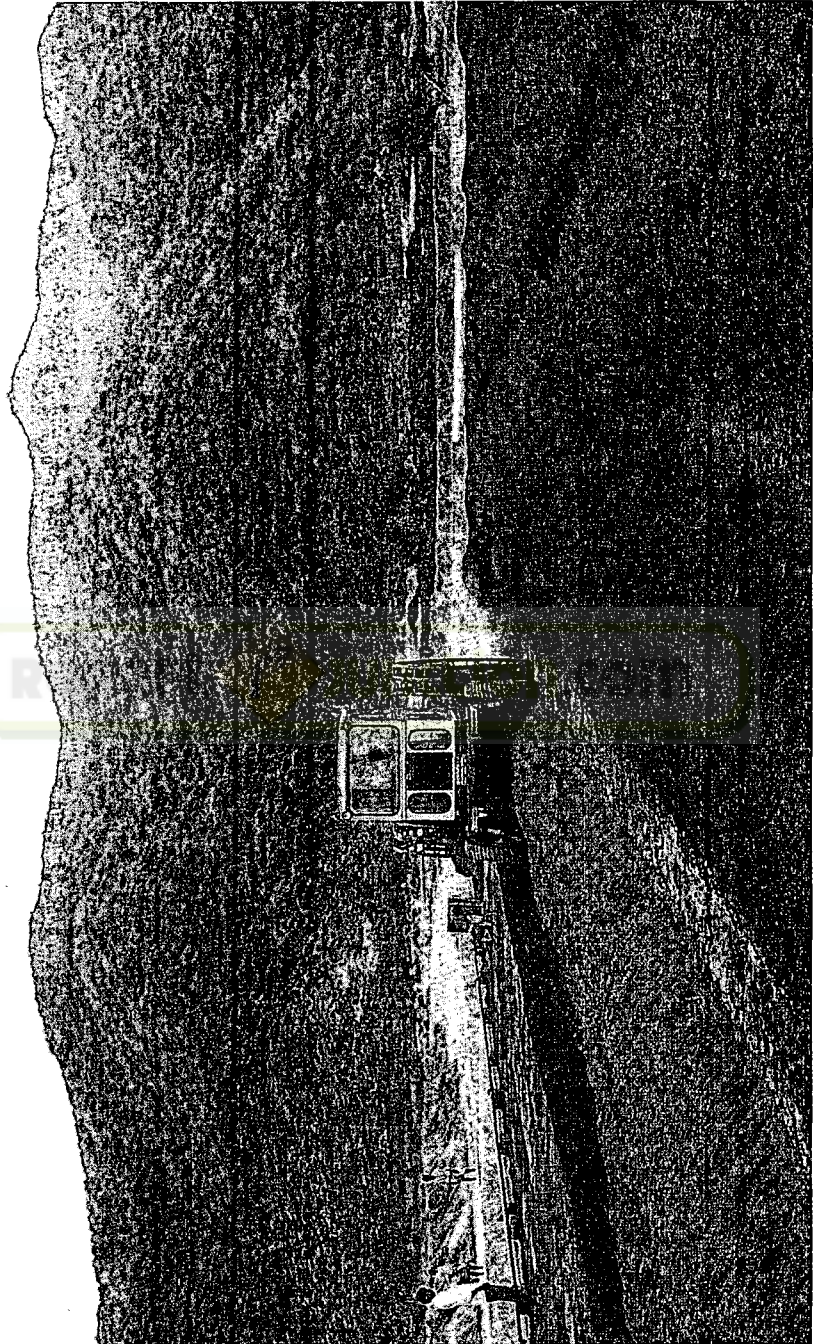


# BANNARI AMMAN SUGARS LIMITED

ANNUAL REPORT 1997



Bio composting process unit at Modur



## BANNARI AMMAN SUGARS LIMITED

### BOARD OF DIRECTORS

MD	✓	BKC	✓
CS	✓	DPY	ND
RO	✓	DIV	✓
TRA	ND	AC	✓
AGM	✓	SHI	✓
YE	✓		✓

Sri S V BALASUBRAMANIAM  
*Chairman & Managing Director*  
 Sri K S RAMASWAMY  
 Dr K S THIRUMALAISWAMY  
 Sri S G SUBRAHMANYAN  
 Sri P L SIVANAPPAN  
 Sri E P MUTHUKUMAR  
 Sri A K PERUMALSAMY  
 Sri S V ALAGAPPAN  
 Sri V THIRUPATHI (*Nominee of ICICI*)  
 Sri S V ARUMUGAM

