



24th

Annual Report
2007-2008

Report Junction.com



BANNARI AMMAN SUGARS LIMITED



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

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**BOARD OF DIRECTORS**

Dr S V Balasubramaniam
Chairman & Managing Director

Sri V Venkata Reddy
Vice Chairman

Sri S G Subrahmanyam

Sri S V Alagappan

Sri S V Arumugam

Sri P L Sivanappan

Sri E P Muthukumar

Sri A K Perumalsamy

Sri T Gundan

Sri B Saravanan

Joint Managing Director

AUDITORS

M/s P N Raghavendra Rao & Co
Chartered Accountants

INTERNAL AUDITORS

M/s Srivatsan & Gita
Chartered Accountants

COST AUDITOR

Sri M Nagarajan
Cost Accountant

COMPANY SECRETARY

Sri C Palaniswamy

**REGISTRARS AND
SHARE TRANSFER AGENTS**

M/s Cameo Corporate Services Ltd
Subramanian Building V Floor
1 Club House Road Chennai 600 002

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

State Bank of Hyderabad

Bank of India

REGISTERED OFFICE

1212 Trichy Road Coimbatore 641 018 Tamilnadu
Phone : 91-422-2302277 Fax : 91-422-2309999
E-mail : bascbe@vsnl.com Website : http://www.bannari.com

MANUFACTURING FACILITIES

SUGAR UNIT I CO-GENERATION
BIO-DIESEL & GRANITE PROCESSING:
Alathukombai village Erode District Tamilnadu

SUGAR UNIT II & CO-GENERATION
Alaganchi village Mysore District Karnataka

SUGAR UNIT III
Kunthur village Kollegal Taluk
Chamarajanagar District Karnataka

DISTILLERY
I Sinnapuliur village Erode District Tamilnadu
II Alaganchi village Mysore District Karnataka

BIO-COMPOST
I Modur village Erode District Tamilnadu
II Alaganchi village Mysore District Karnataka

WIND MILLS
Radhapuram Irukkandurai and Karunkulam villages
Radhapuram Taluk Tirunelveli District Tamilnadu



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 24th Annual General Meeting of the Members of the Company will be held at JENNEY CLUB 2/2 AVINASHI ROAD CIVIL AERODROME POST COIMBATORE 641 014 on Monday the 29th day of September 2008 at 4.30 PM 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 2008 and the audited Balance Sheet as at that date and the Auditors' Report thereon
- 2 To declare dividend on preference shares
- 3 To declare dividend on equity shares
- 4 To appoint a Director in the place of Sri P L Sivanappan who retires by rotation and is eligible for re-appointment
- 5 To appoint a Director in the place of Sri A K Perumalsamy 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 resolution as an Ordinary Resolution

RESOLVED that Sri T Gundan who was co-opted as an Additional Director by the Board of Directors with effect from 23.6.2008 and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company liable to retire by rotation

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 (2) of the Companies Act 1956 in respect of special business under item No 7 is annexed
- 4 The Register of Members and the Share Transfer Books of the Company will remain closed from 20.9.2008 to 29.9.2008 (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 29.9.2008. In respect of the dematerialised shares dividend will be paid on the basis of the beneficial ownership furnished by the National Securities Depository Limited and Central Depository Services (India) Limited at the end of the business hours on 19.9.2008
- 6 The Company has transferred unclaimed dividends upto the financial year ended 31st March 2000 to General Revenue Account/Investor Education and Protection Fund of the Central Government. The dividend declared for the financial year 2001 and thereafter remaining unclaimed for a period of 7 years will be transferred to Investor Education and Protection Fund as required under Companies Act 1956 on the respective due dates; upon such transfer no claim shall lie against the Company or the Central Government for such unclaimed dividend
- 7 Members are requested to bring their copy of the Annual Report along with them to the meeting

By Order of the Board

Coimbatore
23.6.2008

C PALANISWAMY
Company Secretary

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

Sri T Gundan aged 66 years was co-opted as an Additional Director on 23.6.2008. In terms of Section 260 of the Companies Act 1956 read with Article 74 of Company's Articles of Association Sri T Gundan holds office upto the date of ensuing Annual General Meeting. A notice proposing Sri T Gundan as a Director has been received from a member of the company along with requisite deposit

