



Board of Directors

Sri 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

M/s Bakthavachalam & Co
Chartered Accountants

Cost Auditor

Sri M Nagarajan
Cost Accountant

Company Secretary

Sri C Palaniswamy

Registrar and Share Transfer Agent

M/s Cameo Corporate Services Limited
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

SUGAR UNIT IV & CO-GENERATION

Kolundampattu Village
Thiruvannamalai District Tamilnadu

DISTILLERY

I Sinnapuliyur 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
Thirunelveli District Tamilnadu



Notice to Shareholders

NOTICE is hereby given that the 26th Annual General Meeting of the Members of the company will be held at JENNEYS RESIDENCY 2/2 AVINASHI ROAD CIVIL AERODROME POST COIMBATORE 641 014 on Monday the 6th day of September 2010 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 audited Profit and Loss Account for the year ended 31st March 2010 and audited Balance Sheet as at that date and Directors' Report and Auditors' Report thereon
- 2 To declare dividend on equity shares
- 3 To appoint a Director in the place of Sri V Venkata Reddy who retires by rotation and is eligible for re-appointment
- 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 Auditors and fix their remuneration

Special Business

- 6 To consider and if thought fit to pass with or without modification the following Resolutions as Special Resolutions
RESOLVED that the period of appointment of Sri S V Balasubramaniam as Managing Director of the company for a period of five years with effect from 9.10.2005 be restricted to 1st June 2010

FURTHER RESOLVED that pursuant to Sections 198, 269, 309 and other applicable provisions of the Companies Act 1956 read with Schedule XIII to the said Act, the appointment of Sri S V Balasubramaniam as Chairman of the company for a period of five years with effect from 2nd June 2010 on the following remuneration and terms be and are hereby approved :

Salary

Rs 300000/- per month (Rupees Three Lakhs only)

Perquisites

- (a) Contribution to Provident Fund to the extent not taxable under the Income Tax Act
- (b) Gratuity at the rate of half a month's salary for each completed year of service
- (c) Encashment of leave at the end of the tenure as per the rules of the Company

Other Perquisites

As may be decided by the Board of Directors of a value not exceeding annual salary

Commission

3% Commission on the net profits of the company subject to the maximum ceiling specified in Section I of Part II of Schedule XIII to the Companies Act 1956

FURTHER RESOLVED that as Chairman Sri S V Balasubramaniam shall have substantial powers of management of the company other than the powers which are expressly required by law or by the Articles of the company to be exercised only by the Board of Directors



- 7 To consider and if thought fit to pass with or without modification the following Resolutions as Ordinary Resolutions
RESOLVED that the period of appointment of Sri B Saravanan as Joint Managing Director of the company for a period of five years with effect from 5.7.2005 be restricted to 1st June 2010

FURTHER RESOLVED that pursuant to Sections 198, 269, 309, 316 and other applicable provisions of the Companies Act 1956 read with Schedule XIII to the said Act, the appointment of Sri B Saravanan as Managing Director of the company for a period of five years with effect from 2nd June 2010 on the following remuneration and terms be and are hereby approved

Salary

Rs 200000/- per month (Rupees Two Lakhs only)

Perquisites

- (a) Contribution to Provident Fund to the extent not taxable under the Income Tax Act
- (b) Gratuity at the rate of half a month's salary for each completed year of service
- (c) Encashment of leave at the end of the tenure as per the rules of the company

Other Perquisites

As may be decided by the Board of Directors of a value not exceeding annual salary

In the case of absence or inadequacy of profits for any financial year, the Managing Director shall be paid remuneration in accordance with Section II of Part II of Schedule XIII of the Companies Act, 1956

Commission

2% Commission on the net profits of the company subject to the maximum ceiling specified in Section I of Part II of Schedule XIII to the Companies Act 1956

