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15th ANNUAL REPORT 1999



**BANNARI AMMAN SUGARS LIMITED**

**Bannari Amman Sugars Limited** promoted by Sri S V Balasubramaniam, is one of the India's leading private sector sugar manufacturers. The company's sugar manufacturing units are located in Tamilnadu and Karnataka with an installed capacity of 2500 TCD each. Its distillery and bio-compost units, both located in Tamilnadu, effectively utilise molasses and press mud, by-products of the sugar units. The Company also has a granite processing unit, a 100% EOU, adjacent to its Tamilnadu sugar unit.

The company derives over 93% of its turnover - Rs. 195 crores in FY3/99 - from sugar and related products. It holds the record in maiden cane crush by working continuously for 507 days. The company has, since inception, been rated amongst the most efficient sugar manufacturers in India and is the first sugar company in South India to obtain ISO-9002 accreditation.

Bannari Amman's focus is to deliver superior value, over time, for all its stakeholders. In its core business of sugar, the company is very well positioned in the market and is confident of further strengthening its competitive position. The company's future plans are primarily centered upon further expanding of its sugar manufacturing operations and forward integrating into co-generation of power.

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स्वे स्वे कर्मण्यमिरतः संसिद्धिं लभते नरः ।  
स्वकर्मनिरतः सिद्धिं यथा विन्दति तच्छृणु ॥

THE BHAGAVADGITA (CHAPTER 18 VERSE 45)

A man who delights in his own duty gains success.  
Listen to how one devoted to his own duty finds success.

## Our Motto and Objectives

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### Motto

Strive to perform best at all times

### Objectives

Our endeavour is to :

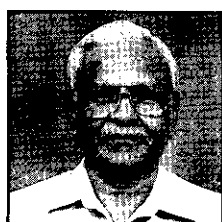
- \* identify and improve the processes to have a continuous upgradation of the quality of the end products
- \* serve in the best interest of cane growers and shareholders
- \* maximise productivity by optimising all inputs
- \* expand and diversify utilising by-products in a planned manner



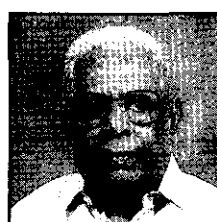
## Board of Directors



Sri S V Balasubramaniam  
Chairman & Managing Director



Sri V Venkata Reddy  
Vice Chairman



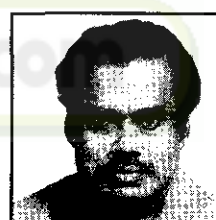
Sri K S Ramaswamy



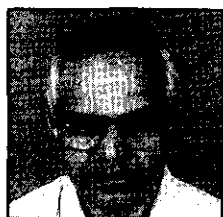
Sri S G Subrahmanyam



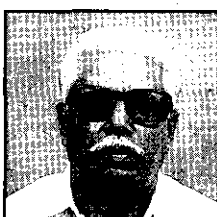
Sri P L Sivanappan



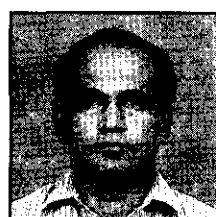
Dr K S Thirumalaiswamy



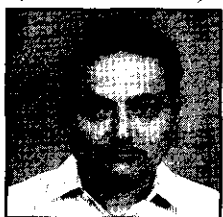
Sri B S Gurumurthy  
(ICICI Nominee)



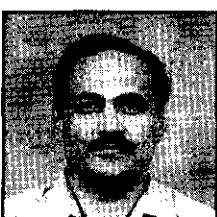
Sri A K Perumalsamy



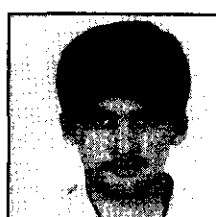
Sri S V Alagappan



Sri E P Muthukumar



Sri S V Arumugam



Sri B Saravanan



## Management Team

Sri S V Balasubramaniam  
Chairman & Managing Director

Sri V Venkata Reddy  
Vice Chairman

Sri V Narayan  
Senior Vice President (Sugar Unit - II)

Sri N Solairajan  
Vice President (Head Office)

Sri P Dharmalingam  
Vice President (Sugar Unit - I)

Sri V Haridas  
Vice President (Granite)

