.95 |
| Income Tax | | | | | | | | | | | | |
| Tax for current / earlier years | | | | | 13.00 | 185.86 | | | | | 13.00 | 185.86 |
| Deferred Tax (Net) | | | | | (880.50) | 257.00 | | | | | (880.50) | 257.00 |
| Profit / (Loss) After Tax | (473.74) | 1,069.00 | 1,634.13 | 1,783.97 | 461.20 | 716.08 | (3,066.13) | (2,613.54) | - | - | (1,444.54) | 512.09 |
| OTHER INFORMATION | | | | | | | | | | | | |
| Segment Assets | 42,276.34 | 35,385.03 | 8,009.80 | 7,339.19 | 12,791.25 | 14,795.21 | | | | | 63,077.39 | 57,519.42 |
| Unallocated Corporate Assets | | | | | | | 8,483.91 | 7,948.42 | | | 8,483.91 | 7,948.42 |
| Total Assets | 42,276.34 | 35,385.03 | 8,009.80 | 7,339.19 | 12,791.25 | 14,795.21 | 8,483.91 | 7,948.42 | - | - | 71,561.30 | 65,467.84 |
| Segment Liabilities | 35,965.04 | 28,846.94 | 2,293.79 | 1,795.31 | 13,291.86 | 6,090.69 | | | | | 51,550.69 | 36,732.94 |
| Unallocated Corporate Liabilities | | | | | | | 20,010.61 | 28,734.90 | | | 20,010.61 | 28,734.90 |
| Total Liabilities | 35,965.04 | 28,846.94 | 2,293.79 | 1,795.31 | 13,291.86 | 6,090.69 | 20,010.61 | 28,734.90 | - | - | 71,561.30 | 65,467.84 |
| Capital Expenditure | 931.87 | 775.31 | 590.67 | 2,287.72 | 74.86 | 1,221.99 | 43.32 | 12.49 | | | 1,640.72 | 4,297.51 |
| Depreciation | 1,104.85 | 1,089.21 | 410.78 | 261.88 | 817.19 | 799.44 | 25.69 | 32.67 | | | 2,358.51 | 2,183.20 |
| Non-Cash Expenses other than Depreciation | - | - | - | - | - | - | - | - | | | - | - |

| Geographical Segment | India | | Other Countries | | Total | |
|-----------------------------|-------------|---------------|-----------------|---------------|-------------|---------------|
| | YE 31.03.14 | YE 31.03.2013 | YE 31.03.14 | YE 31.03.2013 | YE 31.03.14 | YE 31.03.2013 |
| Segment Revenue External | 20,799.54 | 22,358.69 | - | 15,460.63 | 20,799.54 | 37,819.32 |
| Sales to Customers / Income | | | | | | |

Segment Reporting

- The Company's operations relate to manufacture of Sugar, Alcohol and generation of Power.
- 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 and steam on actual cost.

NOTES

Forming part of the Financial Statements

34. RELATED PARTY DISCLOSURES FOR THE YEAR ENDED MARCH 31, 2014

- A) Name of the Associate Company : Shree Ambika Sugars Limited
 B) Key Managerial Personnel : R.V. Tyagarajan, Chairman & Managing Director
 C) Transactions with Associate Company

(₹ in lakhs)

| | Year ended March 31, 2014 | Year ended March 31, 2013 |
|---|------------------------------|------------------------------|
| Sale of Goods | – | 70.32 |
| Sale of Materials | 53.89 | 137.30 |
| Purchase of Materials | 212.05 | 142.11 |
| Sale of Sugar | 3035.79 | 619.92 |
| Purchase of Sugar | – | 2154.82 |
| Processing Charges received | – | 839.75 |
| Closing Balance Credit | 1,325.16 | – |
| Closing Balance Debit | – | 101.00 |
| Investments made in : | | |
| Equity shares | | |
| Shree Ambika Sugars Ltd., 17,532,090 Equity Shares of Rs.10/- each | 7,020.49 | 7,020.49 |
| Guarantees given as of 31.03.2014 | 78,209.00 | 55,424.00 |

35. EARNINGS PER SHARE

| | March 31, 2014 | March 31, 2013 |
|---|----------------|----------------|
| Profit / (Loss) After Tax as per Statement of Profit & Loss | (1,462.36) | 453.13 |
| Weighted average number of Equity Shares of Rs.10/- each outstanding during the year | 11,316,724 | 11,316,724 |
| Earnings per Share (Annualised) Basic and Diluted (Rs.) | (12.92) | 4.00 |