FURTHER RESOLVED that Sri B Saravanan shall have substantial powers of management of the company subject to supervision of Chairman 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 Register of Members and the Share Transfer Books of the company will remain closed from 28.8.2010 to 6.9.2010 (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 6.9.2010. In respect of dematerialised shares dividend will be paid on the basis of beneficial ownership furnished by the National Securities Depository Limited and Central Depository Services (India) Limited at the end of the business hours on 27.8.2010
- 5 The company has transferred unclaimed dividends upto the financial year ended 31st March 2002 to General Revenue Account/Investor Education and Protection Fund of the Central Government. The dividend declared for the financial year 2003 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

Coimbatore
27.5.2010

By Order of the Board
C PALANISWAMY
Company Secretary



Explanatory statement under section 173(2) of the Companies Act 1956

Item No.6

Sri S V Balasubramaniam has been the Managing Director of the company from 9.10.1985. His present term of office expires on 8.10.2010. He is associated with the sugar industry for more than 45 years. Under his stewardship your company has established integrated sugar plants in multi locations and the performance of the company has always been one of the best in the industry

The Remuneration Committee at its meeting held on 27.5.2010 has recommended the appointment of Sri S V Balasubramaniam as Chairman of the company with substantial powers of management for a period of 5 years with effect from 2.6.2010 and the remuneration payable to him, restricting his earlier appointment to 1.6.2010

After considering the recommendations of the Remuneration Committee the Board of Directors have appointed Sri S V Balasubramaniam as Chairman of the company for a period of 5 years with effect from 2.6.2010 on the terms and conditions as set out in the text of the Resolution contained in the agenda. The term of office of earlier appointment has been restricted to 1.6.2010

The necessary special resolutions are placed before the members for their approval

Sri S V Balasubramaniam Sri B Saravanan Sri S V Alagappan and Sri S V Arumugam Directors are deemed to be interested in the resolutions

Item No.7

Sri B Saravanan has been the Joint Managing Director of the company from 5.7.2000. He is also the Managing Director of Shiva Distilleries Limited. He has been very effectively managing the affairs of the company under the supervision of Chairman/Managing Director. He has contributed immensely for the growth of the company in all spheres

The Remuneration Committee at its meeting held on 27.5.2010 has recommended the appointment of Sri B Saravanan as Managing Director of the company with effect from 2.6.2010 for a period of 5 years and the remuneration payable to him, restricting his earlier appointment to 1.6.2010

After considering the recommendations of the Remuneration Committee the Board of Directors have appointed Sri B Saravanan as Managing Director of the company for a period of 5 years with effect from 2.6.2010 on the terms and conditions set out in the text of the Resolutions contained in the agenda. The term of office of earlier appointment has been restricted to 1.6.2010

Necessary resolutions are placed before the members for their approval

Sri S V Balasubramaniam and Sri B Saravanan Directors are deemed to be interested in the resolutions

Coimbatore
27.5.2010

By Order of the Board
C PALANISWAMY
Company Secretary



Disclosure under clause 49 of the listing agreement

Appointment of Chairman

A brief resume of Sri S V Balasubramaniam is given below

Sri S V Balasubramaniam BCom ACA ACS aged 70 years has more than 45 years experience in Sugar Industry. He was the President of Indian Sugar Mills Association (ISMA) and President of South India Sugar Mills Association (SISMA) Tamilnadu and Karnataka. He is holding 940194 equity shares in the company

