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Bannari Amman Sugars Limited

25th Annual Report
2008-2009

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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Bannari Amman Sugars Limited is engaged in the manufacture of Sugar, Alcohol, Bio-Compost, Bio-Diesel, Granite Products and Generation and Distribution of Power.



Bannari Amman Sugars Limited

Board of Directors

Dr S V Balasubramaniam
Chairman & Managing Director

Sri V Venkata Reddy
Vice Chairman

Sri S V Alagappan

Sri S V Arumugam

Sri P L Sivanappan

Sri B Saravanan

Joint Managing Director

Sri E P Muthukumar

Sri A K Perumalsamy

Sri T Gundan

Auditors

M/s P N Raghavendra Rao & Co
Chartered Accountants

Internal Auditors

M/s Srivatsan & Gita
Chartered Accountants

Sri R Bakthavachalam
Chartered Accountant

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

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
Tirunelveli District Tamilnadu



Bannari Amman Sugars Limited

Notice to Shareholders

NOTICE is hereby given that the 25th Annual General Meeting of the Members of the Company will be held at JENNYS RESIDENCY 2/2 AVINASHI ROAD CIVIL AERODROME POST COIMBATORE 641 014 on Wednesday the 23rd day of September 2009 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 2009 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 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 a Director in the place of Sri E P Muthukumar who retires by rotation and is eligible for re-appointment
7. To appoint Auditors and fix their remuneration

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 Register of Members and the Share Transfer Books of the Company will remain closed from 19.9.2009 to 23.9.2009 (both days inclusive)
4. The equity dividend if declared will be paid to those members whose names appear on the Register of Members of the Company as on 23.9.2009. 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 18.9.2009
5. The Company has transferred unclaimed dividends upto the financial year ended 31st March 2001 to General Revenue Account/Investor Education and Protection Fund of the Central Government. The dividend declared for the financial year 2002 and thereafter remaining unclaimed for a period of 7 years will be transferred to Investor Education and Protection Fund as required under the 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
6. Members are requested to bring their copy of the Annual Report along with them to the meeting

By Order of the Board

Coimbatore
25.6.2009

C PALANISWAMY
Company Secretary



Bannari Amman Sugars Limited

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 S V Alagappan B Com BL aged 67 years is associated with the company as Director since 29.9.1988. He is holding 30620 equity shares of Rs.10/- each in the company. He has more than 37 years of managerial experience. He is the Managing Director of Shiva Texyarn Limited and Annamallai Retreading Company (P) Limited

Other Directorships :

Annamallai Infrastructures Limited
Bannari Amman Enterprises Limited
Bannari Amman Exports Limited
Bannari Amman Spinning Mills Limited
Bannariamman Finance Limited
Bannari Amman Flour Mill Limited
Kerala Alcoholic Products Limited
Shiva Cargo Movers Limited
Shiva Distilleries Limited
Anamallais Agencies Private Limited
Anamallais Automobiles Private Limited

Annamallai Enterprise Private Limited
Annamallai Estates Private Limited
AA Tyre Retreading Company Private Limited
Bannari Amman Apparel Private Limited
Bannari Amman Infrastructures Private Limited
Bannari Techno Park Private Limited
Kwality Clothes Private Limited
Sakthi Murugan Transports Private Limited
Shiva Automobiles Private Limited
Vadivelan Enterprises Private Limited
Vedanayagam Hospital Private Limited

Sri S V Arumugam B Sc ACA aged 60 years is associated with the company as Director since 28.11.1994. He is holding 20920 equity shares of Rs.10/- each in the company. He has more than 23 years of managerial experience. He is the Managing Director of Bannari Amman Spinning Mills Limited and Bannari Amman Apparel Private Limited

Other Directorships :

Annamallai Infrastructures Limited
Bannari Amman Enterprises Limited
Bannari Amman Exports Limited
Bannariamman Finance Limited
Bannari Amman Flour Mill Limited
Kerala Alcoholic Products Limited
Shiva Cargo Movers Limited
Shiva Distilleries Limited
Shiva Texyarn Limited
SIMA Textile Processing Centre Limited
Confederation of Indian Textile Industry
Anamallais Agencies Private Limited
Anamallais Automobiles Private Limited

Annamallai Enterprise Private Limited
Annamallai Estates Private Limited
Annamallai Retreading Company Private Limited
AA Tyre Retreading Company Private Limited
Bannari Amman Infrastructures Private Limited
Bannari Techno Park Private Limited
Kwality Clothes Private Limited
Murugan Enterprise Private Limited
Sakthi Murugan Transports Private Limited
Senthil Infrastructure Private Limited
Shiva Automobiles Private Limited
Vedanayagam Hospital Private Limited

Member of Committees in } Shiva Texyarn Limited
other public companies } Investors' Grievance Committee

Sri E P Muthukumar BE aged 61 years is associated with the company as Director since 6.12.1984. He is holding 1000 equity shares of Rs.10/- each in the company. He doesn't have any Directorship in other public companies. He has 35 years experience in sugarcane cultivation