36. Details in respect of Subsidiary Company as required by General Circular No. 2/2011 issued by Ministry of Corporate Affairs:

| | | | |
|---|--------------------------------|---|----------------------|
| 1 | Name of the Subsidiary Company | : | TERRA ENERGY LIMITED |
| 2 | Share Capital | : | 3,103.29 |
| 3 | Reserves | : | 5,090.95 |
| 4 | Total Assets | : | 15,462.06 |
| 5 | Total Liabilities | : | 15,462.06 |
| 6 | Investments | : | 1.17 |
| 7 | Profit before Taxation | : | 64.31 |
| 8 | Provision for Taxation | : | 11.62 |
| 9 | Profit after Taxation | : | 52.69 |

37. Previous year figures have been regrouped wherever necessary to conform to current year's classification.

Vide our Report of even date attached

For SNS Associates
Chartered Accountants
Firm Registration No. 006297S

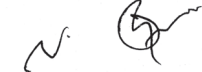


S Nagarajan
Partner
Membership No. 20899
Chennai, May 9, 2014



R R Karthikeyan
SGM (Finance) and
Company Secretary

On behalf of the Board



V Thirupathi
Director



R V Tyagarajan
Chairman and
Managing Director

CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT

(₹ in lakhs)

| | Year ended March 31, 2014 | Year ended March 31, 2013 |
|--|------------------------------|------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit / (Loss) before Taxation | (2,312.04) | 954.95 |
| Adjustments for | | |
| - Depreciation | 2,358.51 | 2,183.20 |
| - Interest expenses | 4,903.82 | 2,593.48 |
| - Loss / (Profit) on sale of Assets/Investments | (4.81) | (10.21) |
| - Provision for diminution in the value of Investment | (0.89) | 6.90 |
| - Other Income | (134.75) | (138.45) |
| Operating Profit Before Working Capital Changes (A) | 4,809.82 | 5,589.88 |
| Decrease in Current Assets | | |
| - Inventories | (6,188.35) | (6,525.32) |
| - Receivables | 979.33 | (1,016.87) |
| - Loans & Advances | (1,315.35) | (452.43) |
| Increase in Current Liabilities | (3,567.72) | 7,011.67 |
| (Increase) / Decrease in Working Capital (B) | (10,261.81) | (1,038.00) |
| Cash generated from Operations (A + B) | (5,451.98) | 4,551.87 |
| Income Tax Paid | (13.00) | (185.86) |
| Cash Flow before Extraordinary items | (5,464.98) | 4,366.01 |
| Extra-ordinary items | - | - |
| Net Cash from Operating activities (C) | (5,464.98) | 4,366.01 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | | |
| - Payment to suppliers & others | (618.24) | (4,288.17) |
| Investments | 0.01 | (0.03) |
| Interest Received | 133.44 | 137.40 |
| Dividend Received | 1.31 | 1.05 |
| Proceeds from Sale of Assets | 14.06 | 11.65 |
| Cash flow from Investing Activities (D) | (469.42) | (4,138.10) |
| Net Cash used in Investment activities (C + D) | (5,934.41) | 227.92 |

CASH FLOW STATEMENT

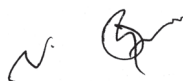
(₹ in lakhs)

| | Year ended March 31, 2014 | Year ended March 31, 2013 |
|--|------------------------------|------------------------------|
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Long Term Borrowings | 5,131.84 | 4,273.91 |
| Proceeds from / (Repayment) of Short Term Borrowings | 8,776.09 | (736.16) |
| Repayment of Long Term Borrowings | (1,993.27) | (1,247.54) |
| Interest Paid | (5,854.74) | (2,613.59) |
| Net Cash From Financing Activities (E) | 6,059.93 | (323.37) |
| Net Increase In Cash (C + D + E) | 125.52 | (95.46) |
| Opening Balance | 152.99 | 248.44 |
| Closing Balance | 278.51 | 152.99 |
| Reconciliation of Cash & Cash Equivalents with the Balance Sheet | | |
| Cash & Cash Equivalents as per Balance Sheet | 668.81 | 373.58 |
| Less : Margin Deposit not considered as Cash and Cash Equivalents as defined in AS-3. | 390.30 | 220.59 |
| Cash & Cash Equivalents as per Cash Flow closing balance | 278.51 | 152.99 |