Other Directorships

| | |
|--|---|
| Annamallai Infrastructures Limited | Bannari Amman Apparel Private Limited |
| Bannari Amman Enterprises Limited | Bannari Amman Infrastructures Private Limited |
| Bannari Amman Exports Limited | Bannari Enterprises Private Limited |
| Bannari Amman Spinning Mills Limited | Bannari Infotech Private Limited |
| Bannariamman Finance Limited | Bannari Techno Park Private Limited |
| Bannari Amman Flour Mill Limited | Kumaraguru Enterprise Private Limited |
| Kerala Alcoholic Products Limited | Kwality Clothes Private Limited |
| Madras Sugars Limited | Mehru Enterprises Private Limited |
| Shiva Cargo Movers Limited | Mylvagana Enterprises Private Limited |
| Shiva Distilleries Limited | Sakthi Murugan Transports Private Limited |
| Shiva Texyarn Limited | Shiva Automobiles Private Limited |
| Indian Sugar Exim Corporation Limited | Soundaram Enterprise Private Limited |
| Anamallais Agencies Private Limited | SVB Enterprise Private Limited |
| Anamallais Automobiles Private Limited | Vedanayagam Enterprises Private Limited |
| Annamallai Enterprise Private Limited | Vedanayagam Hospital Private Limited |
| Annamallai Estates Private Limited | Velmuruga Enterprises Private Limited |
| AA Tyre Retreading Company Private Limited | |

Member of Committees in other public companies

: **Shiva Texyarn Limited**
Investor's Grievance Committee - Member

Appointment of Managing Director

A brief resume of Sri B Saravanan is given below

Sri B Saravanan aged 37 years a Commerce Graduate oversees the company's affairs since 5.7.2000. He is also the Managing Director of Shiva Distilleries Limited. He is holding 175758 equity shares in the company

Other Directorships

| | |
|---------------------------------------|---------------------------------------|
| Kerala Alcoholic Products Limited | Kandiamman Enterprise Private Limited |
| Madras Sugars Limited | Kumaraguru Enterprise Private Limited |
| Shiva Cargo Movers Limited | Soundaram Enterprise Private Limited |
| Shiva Distilleries Limited | SVB Enterprise Private Limited |
| Annamallai Enterprise Private Limited | Velmuruga Enterprises Private Limited |
| Bannari Enterprises Private Limited | |



Re-appointment of Directors

A brief resume of Directors retiring by rotation and are eligible for re-appointment is given below

Sri V Venkata Reddy MBA aged 71 years is associated with the company as Director since 6.11.1997. He is holding 51010 equity shares in the company and has 45 years experience in sugar industry including international assignments. He was the Managing Director of Sri Chamundeswari Sugars Limited for more than 8 years. He was the President of South Indian Sugar Mills Association Karnataka during the period 2001-2003

Other Directorships

Bannari Amman Spinning Mills Limited
Shiva Hi-Tec Infrastructure Limited
Shiva Texyarn Limited

Sri Kollapuri Amma Agro Industries Private Limited
Sri Kollapuri Amma Enterprises Private Limited

Member of Committees in other public companies

: **Shiva Texyarn Limited**
Investor's Grievance Committee - Chairman
Remuneration Committee - Chairman

Bannari Amman Spinning Mills Limited
Remuneration Committee - Member

Sri P L Sivanappan aged 80 years, is associated with the company as Director since 6.2.1984. He is holding 100 equity shares in the company and has more than 55 years experience in sugarcane cultivation. He does not hold any other Directorship

**Financial Highlights**

(Rs in Lakhs)

| Financial Year | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
|----------------------------------|----------|----------|----------|----------|----------|
| Turnover | 49408.86 | 69116.18 | 60608.73 | 67404.42 | 85346.50 |
| Other Income | 283.81 | 537.69 | 2182.59 | 1727.03 | 897.93 |
| Total Income (incl Stock Adj) | 49692.67 | 69653.87 | 62791.32 | 69131.45 | 86244.43 |
| Raw Materials | 22583.02 | 38329.45 | 37868.60 | 34324.72 | 42995.38 |
| Traded Goods | -- | 1350.20 | 21.45 | -- | -- |
| Excise Duty on Stock | (439.06) | 241.96 | 712.75 | (400.66) | (799.89) |
| Overhead & Other Exp | 12574.45 | 14394.65 | 16059.92 | 17651.51 | 19710.77 |
| PBDIT | 14974.26 | 15337.61 | 8128.60 | 17555.88 | 24338.17 |
| Depreciation | 4307.00 | 3734.83 | 3481.86 | 3408.23 | 3834.06 |
| Interest | 1095.60 | 767.42 | 730.68 | 958.14 | 530.34 |
| Pre-Tax Profit | 9571.66 | 10835.36 | 3916.06 | 13189.51 | 19973.77 |
| Tax - Current (Net) | 1695.25 | 1175.80 | 21.10 | 804.99 | 3092.07 |
| - Deferred | 178.92 | 630.75 | (339.30) | 401.75 | 2518.37 |
| Post-Tax Profit | 7697.49 | 9028.82 | 4234.26 | 11982.77 | 14363.33 |
| Equity Capital | 953.97 | 953.97 | 1143.97 | 1143.97 | 1143.97 |
| Reserves | 27158.61 | 40572.76 | 43825.26 | 54270.49 | 67301.16 |