### REGISTERED OFFICE

252, Mettupalayam Road,  
 Coimbatore - 641 043  
 Tamil Nadu

### SUGAR FACTORY: UNIT - I & GRANITE PROCESSING

Alathukombai - 638 401  
 Sathyamangalam Taluk  
 Erode District, Tamil Nadu

### SUGAR FACTORY: UNIT - II

Alaganchi village - 571 301  
 Nanjangud Taluk  
 Mysore District, Karnataka

### DISTILLERY

Sinnapuliyur - 638 455  
 Bhavani Taluk, Erode District,  
 Tamil Nadu

### BANKERS

Punjab National Bank  
 Bank of Baroda  
 Canara Bank  
 The Federal Bank Limited  
 The Karur Vysya Bank Limited  
 Union Bank of India  
 Indian Overseas Bank  
 State Bank of Travancore  
 State Bank of India  
 The Lakshmi Vilas Bank Limited

### COMPANY SECRETARY

Sri S Venugopalan

### AUDITORS

M/s. P N Raghavendra Rao & Co.

Members are requested to bring their copy of the Annual Report  
 along with them to the Meeting



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**BANNARI AMMAN SUGARS LIMITED****NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the 13th Annual General Meeting of the Members of the Company will be held at President Hall, 734, Avanashi Road, Coimbatore - 641 018 on Friday, the 19th day of September 1997 at 4.30 P.M. to transact the business set out in the agenda below :

You are requested to make it convenient to attend the meeting.

**AGENDA**

1. To consider and adopt the Directors' Report and the audited Profit and Loss Account for the year ended 31st March, 1997 and the audited Balance Sheet as at that date and the Auditors' Report thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in the place of Dr. K S Thirumalaiswamy, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Sri S V Alagappan, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in the place of Sri S V Arumugam, who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors and fix their remuneration.

**SPECIAL BUSINESS**

7. To consider and if thought fit, to pass with or without modification the following special resolutions :

- (a) RESOLVED that the following sub-clause be inserted as sub-clause 20 in Para-III(C) of the Memorandum of Association of the Company as one of the other objects of the Company :

"To carry on the business of generating, selling, transmitting, distributing, supplying either directly or through others, electricity / power by any means for industries, domestic or other purpose and also feed to the grids of Electricity Boards or other power grids."

- (b) RESOLVED that approval under Section 149(2A) of the Companies Act, 1956 be and is hereby given for the commencement of the business covered under sub-clause 20 of Para-III(C) of the Memorandum of Association of the Company.

**NOTE**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, should be deposited with the Company, forty eight hours before the meeting.
3. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business under item number 7 is annexed.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 3.9.1997 to 19.9.1997 (both days inclusive).
5. The dividend, if declared, will be paid to those members whose names appear on the Register of Members of the Company as on 19.9.1997.
6. In accordance with the provisions of Section 205A(5) of the Companies Act, 1956 the Company has transferred the unclaimed dividends to the General Revenue Account of the Central Government upto the financial year 1992-93 amounting in the aggregate to Rs. 3,37,020.50. The members concerned may therefore submit their claims in the prescribed manner/form to the Registrar of Companies, Bank of Baroda Building, Fifth Floor, State Bank Road, Coimbatore - 641 018, in case they have a valid claim to any of the unclaimed dividends referred to above.