On behalf of the Board



R R Karthikeyan
SGM (Finance) and
Company Secretary



V Thirupathi
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 9, 2014



THIRU AROORAN SUGARS LIMITED

CIN: L15421TN1954PLC002915

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

Website: www.tasugars.in, E-mail id: secretarial@tasugars.in

Phone: 044 - 28276001,28270915, Fax : 044-28270470

Notice to Shareholders

NOTICE is hereby given that the 58th Annual General Meeting of the Shareholders of the Company will be held at 3.00 P.M. on Monday, September 29, 2014 at the Obul Reddy Hall, "Vani Mahal", 103 G.N Chetty Road, T.Nagar, Chennai - 600 017, to transact the following business:

1. To consider and adopt the audited Balance Sheet as on March 31, 2014, the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint Auditors for the current year and authorize the Board of Directors to fix their remuneration.

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED that pursuant to Sections 139,142 and other applicable provisions, if any, of the Companies Act, 2013 read with Rules framed thereunder, M/s. S. N. S. Associates, Chartered Accountants, (Firm Registration No.006297S) be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) until the conclusion of the 61st AGM of the Company (subject to ratification by the members at every AGM) and that the Board of Directors of the Company be and is hereby authorised to determine the remuneration payable to the Auditors on the recommendation of the Audit Committee each year."

SPECIAL BUSINESS

3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED that pursuant to Sections 149 and 150 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr R Vijayaraghavan (DIN-00026763) who was appointed as a Director in the casual vacancy caused by the resignation of Dr A Ramachandran (DIN-00145454) pursuant to Section 262 of the erstwhile Companies Act,1956 and whose term of office expires at this Annual General Meeting, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years i.e. from the date of the 58th Annual General Meeting (2014) till the date of 63rd Annual General Meeting (2019) of the Company (both dates inclusive)."

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED that pursuant to Sections 149 and 150 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr V Thirupathi (DIN-00024627) who was appointed as a Director of the Company, liable to retire by rotation, pursuant to the provisions of the erstwhile Companies Act, 1956 and whose term of office will expire at the Annual General Meeting of the Company to be held in 2015,

be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of three consecutive years i.e. from the date of the 58th Annual General Meeting (2014) till the date of the 61st Annual General Meeting (2017) of the Company (both dates inclusive)."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"**RESOLVED** that the Company do hereby confirm and ratify, in terms of Section 148 of the Companies Act, 2013 and other applicable provisions, if any of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration approved by the Board of Directors, on the recommendation of the Audit Committee for M/s. Vaasan & Co., Cost Accountants, to conduct the audit of the cost records of the Company for the Financial Year 2014-15 at Rs.60,000/- (Sixty Thousand only) exclusive of travel and out-of-pocket expenses incurred for purpose of such audit."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"**RESOLVED** that in supercession of the Ordinary Resolution passed at the Annual General Meeting of the Company held on February 25, 2010 and pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013, consent be and is hereby accorded to the Board of Directors / Committee thereof of the Company for borrowing money (apart from temporary loans, if any, obtained from the Company's Bankers in the ordinary course of business from time to time) which together with money already borrowed by the Company may exceed the paid-up share capital and its free reserves (that is to say, reserves not set apart for specific purpose) so, however, that total amount up to which money may be borrowed by the Board of Directors shall not exceed Rs.1,000 crores (Rupees One thousand crores only)."

7. To consider and if thought fit to pass with or without modifications, the following resolution as a **Special Resolution**:

RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act,2013, to the Board of Directors of the Company for mortgaging and/or charging of all the immovable and movable properties of the Company wheresoever situate, present and future to or in favour of the following Banks, to secure the credit facilities sanctioned by the Banks as under, together with interest thereon at the agreed rate, compound interest, additional interest, liquidated damages, premia on prepayment, costs, charges, expenses and all other money payable by the Company to the aforesaid Banks, in terms of the Agreements entered into by the Company in respect of the said credit facilities.

| Name of the Bank | Nature of credit facilities | Amount Rs. in million |
|-------------------------|-----------------------------|-----------------------|
| UCO Bank | Term Loan | 20.00 |
| Development Credit Bank | Corporate Loan | 50.00 |
| State Bank of India | Term Loan | 297.00 |

RESOLVED FURTHER that the Board of Directors of the Company or a Committee thereof be and is hereby authorised to finalise with UCO Bank, Development Credit Bank and State Bank of India, the documents for creating aforesaid mortgage and / or charge and to do all such acts and things as may be necessary for giving effect to the above resolution.