Bannari Amman Sugars Limited

Financial Highlights

(Rs in Lakhs)

Financial Year	2004-05	2005-06	2006-07	2007-08	2008-09
Turnover	38318.31	49408.86	69116.18	60608.73	67404.42
Other Income	621.23	283.81	537.69	2182.59	1727.03
Total Income (incl Stock Adj)	38939.54	49692.67	69653.87	62791.32	69131.45
Raw Materials	18543.69	22583.02	38329.45	37868.60	34324.72
Traded Goods	--	--	1350.20	21.45	--
Excise Duty on Stock	(137.07)	(439.06)	241.96	712.75	(400.66)
Overhead & Other Exp	10591.24	12574.45	14394.65	16059.92	17651.51
PBDIT	9941.67	14974.26	15337.61	8128.60	17555.88
Depreciation	3200.10	4307.00	3734.83	3481.86	3408.23
Interest	1115.36	1095.60	767.42	730.68	958.14
Pre-Tax profit	5626.21	9571.66	10835.36	3916.06	13189.51
Tax	1265.57	1874.17	1806.54	(318.20)	1206.74
Post-Tax Profit	4360.64	7697.49	9028.82	4234.26	11982.77
Equity Capital	953.97	953.97	953.97	1143.97	1143.97
Reserves	20070.14	27158.61	40572.76	43825.26	54270.49

Note: (i) Turnover = Net Sales + Closing Stock – Opening Stock

(ii) Previous year figures have been reclassified (excluding inter-segment transfers) to confirm current year's classification



Key Financial Ratios

Financial Year	2004 - 05	2005 - 06	2006 - 07	2007 - 08	2008 - 09
FINANCIAL RATIOS					
Other Income/Turnover %	1.62	0.57	0.78	3.60	2.56
Overheads/Turnover %	27.64	25.45	20.83	26.50	26.19
Interest/Turnover %	2.91	2.22	1.11	1.21	1.42
PBDIT/Turnover %	25.94	30.31	22.19	13.41	26.05
NP/Turnover %	14.68	19.37	15.68	6.46	19.57
Cash Profit/Turnover %	23.03	28.09	21.08	12.21	24.62
ROCE (PBDIT/Average Capital Employed) %	19.99	29.66	28.08	11.35	21.55
ROCE (PBIT/Average Capital Employed) %	13.56	21.13	21.24	6.49	17.36
Capital Output Ratio (Turnover / Average capital employed)	77.06	97.86	126.52	84.62	82.73
BALANCE SHEET RATIOS					
Debt Equity Ratios (Long term debt to equity)	0.62	0.49	0.26	0.31	0.22
Debtors Turnover (Days)	51	48	38	50	38
Inventory Turnover (Days)	198	129	106	167	136
Current Ratio	1.51	2.62	2.76	2.37	1.63
Quick Ratio	0.51	1.21	1.43	1.24	0.80
Average Turnover Ratio (Total Revenue / Total Assets)	0.92	1.22	1.37	0.71	0.81
PER SHARE DATA					
EPS (Rs)	45.71	80.69	89.51	35.31	103.05
C E P S (Rs)	79.26	125.84	127.45	65.75	132.84
Dividend/Share - Equity (Rs)	4.50	7.00	7.00	7.00	10.00
- Pref. (Rs)	-	-	3.00	9.00	9.00
Dividend payout (%)	11.13	9.89	11.09	26.72	12.79
Book value (Rs)	220.39	294.69	364.67	393.10	484.40
Net Indebtedness (Rs)	135.63	143.88	94.62	120.76	107.49

Note: (i) Turnover = Net Sales + Closing Stock – Opening Stock

(ii) Previous year figures have been reclassified (excluding inter-segment transfers) to confirm current year's classification



Bannari Amman Sugars Limited

Chairman's Letter

Dear Members

I am pleased to report that yet again the operations in the financial year 2008-09 have resulted in record financial results. The impressive results are largely on account of significant contribution from power generation and improved sugar price realization as well

The sugar industry can play a major role in the economic growth of the nation. In the integrated sugar projects, ECO friendly Ethanol and Power are produced contributing to reduction in global warming. If Ethanol production can be substantially increased valuable foreign exchange can be saved. The increase in power production will benefit the overall industrial growth of the country

The above positive results are possible if only the coverage of cane cultivation is increased with adequate price compensation to the cane growers and market driven price realization for sugar. Both Central and State Governments must play proactive role in encouraging the sugar industry in the overall interest of the nation

It is not out of place for me to mention that a large share of sugar produced is consumed by MNCs for production of soft drinks and by other sweet makers. The direct public consumption of sugar is only 30% of total production. By artificially controlling the price of sugar, the Government is only helping the MNCs and sweet makers at the expense of industry and cane growers

The prices of various food items of daily consumption like rice, wheat, maize, cereals, onion, potato etc. have risen over the last one year in the range of 25% to 100%, whereas the sugar price has not increased adequately. It is also pertinent to state that sugar price in India is the lowest in the world