By Order of the Board

Coimbatore  
14th August, 1997

S. VENUGOPALAN  
Company Secretary



**EXPLANATORY STATEMENT UNDER SECTION 173  
OF THE COMPANIES ACT, 1956**

**ITEM NO. 7**

Special Resolutions were passed at the Annual General Meeting held on 22.1.1996 for amending the Memorandum of Association to carry on the business of generation of power and also to commence the business. At that time, confirmation of Company Law Board was required for amending the object clause in the Memorandum under Section 17 of the Companies Act, 1956 which has been amended with effect from 1st March, 1997. According to the amended section, there is no need to get the confirmation of the Company Law Board for amending the object clause in the Memorandum. The approval of the members for amendment to the object clause is sufficient. Hence necessary special resolutions are again placed before the members for their approval for amending the object clause and also to commence the business.

None of the directors of the Company is concerned or interested in the above resolutions.

By Order of the Board

Coimbatore  
14th August, 1997

S. VENUGOPALAN  
Company Secretary

**BANNARI AMMAN SUGARS LIMITED****DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting their 13th Annual Report together with audited accounts of the Company for the year ended 31st March 1997.

**FINANCIAL RESULTS**

(Rs. in lacs)

Profit for the year before depreciation	1884.43
Less : Depreciation	560.90
	<u>1323.53</u>
Add : Prior year adjustments - Net	32.69
	<u>1356.22</u>
Add : Surplus brought forward from previous year	263.03
Investment Allowance Reserve - withdrawn	<u>75.00</u>
Amount available for appropriation	<u>1694.25</u>

**Appropriations**

(Rs. in lacs)

1. Transfer to General Reserve	1000.00
2. Dividend at 25% on Equity Capital	238.49
3. Provision for Tax on Dividend	23.85
4. Surplus carried over to Balance Sheet	<u>431.91</u>
TOTAL	<u>1694.25</u>

**DIVIDEND**

Your Directors are glad to recommend payment of dividend of 25% on the equity capital.

**REVIEW OF OPERATIONS****SUGAR DIVISION****Sugar factory in Tamilnadu**

During the year under review, the sugar factory in Tamilnadu had worked for 280 days. The total sugarcane crush in this factory during the financial year was 5,48,622 tonnes at an average recovery of 8.97%.

**Sugar factory in Karnataka**

During the year under review, the sugar factory in Karnataka had worked for 269 days. The total sugarcane crush in this factory during the financial year was 6,32,573 tonnes at an average recovery of 9.59%.

**EXPORT OF SUGAR**

Your Directors are glad to report that out of 1995-96 season sugar production, 41,783 Tonnes were exported through Indian Sugar and General Industry Export Import Corporation Limited (ISGIEC).

**ISO 9002 CERTIFICATION TO SUGAR FACTORY IN TAMILNADU**

your Directors are happy to state that The TUV CERT Certification Body of Rheinisch-Westfalischer TUV e.V., Germany have certified that your Sugar Unit-I at Sathyamangalam has established and applies a quality system for white-crystal sugar satisfying requirements according to ISO 9002/EN ISO 9002.

**INTRODUCTION OF 1 KG PACKET OF SUGAR IN THE RETAIL MARKET**

Your Company has ventured into the branded sugar segment and has launched its branded sugar under the name "BANNARI" on 14.4.1997 which are supplied in 1 kg retail packets in and around Coimbatore.



## SUGARCANE PRICE

The Statutory Minimum Cane Price fixed by the Government of India as applicable to your Company is as follows :

	Sugar Factories	
	Tamilnadu	Karnataka
	Rs. Ps.	Rs. Ps.
(a) Sugar Season 1995 - 96 (From 1.10.1995 to 30.9.1996)	446.60	506.00
(b) Sugar Season 1996 - 97 (From 1.10.1996 to 30.9.1997)	493.20	573.00

## GRANITE DIVISION

During the year, your Company has produced 30,942 square metres of Granite Slabs, 9,683 square metres of Granite Tiles and 2,435 square metres of Granite Monuments.

## DISTILLERY DIVISION

During the year under review, the distillery has worked for 339 days. The Distillery has produced 25,09,467 B. Ltrs of Rectified Spirit, 29,54,000 B. Ltrs of Denatured Spirit, 91,94,739 B. Ltrs of Neutral Spirit and 2,016 B. Ltrs of Fusel Oil.