Sri T Gundan is not disqualified from being appointed as Director under Section 274(1)(g) of the Companies Act 1956 and the company has received requisite Form "DD-A" from him. He has complied with the requirement of obtaining Director Identification Number in terms of Section 266A of the Companies Act 1956

Sri T Gundan a Senior Cambridge is the Managing Director of Kothagiri Rob Roy Tea Estates Limited and got rich experience in business. He was a member of Tamilnadu State Legislative Assembly. He does not hold any shares in the Company

Other Directorship

Kothagiri Rob Roy Tea Estates Limited

Glenburn Estates and Enterprises Private Limited

Hotel Jagadeeswari Private Limited

Ootacamund Gymkhana Club

None of the Directors of the Company is concerned or interested in the said resolution except Sri T Gundan who is seeking appointment

Coimbatore
23.6.2008

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By Order of the Board

C PALANISWAMY
Company Secretary

Re-appointment of Directors

A brief resume in respect of Directors retiring by rotation and are eligible for re-appointment is given below in terms of clause 49 of the Listing Agreement:

Sri P L Sivanappan aged 78 years is associated with the company since 1984. He has more than 50 years experience in sugarcane cultivation. He is holding 100 equity shares in the company and does not hold any other Directorship

Sri A K Perumalsamy aged 68 years is associated with the company since 1984. He has more than 45 years experience in sugarcane cultivation. He is holding 1500 equity shares in the company and does not hold any other Directorship

**FINANCIAL HIGHLIGHTS**

(Rs in Lakhs)

	2003 - 04	2004 - 05	2005 - 06	2006 - 07	2007 - 08
Turnover	52273.24	44933.92	59427.12	82265.05	73468.34
Other Income	914.57	621.23	283.81	537.69	2182.59
Total Income (incl Stock Adj)	53278.10	45991.50	59812.12	82561.81	75641.35
Raw Materials	26961.48	18654.02	23960.08	39071.60	38375.83
Traded goods	1877.65	--	--	1350.20	21.45
Excise Duty on Stock	112.20	(137.07)	(439.06)	241.96	712.75
Overhead & Other Exp	15892.93	17532.88	21316.84	26560.44	28402.72
PBDIT	8433.84	9941.67	14974.26	15337.61	8128.60
Depreciation	2705.14	3200.10	4307.00	3734.83	3481.86
Interest	1135.37	1115.36	1095.60	767.42	730.68
Pre-tax profit	4593.33	5626.21	9571.66	10835.36	3916.06
Tax	1280.65	1265.57	1874.17	1806.54	(318.20)
Post Tax Profit	3312.68	4360.64	7697.49	9028.82	4234.26
Equity Capital	953.97	953.97	953.97	953.97	1143.97
Reserves	16192.33	20070.14	27158.61	40572.76	43825.26

Turnover = Net Sales + Closing Stock - Opening Stock

**KEY FINANCIAL RATIOS**

	2003 - 04	2004 - 05	2005 - 06	2006 - 07	2007 - 08
FINANCIAL RATIOS					
Other Income / Turnover %	1.75	1.38	0.48	0.65	2.97
Overheads / Turnover %	29.09	37.91	33.62	30.69	37.06
Interest / Turnover %	2.17	2.48	1.84	0.93	0.99
PBDIT / Turnover %	16.13	22.13	25.20	18.64	11.06
NP / Turnover %	8.79	12.52	16.11	13.17	5.33
Cash Profit / Turnover %	13.96	19.64	23.35	17.71	10.07
ROCE (PBDIT / Average Capital Employed) %	19.15	19.99	29.66	28.08	11.35
ROCE (PBIT / Average Capital Employed) %	13.01	13.56	21.13	21.24	6.49
Capital Output Ratio (Turnover / Average capital employed)	118.72	90.37	117.70	150.59	102.57
BALANCE SHEET RATIOS					
Debt Equity Ratio (Long term debt to equity)	0.55	0.62	0.49	0.26	0.31
Debtors' Turnover (Days)	52	44	40	32	41
Inventory Turnover (Days)	195	169	108	89	138
Current Ratio	1.35	1.51	2.62	2.76	2.37
Quick Ratio	0.50	0.51	1.21	1.43	1.24
Average Turnover Ratio (Total Revenue / Total Assets)	1.16	0.92	1.26	1.36	0.91
PER SHARE DATA					
EPS (Rs)	34.73	45.71	80.69	89.51*	37.01
CEPS (Rs)	63.08	79.26	125.84	127.45	67.45
Dividend on Equity (Rs)	3.60	4.50	7.00	7.00	7.00
Dividend on Preference (Rs)	-	-	-	3.00	9.00
Dividend Payout %	11.70	11.13	9.89	11.09	26.72
Book Value (Rs)	179.74	220.39	294.69	364.67	393.10
Net indebtedness (Rs)	99.25	135.63	143.88	94.62	120.76