By order of the Board
for THIRU AROORAN SUGARS LIMITED



R R Karthikeyan
Company Secretary

Place : Chennai
Date : August 30, 2014

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a member of the Company. A proxy form is attached. Instrument of proxy form for use at the above meeting must be lodged at the Registered Office of the Company, not later than 48 hours before the time fixed for the meeting.
A person can act, as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company.
2. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business under item nos. 3 to 7 is annexed hereto.
3. As per the recommendation of the SEBI Committee on Corporate Governance, in respect of reappointment of the retiring Directors, a statement containing particulars of the concerned Directors is attached herewith.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from September 23, 2014 to September 29, 2014 (both days inclusive).
5. Members holding shares in physical form are requested to notify / send details of their bank account, e-mail id etc in case the same has not been furnished earlier or any change in their registered address / e-mail id/NECS mandate/bank details etc., to the Company or its Registrar and Share Transfer Agent (RTA), M/s. Integrated Enterprises (India) Ltd, II Floor, Kences Towers, No.1 Ramakrishna Street, North Usman Road, T. Nagar, Chennai - 600 017, quoting their folio numbers.
Members holding shares in demat form are requested to notify / send the aforesaid details to their respective Depository Participant (s)
6. In terms of Circular issued by SEBI, it is mandatory to furnish a copy of PAN card to the Company/RTA in the following cases viz. transfer of shares, deletion of name, transposition of shares and transmission of shares held in physical form. Shareholders are requested to furnish copy of PAN card for all the aforesaid transactions.
7. Notice of the AGM along with the Annual Report for the financial year 2013-14 is being sent by electronic mode to those members whose e-mail addresses are registered with the Company/Depositories, unless any member has requested for a physical copy of the same. For members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. The Annual Report and the Notice of the 58th AGM will also be available on the Company's website **www.tasugars.in**
8. **Voting through Electronic Means:**
Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is offering e-Voting facility to its members in respect of business to be transacted at the 58th Annual General Meeting. For this purpose, the Company has entered into an Agreement with National Securities Depository Ltd (NSDL) for facilitating e-Voting as the Authorised Agency to provide e-Voting process.
9. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend the meeting.
10. Members are requested to bring their copies of the Annual Report to the meeting.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item No. 3

Mr R Vijayaraghavan was appointed as a Director (Non-executive Independent) of the Company with effect from November 14, 2013 by the Board of Directors in the casual vacancy caused by the resignation of Dr A Ramachandran, whose term of office would have expired at the forthcoming Annual General Meeting had he not resigned from the Board. Pursuant to Section 161 of the Companies Act, 2013, any person appointed by the Board as a Director for filling up a casual vacancy shall hold office only till the date up to which the Director in whose place he is appointed would have held office, if it had not been vacated.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr R Vijayaraghavan, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of five consecutive years from the date of the 58th Annual General Meeting (2014) till the date of the 63rd Annual General Meeting (2019) of the Company. A notice has been received from a member of the Company proposing Mr R Vijayaraghavan for appointment as an Independent Director of the Company.

Mr R Vijayaraghavan is an Advocate by profession and a leading Income Tax practitioner. In the opinion of the Board of Directors of the Company, Mr R Vijayaraghavan fulfills the conditions specified in the Companies Act, 2013 and the Rules prescribed thereunder for his appointment as an Independent Director of the Company. Copy of the draft letter of appointment, setting out the terms and conditions would be available for inspection by the Members at the Registered Office of the Company at any time during business hours on any working day.

The Board considers that Mr Vijayaraghavan's continued association would be of immense value to the Company and accordingly recommends the Resolution for approval by the shareholders of the Company.

Memorandum of Interest

Mr Vijayaraghavan is interested in the resolution set out at item no.3 of the Notice with regard to his appointment. None of the other Directors or Key Managerial Personnel of the Company or their relatives is, in any way concerned or interested, financially or otherwise, in the resolution. This Explanatory Statement may be regarded as a disclosure under Clause 49 of the Listing Agreement.