Sri R Murugesan  
General Manager (Finance)

Sri V L Rajagopal  
General Manager (Technical)

Sri A Ramaswamy  
General Manager (Distillery Division)

Sri K Sundaramoorthi  
General Manager (Distillery - Factory)

Sri S Venugopalan  
Company Secretary

## Auditors

M/s P N Raghavendra Rao & Co  
Chartered Accountants

## Registered Office

252 Mettupalayam Road  
Coimbatore 641 043  
Tamilnadu

Phone : 91 - 422 - 450045  
Fax : 91 - 422 - 431199  
E-mail : [basce@vsnl.com](mailto:basce@vsnl.com)  
Website : <http://www.bannari.com>

## Manufacturing Facilities

### Sugar Unit - I & Granite Processing

Alathukombai  
Erode District  
Tamilnadu

### Sugar Unit - II

Alaganchi  
Mysore District  
Karnataka

### Distillery

Sinnapuliur  
Erode District  
Tamilnadu

### Bio-Compost

Modur  
Erode District  
Tamilnadu

## Bankers

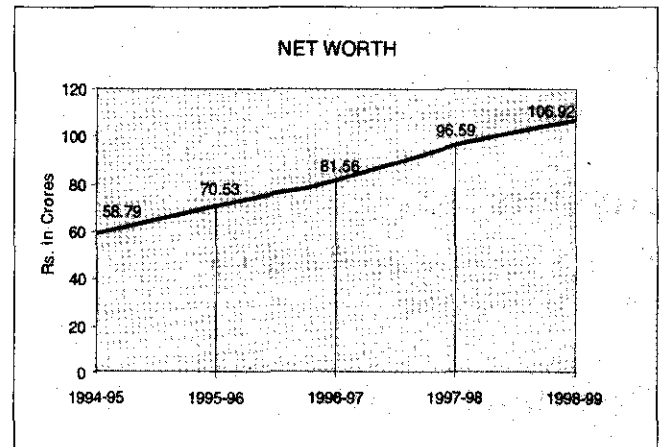
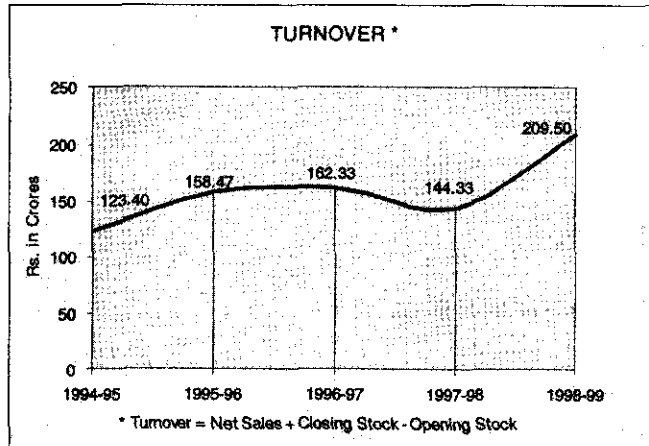
Punjab National Bank  
Bank of Baroda  
Canara Bank  
The Federal Bank Limited  
The Karur Vysya Bank Limited  
Union Bank of India  
Indian Overseas Bank  
State Bank of Travancore  
State Bank of India  
The Lakshmi Vilas Bank Limited

**BANNARI AMMAN SUGARS LIMITED**

## Financial Highlights

Financial Year	1998 - 99	1997 - 98
	(Rupees in lakhs)	
Gross Sales	<b>19,460.94</b>	15,528.39
PBDIT	<b>3,119.20</b>	3,440.55
Interest	<b>1,068.43</b>	1,106.74
Depreciation	<b>598.43</b>	568.50
PBT	<b>1,452.34</b>	1,765.31
Income Tax	<b>139.10</b>	—
PAT	<b>1,313.24</b>	1,765.31
Dividend (including dividend tax)	<b>264.73</b>	262.34
Net Worth	<b>10,691.95</b>	9,658.61
Borrowings	<b>11,150.24</b>	8,057.24
Capital Employed	<b>21,642.19</b>	17,715.85

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## Chairman's Letter

Dear Shareholders,

I am pleased to report yet another year of good performance of our company in 1998-99, despite the challenging operating conditions.