## PROSPECTS FOR THE CURRENT YEAR

During the current financial year, it is estimated to crush 3,25,000 tonnes of sugarcane in the sugar factory in Tamilnadu. The supply of cane from areas other than your Company's reserved area, may not be available during the current year.

During the current financial year, it is estimated to crush 3,00,000 tonnes of sugarcane in the sugar factory in Karnataka. As the jaggery prices are ruling very high, the cane crush in the sugar factory in Karnataka depends upon the availability of cane at economical price.

The Granite Division is expected to achieve increased sales.

The Distillery Division is estimated to produce 120 lakh B. Ltrs of spirit.

## FIXED DEPOSITS

Fixed Deposits aggregating Rs. 44,000 which became due for repayment during the year were not claimed by 8 deposit holders as on 31.3.1997. Subsequently, 3 deposit holders have claimed and collected the deposits. As on date, deposits amounting to Rs. 22,000 have not been claimed by the deposit holders.

## ISSUE OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES ON PRIVATE PLACEMENT BASIS

During the year under review, your Company had issued 17.5%, 5,00,000 secured redeemable non-convertible debentures of Rs. 100 each aggregating Rs. 5 crores on private placement basis to the Industrial Credit and Investment Corporation of India Limited (ICICI).

## REDEMPTION OF DEBENTURES

Your Company had issued secured redeemable non-convertible debentures of Rs. 100 each aggregating Rs. 14 crores in April 1991. Out of the face value of Rs. 100/- your Company has redeemed Rs. 33/- per debenture on 26.4.1997 aggregating Rs. 4,62,00,000/-.

## DIRECTORS

The following Directors retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment :

- (i) Dr K S Thirumalaiswamy
- (ii) Sri S V Alagappan and
- (iii) Sri S V Arumugam

## EXPANSION

The expansion of daily cane crushing capacity of the sugar factory in Tamilnadu



**BANNARI AMMAN SUGARS LIMITED**

from 1,250 Tonnes to 2,500 Tonnes will be completed before end of September 1997.

Your Company has received a Letter of Intent from the Government of India for expanding the daily cane crushing capacity of the sugar factory in Karnataka from 2,500 Tonnes to 5,000 Tonnes.

**PARTICULARS OF EMPLOYEES**

The information required as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report is furnished in Annexure-I.

**CONSERVATION OF ENERGY,  
TECHNOLOGY ABSORPTION,  
FOREIGN EXCHANGE EARNINGS  
AND OUTGO**

The particulars required to be included in terms of Section 217(1)(e) of the Companies Act, 1956 with regard to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure-II.

**AUDITORS**

M/s. P N Raghavendra Rao & Co., the present auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

**INDUSTRIAL RELATIONS**

The industrial relations continued to remain cordial during the year under review.

**ACKNOWLEDGEMENT**

Your Directors acknowledge with gratitude the timely assistance and help extended by the Government of India, the Tamilnadu Government, the Karnataka Government, Financial Institutions and Banks. They thank the cane growers who have supplied sugarcane to the factories. The Directors wish to place on record the contribution made by all officers, staff and workers.

By Order of the Board  
Coimbatore S V BALASUBRAMANIAM  
14th August, 1997 *Chairman*



## ANNEXURE-I TO DIRECTORS' REPORT

### STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

Sl. No.	Designation and Nature of Duties	Remuneration Received		Qualification	Age in years as on 31.3.97	Experience in Years	Date of Commencement of employment	Particulars of last employment
		Gross Rs.	Net Rs.					
1.	Sri S V Balasubramaniam Managing Director	19,10,198.26	13,06,823.26	B.Com., A.C.A., A.C.S.,	57	32	09.10.1985	Vice Chairman Sakthi Sugars Limited

Note: 1. The nature of the employment is contractual.

2. Sri S V Balasubramaniam is related to Sri S V Alagappan and Sri S V Arumugam, Directors.
3. Gross remuneration comprises salary, commission, allowances, contribution to Provident Fund and monetary value of perquisites.

Coimbatore  
14th August, 1997

By Order of the Board  
S V BALASUBRAMANIAM  
Chairman