In the backdrop, the Government needs to consider and take the following initiatives to strengthen sugar industry which can play a significant role in the economic growth of the nation:

- Capital incentives need to be provided to the new integrated plants which produce Sugar, Ethanol and Power



- Sugar has to be allowed to be sold without release restrictions
- The levy price is to be revised to cover cost of production and a fair return on capital
- A free inter-state movement of Ethanol and inter-state supply of co-generation power must be ensured
- Sugar factories may be allowed to produce Jaggery, Gur etc., without the burden of taxes
- The State levies on purchase and sales of raw material and finished products must be removed or atleast made uniform among the States
- Mechanization in cane harvesting must be encouraged by subsidizing the cost of harvesting machines

I am confident that the Government would do the needful for the sugar industry which is the second largest in India next to Textiles

I wish to state that our new sugar factory and co-generation plant at Tirvannamalai will be in operation from 2009-10 sugar season. I am confident that all our plans towards new projects over the coming years will be successfully implemented for a sustained growth

I would like to thank immensely our cane growers, bankers, Central and State Governments and our dedicated employees for their continued cooperation and support

(S V BALASUBRAMANIAM)
Chairman & Managing Director





Bannari Amman Sugars Limited

Directors' Report

Dear Members

Your Directors have pleasure in presenting the 25th Annual Report together with audited accounts of the Company for the year ended 31st March 2009

(Rs. in Lakhs)

Financial Results	Financial Year	
	2008-09	2007-08
Profit for the year before depreciation	16597.74	7397.92
Less: Depreciation	3408.23	3481.86
Profit Before Tax	13189.51	3916.06
Less Provisions: Income Tax	1491.86	441.55
Fringe Benefit Tax	20.43	20.57
MAT Credit Entitlement	-707.30	-441.02
Deferred Tax	401.75	-339.30
Profit After Tax	11982.77	4234.26
Add : Surplus brought forward from previous year	1732.55	1630.05
Amount available for appropriation	13715.32	5864.31
Appropriations		
Provision for diminution in value of investment	4.78	0.51
Transfer to Capital Redemption Reserve	1846.00	--
Transfer to General Reserve	8600.00	3000.00
Dividend on Preference Capital	166.14	166.14
Dividend on Equity Capital	1143.97	800.78
Provision for Tax on Dividend	222.65	164.33
Surplus carried over to Balance Sheet	1731.78	1732.55
	13715.32	5864.31

Dividend

Your Directors are glad to recommend dividend of Rs 9/- per share on 1846000 – 9% Redeemable non-cumulative preference shares of Rs 100/- each and Rs 10/- per share on equity capital (100% on equity capital)



Bannari Amman Sugars Limited

Review of Operations

Sugar Division

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

	Sugar Unit I		Sugar Unit II		Sugar Unit III	
	2008-09	2007-08	2008-09*	2007-08	2008-09*	2007-08
No of days crushed	239	275	300	316	78	298
Sugarcane crushed (Lakh Tonnes)	6.92	9.19	14.45	18.07	1.40	5.84
Recovery %	10.04	10.19	10.27	10.38	10.09	10.13
Sugar Produced (Lakh Quintals)	7.00	9.43	14.79	18.82	1.44	5.94

* Due to shortage of cane, crushing in Unit-III has been stopped from 21.6.2008 and crushing of Unit-II includes 191732 tonnes of cane drawn from Unit-III area.

Co-generation of Power

The co-generation plant of sugar unit in Tamilnadu had generated 103.52 million units of power and exported 70.42 million units to Tamilnadu Government Grid. The 16 MW co-generation plant of the sugar unit in Alaganchi Village, Karnataka had generated 86.82 million units of power and exported 50.03 million units to Karnataka Government Grid. The 20 MW co-generation plant in the location had generated 94.25 million units of power and exported 43.73 million units to Tata Power Corporation Limited under third party sale and 22.05 million units to Karnataka Government Grid.

Distillery Division

The distillery in Tamilnadu had worked for 348 days and produced 19.99 lakh BLtrs of Rectified Spirit and 154.68 lakh BLtrs of Neutral Spirit

The distillery in Karnataka had worked for 176 days and produced 1.75 lakh BLtrs of Rectified Spirit, 75.30 lakh BLtrs of Neutral Spirit and 2.26 lakh BLtrs of Medium Grade Alcohol

Granite Division

In Granite Polishing unit in Tamilnadu 93575 square metres of Granite slabs and 13488 square metres of tiles were produced compared to production of 128481 square metres of Granite Slabs and 7669 square metres of tiles in the last year. Production of monuments has been suspended due to unfavourable market condition

Wind Mill

Wind mills had generated 15.12 million units of power and exported 13.33 million units to Tamilnadu Government Grid as against the generation of 15.84 million units and export of 13.67 million units of power in the previous year

Redemption of 1846000 – 9% Redeemable Non-Cumulative Preference Shares

The company has redeemed 1846000 – 9% Redeemable Non-Cumulative Preference Shares allotted under the Scheme of Amalgamation on 31.3.2009