Item No. 4

Mr V Thirupathi is a Non-Executive Independent Director of the Company, liable to retire by rotation at the Annual General Meeting of the Company to be held in 2015. Being eligible in terms of Section 149 of the Companies Act, 2013 and the Rules made thereunder, Mr V Thirupathi offers himself for appointment as an Independent Director under Section 149 of the Companies Act, 2013 for a term of three consecutive years from the date of the 58th Annual General Meeting (2014) till the date of the 61st Annual General Meeting (2017) of the Company. A notice has been received from a Member proposing Mr V Thirupathi for appointment as an Independent Director of the Company.

Mr V Thirupathi, as a finance professional, had held senior positions at ICICI Bank and has wide and varied experience. In the opinion of the Board of Directors of the Company, Mr V Thirupathi fulfills the conditions specified in the Companies Act, 2013 and the Rules prescribed thereunder for his appointment as an Independent Director of the Company. Copy of the draft letter of appointment, setting out the terms and conditions, would be available for inspection by the Members at the Registered Office of the Company at any time during business hours on any working day.

The Board considers that Mr V Thirupathi's continued association would be of immense value to the Company and accordingly recommends the Resolution for approval by the shareholders of the Company.

Memorandum of Interest

Mr V Thirupathi is interested in the resolution set out at item no.4 of the Notice with regard to his appointment. None of the other Directors or Key Managerial Personnel of the Company or their relatives is, in any way concerned or interested, financially or otherwise, in the resolution. This Explanatory Statement may be regarded as a disclosure under Clause 49 of the Listing Agreement.

Item No. 5

The Board of Directors of the Company, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. Vaasan Co., Cost Accountants, as the Cost Auditors of the Company to conduct the audit of the cost records of the Company relating to Sugar and Industrial Alcohol for the Financial Year 2014-15 at a remuneration of Rs.60,000/- exclusive of travelling and out-of-pocket expenses.

Pursuant to Section 148 of the Companies Act, 2013, the remuneration payable to the Cost Auditors has to be ratified by the Shareholders of the Company. Accordingly, ratification of the Shareholders is being sought for payment of remuneration as above to M/s. Vaasan Co., Cost Accountants in terms of the approval of the Board of Directors.

Memorandum of Interest

None of the Directors / Key Managerial Personnel of the Company or their relatives are, in any way concerned or interested, financially or otherwise, in the resolution.

The Directors recommend the Resolution for approval by the Shareholders.

Item No. 6

Pursuant to Section 293(1)(d) of the erstwhile Companies Act, 1956, the Shareholders of the Company had passed an ordinary resolution at the Annual General Meeting held on February 25, 2010 authorizing the Board of Directors of the Company to borrow money (apart from temporary loans, if any, obtained from the Company's Banks in the ordinary course of business from time to time) for the purpose of the Company, not exceeding Rs.1,000 crores (Rupees One thousand crores only) outstanding at any time over and above the aggregate of the paid-up capital of the Company and its free reserves. In terms of Section 180(1)(c) of the Companies Act, 2013, a Special Resolution is required to be passed for the aforesaid purpose. Accordingly, the approval of the Shareholders is sought for to borrow money, as aforesaid, not exceeding Rs.1,000 crores (Rupees One thousand crores only) outstanding, at any time, over and above the aggregate of the paid-up capital of the Company and its free reserves.

Memorandum of Interest

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested financially or otherwise in the resolution.

The Directors recommend the Resolution for approval by the Shareholders.

Item No. 7

The Company has been sanctioned Term Loans of Rs.20 million by UCO Bank to meet the capital expenditure for modernization of the Distillery, Rs.50 million by Development Credit Bank (DCB) to meet the Working Capital requirements and Rs.297 million by State Bank of India (SBI) under the 'Scheme for Extending Financial Assistance to Sugar Undertakings, 2014' notified by the Ministry of Consumer Affairs, Food and Public Distribution to clear cane price relating to Fair and Remunerative Price fixed by the Government of India. As per the terms of sanction, the aforesaid credit facilities are to be secured by a charge /mortgage on the whole of the immovable and movable properties of the Company.