Turnover = Net Sales + Closing Stock – Opening Stock



Key Financial Ratios

| Financial Year | 2005 - 06 | 2006 - 07 | 2007 - 08 | 2008 - 09 | 2009 - 10 |
|---|-----------|-----------|-----------|-----------|---------------|
| Financial Ratios | | | | | |
| Other Income/Turnover % | 0.57 | 0.78 | 3.60 | 2.56 | 1.05 |
| Overheads/Turnover % | 25.45 | 20.83 | 26.50 | 26.19 | 23.09 |
| Interest/Turnover % | 2.22 | 1.11 | 1.21 | 1.42 | 0.62 |
| PBIDT/Turnover % | 30.31 | 22.19 | 13.41 | 26.05 | 28.52 |
| NP/Turnover % | 19.37 | 15.68 | 6.46 | 19.57 | 23.40 |
| Cash Profit/Turnover % | 28.09 | 21.08 | 12.21 | 24.62 | 27.90 |
| ROCE (PBIDT/Average Capital Employed) % | 29.66 | 28.08 | 11.35 | 21.55 | 28.60 |
| ROCE (PBIT/Average Capital Employed) % | 21.13 | 21.24 | 6.49 | 17.36 | 24.09 |
| Capital Output Ratio (Turnover / Average Capital Employed) | 97.86 | 126.52 | 84.62 | 82.73 | 100.29 |
| Balance Sheet Ratios | | | | | |
| Debt Equity Ratios (Long Term Debt to Equity) | 0.49 | 0.26 | 0.31 | 0.22 | 0.23 |
| Debtors' Turnover (Days) | 48 | 38 | 50 | 38 | 19 |
| Inventory Turnover (Days) | 129 | 106 | 167 | 136 | 79 |
| Current Ratio | 2.62 | 2.76 | 2.37 | 1.63 | 1.72 |
| Quick Ratio | 1.21 | 1.43 | 1.24 | 0.80 | 1.04 |
| Average Turnover Ratio (Total Revenue / Total Assets) | 1.22 | 1.37 | 0.71 | 0.81 | 0.87 |
| Per Share Data | | | | | |
| EPS (Rs) | 80.69 | 89.51 | 35.31 | 103.05 | 125.56 |
| CEPS (Rs) | 125.84 | 127.45 | 65.75 | 132.84 | 159.07 |
| Dividend on Equity (Rs) | 7.00 | 7.00 | 7.00 | 10.00 | 10.00 |
| Dividend on Preference (Rs) | -- | 3.00 | 9.00 | 9.00 | -- |
| Dividend Payout % | 9.89 | 11.09 | 26.72 | 12.79 | 9.32 |
| Book Value (Rs) | 294.69 | 364.67 | 393.10 | 484.40 | 598.31 |
| Net Indebtedness (Rs) | 143.88 | 94.62 | 120.76 | 107.49 | 137.56 |

Turnover = Net Sales + Closing Stock - Opening Stock



Directors' Report

Dear Members

Your Directors have pleasure in presenting the 26th Annual Report together with audited accounts of the company for the year ended 31st March 2010