* EPS worked out after considering the allotment of 1900000 equity shares of Rs 10/- each made pursuant to the Scheme of Amalgamation



CHAIRMAN'S LETTER

Dear Shareholders

The All India sugar production for the Sugar Season 2006-07 was 283.28 lakh tonnes significantly higher than sugar production of 192.67 lakh tonnes of the previous Season. The sugar prices prevailed at below economical levels throughout the year. The cost of inputs especially sugarcane price rose steeply adding to the adverse conditions

In your Company the good performance of Distillery and Co-Generation Divisions had helped to achieve positive working results inspite of adverse conditions prevailed in the Sugar Division

The highlights of the financial year 2007-08 are:

- Total cane crush was 33.10 lakh tonnes
- The 20 MW co-generation plant at Sugar Unit I had generated 153.45 million units of power of which 110.48 million units were exported to Tamilnadu Government Grid
- The 16 MW co-generation plant at Sugar Unit II had generated 103.82 million units of power of which 88.39 million units were exported to Karnataka Government Grid
- The 20 MW co-generation plant at Sugar Unit II had generated 107.05 million units of power of which 52.04 million units were exported to Karnataka Government Grid
- The Distillery Unit in Tamilnadu had produced 18.22 lakh B Ltrs of Rectified Spirit 156.93 lakh B Ltrs of Neutral Spirit and 0.06 lakh B Ltrs of Fusel Oil
- The Distillery Unit in Karnataka had produced 1.93 lakh B Ltrs of Rectified Spirit 35.57 lakh B Ltrs of Neutral Spirit and 2.74 lakh BLtrs of Medium Grade Alcohol
- Wind mills had generated 15.84 million units of power and exported 13.67 million units to Tamilnadu Government Grid
- Granite Division at Tamilnadu had produced 128481 square metres of Granite slabs 7669 square metres of tiles and 77 square metres of monuments

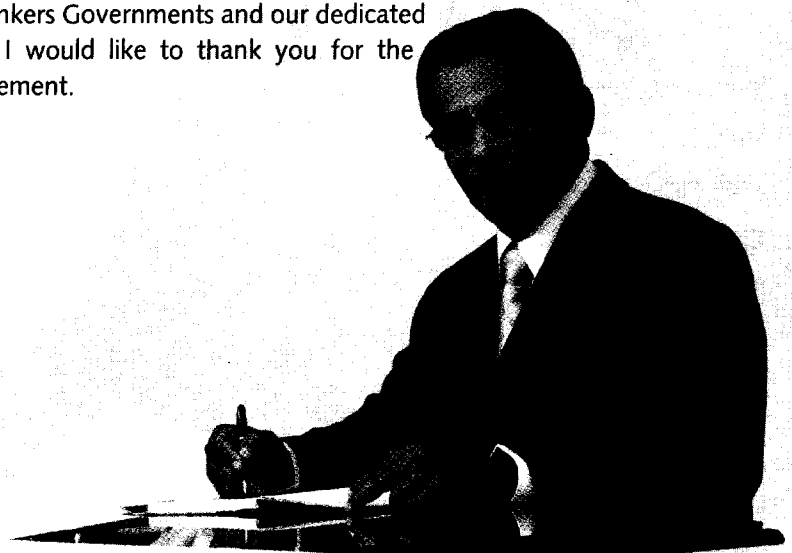
The sugar prices are under pressure till the middle of 2008 and are expected to firm up during the later part of the Year

In the current financial year we expect to crush 7.5 lakh tonnes of sugarcane in Sugar Unit-I 15 lakh tonnes of sugarcane in Sugar Unit-II and 4 lakh tonnes of sugarcane in Sugar Unit-III. The co-generation and distillery are expected to register improved performance

While the business conditions in the sugar industry remains challenging we hope to report steady strategic progress and improve our overall competitive position in the years ahead

With this I would like to thank our cane growers bankers Governments and our dedicated employees for their co-operation and support. I would like to thank you for the confidence and trust you have reposed in our management.