Since the mortgaging by the Company of its immovable assets as aforesaid in favour of UCO Bank, DCB and SBI may be regarded as disposal of the Company's properties / undertaking, it is necessary for the Members to pass a Resolution under Section 180(1)(a) of the Companies Act, 2013 and accordingly the requisite Special Resolution is proposed in the Notice for the consent of the Members.

Copies of the Loan Agreement entered into by the Company with UCO Bank, Development Credit Bank and State Bank of India are available at the Registered Office of the Company for inspection by members of the Company at any time during business hours on any working day up to the date of the meeting.

Memorandum of Interest

None of the Directors or Key Managerial Personnel of the Company is, in any way, concerned or interested, financially or otherwise, in the resolution.

By order of the Board
for THIRU AROORAN SUGARS LIMITED



R R Karthikeyan
Company Secretary

Place : Chennai
Date : August 30, 2014

Details of Directors seeking reappointment at the Annual General Meeting to be held on September 29, 2014

(Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges)

| | |
|---|--|
| 1. Name | Mr R Vijayaraghavan |
| Date of Birth | January 02, 1950 |
| Date of Appointment | November 14, 2013 |
| Nature of expertise in specific functional areas | Practitioner in Taxation and Law |
| Qualification | M.Sc., M.B.A., B.L. |
| List of outside Directorships held excluding alternate Directorship and of Private Companies | <ol style="list-style-type: none"> 1 Lucas TVS Ltd 2 Sundaram-Clayton Ltd 3 Bimetal Bearings Ltd 4 India Nippon Electricals Ltd 5 Sanco Trans Ltd 6 T Stanes and Company Ltd 7 Redington (India) Investments Ltd 8 Currents Technology Retail (India) Ltd |
| Chairman/Member of the Committee of the Board of Directors of the Company | Chairman: <ol style="list-style-type: none"> 1. Audit Committee Member: <ol style="list-style-type: none"> 1 Nomination and Remuneration Committee 2 Stakeholders Relationship Committee |
| Chairman/Member of the Committee of the Board of Directors of other Companies in which he is a Director | Audit Committee Chairman: <ol style="list-style-type: none"> 1 Sanco Trans Ltd 2 India Nippon Electricals Ltd Audit Committee Member: <ol style="list-style-type: none"> 1 T Stanes and Company Ltd 2 Bimetal Bearings Ltd 3 Lucas TVS Ltd Remuneration Committee Member: <ol style="list-style-type: none"> 1 T Stanes and Company Ltd 2 Bimetal Bearings Ltd |
| No of shares held in the Company | Nil |

| | |
|--|--|
| 2. Name | Mr. V Thirupathi |
| Date of Birth | September 16, 1948 |
| Date of Appointment | March 07, 2005 |
| Nature of expertise in specific functional areas | Financial Management |
| Qualification | B.Com., F.C.A., M.F.M. |
| List of outside Directorships held excluding alternate Directorship and of Private Companies | <ol style="list-style-type: none"> 1 Shree Ambika Sugars Ltd 2 Terra Energy Ltd 3 Trichy Distilleries & Chemicals Ltd |

| | |
|---|---|
| Chairman/Member of the Committee of the Board of Directors of the Company | <p>Chairman:</p> <ol style="list-style-type: none"> 1 Nomination and Remuneration Committee 2 Stakeholders Relationship Committee <p>Member:</p> <ol style="list-style-type: none"> 1 Audit Committee 2 Finance Committee |
| Chairman/Member of the Committee of the Board of Directors of other Companies in which he is a Director | <p>Audit Committee:</p> <ol style="list-style-type: none"> 1 Shree Ambika Sugars Ltd - Chairman 2 Terra Energy Ltd - Member <p>Finance Committee:</p> <p>Shree Ambika Sugars Ltd - Member</p> |
| No of shares held in the Company | Nil |

Please see overleaf for instructions on electronic voting (e-Voting)

INSTRUCTIONS FOR ELECTRONIC VOTING ('e-Voting')

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide the Members the facility to exercise their right to vote at the 58th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting services provided by the National Securities Depository Limited (NSDL).