(Rs in Lakhs)

| Financial Results | Financial Year | |
|--|-----------------|-----------------|
| | 2009-10 | 2008-09 |
| Profit for the year before depreciation | 23807.83 | 16597.74 |
| Less : Depreciation | 3834.06 | 3408.23 |
| Profit Before Tax | 19973.77 | 13189.51 |
| Less : Provisions : Income Tax | 3978.73 | 1491.86 |
| Fringe Benefit Tax | -- | 20.43 |
| MAT Credit Entitlement | (886.66) | (707.30) |
| Deferred Tax | 2518.37 | 401.75 |
| Profit After Tax | 14363.33 | 11982.77 |
| Add : Surplus brought forward from previous year | 1731.78 | 1732.55 |
| Amount available for appropriation | 16095.11 | 13715.32 |
| Appropriations | | |
| Provision for diminution in value of investment | (5.73) | 4.78 |
| Transfer to Capital Redemption Reserve | -- | 1846.00 |
| Transfer to General Reserve | 13500.00 | 8600.00 |
| Dividend on Preference Capital | -- | 166.14 |
| Dividend on Equity Capital | 1143.97 | 1143.97 |
| Provision for Tax on Dividend | 194.42 | 222.65 |
| Surplus carried over to Balance Sheet | 1262.45 | 1731.78 |
| TOTAL | 16095.11 | 13715.32 |

Dividend

Your Directors are glad to recommend dividend of Rs 10/- per equity share of Rs 10/- each (100% on equity capital)



Review of Operations

Sugar Division

The company had crushed 1433182 tonnes of sugarcane in all its factories as against 2276689 tonnes of sugarcane in the previous year. The sugar produced in the current year was 1448340 quintals as against 2323441 quintals in the previous year. The company had also processed 36834 tonnes of raw sugar. The financial results of the sugar division were appreciable mainly due to buoyant sugar prices. Your Directors are glad to inform that the Sugar Unit IV at Thiruvannamalai District has commenced its commercial operations from 27.01.2010.

Co-generation of Power

The Co-generation plants had generated 245.58 million units of Power and exported 168.78 million units of Power to Grids compared to the generation of 284.59 million units and export of 186.23 million units in the previous year. Due to lower crush of sugarcane the Bagasse availability for Co-generation plant was not adequate for optimum operations, resulting in lower profits compared to the previous years.

Distillery Division

During the current year the Distillery Units had produced 26799381 BLtrs of Alcohol as against 25742810 BLtrs of Alcohol in the previous year.

Granite Division

In the Granite Processing Unit 111658 square metres of Granite Slabs and 10722 square metres of Tiles were produced compared to production of 93575 square metres of Granite Slabs and 13488 square metres of Tiles in the last year.

Wind Mill

The Wind Mills had generated 16.77 million units of Power and exported 15.18 million units to grid compared to generation of 15.12 million units and export of 13.33 million units of power to grid in the previous year.

Prospects for the Current Year 2010 - 2011

It is estimated to crush 18.75 lakh tonnes of sugarcane in all its factories. The All India Sugar production is estimated to increase and the Sugar prices are expected to remain stable at lower levels. The cane price paid/payable is much higher than the previous years increasing the cost of production. It is also estimated to produce 337 lakh BLtrs of Spirit in Distillery Units.

Fixed Deposit

The company has no fixed deposit as on 31.3.2010.

Appointment of Chairman

The present term of office of Sri S V Balasubramaniam as Managing Director of the company expires on 8.10.2010. After considering the recommendations of the Remuneration Committee, the Board of Directors at its meeting held on 27.5.2010 has restricted the present term of office to 1st June 2010 and appointed Sri S V Balasubramaniam as Chairman of the company with substantial powers of management with effect from 2.6.2010. The terms and conditions of his appointment and payment of remuneration are subject to the approval of the members of the company. Necessary special resolutions are placed before the members for their approval.