(S V BALASUBRAMANIAM)
Chairman & Managing Director



**DIRECTORS' REPORT**

Dear Members

Your Directors have pleasure in presenting the 24th Annual Report together with audited accounts of the Company for the year ended 31st March 2008

(Rs in Lakhs)

Financial Results	Financial Year	
	2007-2008	2006-2007
Profit for the year before depreciation	7397.92	14570.19
Less: Depreciation	3481.86	3734.83
Profit Before Tax	3916.06	10835.36
Less Provisions : Income Tax	441.55	1161.00
Fringe Benefit Tax	20.57	14.80
MAT Credit Entitlement	-441.02	-
Deferred Tax	-339.30	630.74
Profit After Tax	4234.26	9028.82
Add : Surplus brought forward from previous year	1630.05	1103.37
Amount available for appropriation	5864.31	10132.19
Appropriations		
Provision for diminution in value of investment	0.51	0.48
Transfer to General Reserve	3000.00	7500.00
Dividend on Preference Capital	166.14	55.38
Dividend on Equity Capital	800.78	800.78
Provision for Tax on Dividend	164.33	145.50
Surplus carried over to Balance Sheet	1732.55	1630.05
	5864.31	10132.19

Dividend

Your Directors are glad to recommend dividend @ 9% on 1846000 - 9% redeemable non-cumulative preference shares of Rs. 100/- each and 70% on the equity capital



Review of Operations

The comparative operational performances for the last two years are as under:

Sugar Division

	Sugar Unit I		Sugar Unit II		Sugar Unit III	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07*
No of days crushed	275	322	316	298	298	84
Sugarcane crushed (Lakh tonnes)	9.19	10.75	18.07	17.27	5.84	1.36
Recovery (%)	10.19	10.00	10.38	10.50	10.13	10.81
Wet Sugar Processed (Lakh Tonnes)	0.01	0.10	-	-	-	-
Sugar Produced (Lakh quintals)	9.43	10.81	18.82	18.04	5.94	1.46

*Acquired by way of amalgamation with effect from 1.1.2007

During the year under review in sugar unit-I 9.19 lakh tonnes of sugarcane was crushed as against the estimated cane crush of 9 lakh tonnes. In sugar unit-II 18.07 lakh tonnes of sugarcane was crushed as against estimated cane crush of 20 lakh tonnes of sugarcane. In sugar unit-III 5.84 lakh tonnes of sugarcane was crushed as against estimated cane crush of 6 lakh tonnes of sugarcane

Co-generation of Power

The co-generation plant in sugar unit I had generated 153.45 million units of power and exported 110.48 million units to the Tamilnadu Government Grid. In sugar unit II the 16 MW and 20 MW co-generation plants had generated 103.82 million units and 107.05 million units of power and exported 88.39 million units and 52.04 million units respectively to Karnataka Government Grid

Distillery Division

The distillery in Tamilnadu had worked for 337 days and produced 18.22 lakh B.Ltrs of Rectified Spirit 156.93 lakh B.Ltrs of Neutral Spirit and 0.06 lakh B.Ltrs of Fusel oil

The distillery in Karnataka had worked for 115 days and produced 1.93 lakh B.Ltrs of Rectified Spirit 35.57 lakh B.Ltrs of Neutral Spirit and 2.74 lakh B.Ltrs of Medium Grade Alcohol

Granite Division

In the Granite Division in Tamilnadu 128481 square metres of Granite slabs 7669 square metres of tiles and 77 square metres of monuments were produced compared to production of 112030 square metres of Granite Slabs 12742 square metres of tiles and 1127 square metres of monuments in the last year

Wind Mills

Wind mills had generated 15.84 million units of power and exported 13.67 million units to Tamilnadu Government Grid