The following instructions with regard to e-Voting are provided for the Members' information and use:

i) In case of members receiving e-mail from NSDL:

- a) Open e-mail and open PDF file viz., "Arooran Sugars e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your User Id and password for e-Voting. Please note that the password is an initial password.
- b) Launch internet browser by typing the following URL: <https://www.evoting.nsd.com/>
- c) Click on "shareholder" - "Login".
- d) Key in user ID and password as initial password noted in step (a) as above. Click "Login".
- e) Password change menu appears. Change the password with new password of your choice with minimum 8 digits or characters or a combination thereof. Please take note of the new password. It is strongly recommended that you do not share your password with any other person and take utmost care to keep your password confidential.
- f) Home page of 'e-Voting' open. Click on "e-Voting: Active Voting Cycles".
- g) Select 'EVEN' of Thiru Arooran Sugars Ltd.
- h) Now, you are ready for "e-Voting" as "Cast Vote" page opens.
- i) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- j) Upon confirmation, the message "Vote cast successfully" will be displayed.
- k) Once you have voted on the resolution, you will not be allowed to modify your vote.
- l) Institutional Shareholders (i.e. other than individuals, HUFs, NRIs etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution / authority letter etc., together with attested specimen signature of the duly authorized signatory(ies), who are authorized to vote to the Scrutinizer at his e-mail ID - rsaevoting@gmail.com with a copy marked to evoting@nsdl.co.in

ii) In case of Members receiving physical copy of the Notice of AGM:

(for members whose e-mail IDs are not registered with the Company / Depository Participant(s) or requesting physical copy):

- a) Initial password is provided at the bottom of the Attendance slip.
- b) Please follow all steps from Sl. No.i(b) to (j) above, to cast your vote
- c) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and e-Voting user manual for members available at the "downloads" section of www.evoting.nsd.com
- d) If you are already registered with NSDL for e-Voting, then you can use your existing user ID and password for casting your vote and there is no need to register once again.
- e) You can also update your mobile number and e-mail Id in the user profile details of the folio which may be used for sending future communication(s)
- f) The e-Voting commences on September 22, 2014 (9.00 A.M.) and ends on September 24, 2014 (6.00 P.M.). During this period, shareholders of the Company holding shares in physical form or in dematerialized form as on the cut-off date (record date) of 29th August 2014, may cast their vote electronically. The e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- g) The voting rights of shareholders shall be in proportion of their shares of the paid-up equity share capital of the Company as on the cut-off date (record date) 29th August 2014.
- h) M/s. Sridharan & Associates, Company Secretaries will be acting as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.
- i) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-Voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- j) The results shall be declared on or after the 58th AGM of the Company. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.tasugars.in and on the website of NSDL within two (2) days of passing the resolutions at the 58th AGM of the Company and communicated to the Stock Exchanges.

THIRU AROORAN SUGARS LIMITED

CIN: L15421TN1954PLC002915

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

Website: www.tasugars.in, E-mail id: secretarial@tasugars.in

Phone: 044 - 28276001,28270915, Fax : 044-28270470

Form No. MGT - 11

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s) :

Registered Address :

E-mail Id :

Folio No./Client ID, DPID :

I/We, being the Member(s) of shares of Thiru Arooran Sugars Ltd, hereby appoint.

1. Name Address

E-mail ID Signature or failing him/ her

2. Name Address

E-mail ID Signature or failing him/ her

3. Name Address

E-mail ID Signature

as my /our proxy to attend and vote(on a poll) for me / us and on my / our behalf at the 58th Annual General Meeting of the Company to be held at 3.00 P.M. on Monday, September 29, 2014 at the Obul Reddy Hall, 'Vani Mahal', 103, G.N. Chetty Road, T.Nagar, Chennai - 600 017 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | Resolution |
|----------------|--|
| | Ordinary Business |
| 1 | Adoption of Balance Sheet and Statement of Profit and Loss for the year ended March 31, 2014 along with the Reports of the Board of Directors and Auditors |
| 2 | Appointment of Auditors and fixing their remuneration |
| | Special Business |
| 3 | Appointment of Mr R Vijayaraghavan as Independent Director |
| 4 | Appointment of Mr V Thirupathi as Independent Director |
| 5 | Ratification for remuneration of the Cost Auditors |
| 6 | Special Resolution u/s 180(1)(c) of the Companies Act, 2013 |
| 7 | Special Resolution u/s 180(1)(a) of the Companies Act, 2013 |

Signed this _____ day of _____ 2014

Signature of the Shareholder _____

Signature of the Proxy holder(s) _____

Affix
Revenue
stamp

Note : 1. This Form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

2. Please complete all details of member(s) before submission