The year under review was an extremely difficult one for the Indian sugar industry. The All India production of sugar for the 1998-99 season is estimated to be at 155 lakh tonnes, substantially higher than the 128.55 lakh tonnes in the previous season. The Government added to the woes of the industry by not implementing the Mahajan Committee recommendations and by decanalising exports and liberalising imports. Import duties during the year were raised from 5% to 27.5% with a countervailing duty of Rs. 850/- per tonne. However, these rates remain abysmally low encouraging large scale import of cheap sugar, the international prices of which have dropped by 42% to \$190, over the past two years. Infact, India's import duties of sugar is far below its bound rate of 150%, as per WTO. We are, in effect, helping sugar manufacturers abroad who dump sugar into India, despite India being the largest producer of sugar. Needless to add, local prices continued to remain depressed and local manufacturers were saddled with the additional burden of higher inventories.

In the distillery, major overhauling was undertaken and there was no production for 3 months. The global recession in building industry had its impact on sale of granite products.

Even under these trying circumstances, Bannari Amman could report healthy profits due to overall efficient operations in all areas. During the year under review, sales grew up by 25.80% to Rs. 195 crores while net profits declined by 18.16% to Rs. 14.11 crores.

I am proud to report that both our sugar units recorded improved recovery rates during the year under review. The recovery rate in the Tamilnadu unit improved from 10.49% in the previous year to 10.51% and in the Karnataka Unit, from 9.71% to 10.01%. Our Tamilnadu unit has achieved the highest sugar recovery in 1997 - 98 season among all factories in the State and it continues to do so in the current season.



Bannari Amman has been making continuous investments in modernising its manufacturing facilities to, consistently produce the best quality products and maintain high capacity utilisation levels. Cane development programme has been further intensified by offering a variety of support services and other infrastructure facilities to cane growers.

Through persistent efforts, Bannari Amman - with its solid financial footing and strong market position - is well positioned for growth. The expansion cum co-generation project in our Karnataka unit is progressing satisfactorily and is expected to be completed before June 2000. The Company will continue to pursue profitable growth opportunities and maximise shareowner value.

Before I conclude, I must thank you for your continued support and encouragement.

Coimbatore

11th August 1999

**( S V Balasubramaniam )**

Chairman & Managing Director





## Our Manufacturing Facilities:

### Sugar Division - Tamilnadu factory

- \* Located at Alathukombai village near Sathyamangalam, 70 Kilometres from Coimbatore.
- \* Commissioned on 22nd January 1986 with an installed capacity of 1250 TCD.
- \* Created unique record in maiden cane crush by working continuously for 507 days.
- \* Modernisation and expansion (to 2,500 TCD) was completed in 1997 - 98, partly availing Sugar Development Fund (SDF) loan.
- \* Capacity utilisation maintained at over 100% since inception.
- \* Crushed 60.27 lakh tonnes sugarcane and produced 56.95 lakh quintals of sugar since commencement of production on 22nd January 1986 till 31st March 1999.
- \* Highest recovery among Tamilnadu Sugar factories in 1997 - 98 season and it continues.
- \* Manufactures high quality crystal sugar. Sugar colour maintained at 60 - 70 ICUMSA (International Commission for Uniform Methods of Sugar Analysis) unit.
- \* Has launched one kilogram branded sugar packets - **BANNARI** Sugar. Successfully marketed in select southern markets. Plans to market branded sugar in other cities also.
- \* Obtained ISO 9002 accreditation.



## Our Manufacturing Facilities:

### Sugar Division - Karnataka factory

- \* Located at Alaganchi village near Nanjangud, 35 Kilometres from Mysore.
- \* Commissioned on 1st October 1992 with an installed capacity of 2500 TCD.
- \* Crushed 31.71 lakh tonnes sugarcane and produced 30.88 lakh quintals of sugar since commencement of production on 1st October 1992 till 31st March 1999.

Report

- \* Expansion Project for increasing the cane crush from 2500 TCD to 5000 TCD is expected to be completed before June, 2000.

- \* Cogeneration Project with a capacity of 16 MW is expected to be completed before June, 2000.

- \* Has recently been sanctioned SDF loan for implementing development schemes such as :

Sinking of borewells

Seed nursery Programmes

Feeder road development