



27th Annual Report 2010-2011



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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IMPORTANT COMMUNICATION

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued a circular clarifying that the companies would be in compliance of Section 219(1) of Companies Act 1956 in case copy of Notice, Annual Report etc. is sent by electronic mail to its members. Hence, members who have not registered their e-mail addresses so far are requested to register their e-mail addresses with the depository through their Depository Participants to enable the company to send the Notice, Annual Report etc. through e-mail. Members who hold shares in physical form are requested to register their e-mail address with the Registrar and Share Transfer Agent viz. CAMEO CORPORATE SERVICES LIMITED, CHENNAI.

**Board of Directors**

Sri S V Balasubramaniam	Chairman
Sri V Venkata Reddy	Vice Chairman
Sri B Saravanan	Managing Director
Sri A K Perumalsamy	
Sri E P Muthukumar	
Sri S V Alagappan	
Sri S V Arumugam	
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

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
State Bank of Hyderabad
Bank of India
The Lakshmi Vilas Bank Limited

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>

Registrar and Share Transfer Agent

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



Notice to Shareholders

NOTICE is hereby given that the 27th 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 THURSDAY the 15th day of September 2011 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 Balance Sheet as at 31st March 2011 and the audited Profit and Loss Account for the year ended on that date and Directors' Report and the Auditors' Report thereon
- 2 To declare dividend on equity shares
- 3 To appoint a Director in the place of Sri A K Perumalsamy who retires by rotation and is eligible for re-appointment
- 4 To appoint a Director in the place of Sri T Gundan who retires by rotation and is eligible for re-appointment
- 5 To appoint Auditors and fix their remuneration

Coimbatore
23.5.2011

By Order of the Board
C PALANISWAMY
Company Secretary

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 Share Transfer Books of the company will remain closed from 3.9.2011 to 15.9. 2011 (both days inclusive)
- 4 The dividend if declared will be paid to those members whose names appear on the Register of Members of the company as on 15.9.2011. In respect of the 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 business hours on 2.9.2011
- 5 The company has transferred unclaimed dividends upto the financial year ended 31st March 2003 to General Revenue Account/Investor Education and Protection Fund of the Central Government. The dividend declared for the financial year 2004 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

**Re-appointment of Directors**

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

Sri A K Perumalsamy aged 71 years is associated with the company as Director since 18.5.1984. He has more than 48 years experience in sugarcane cultivation. He is holding 1500 equity shares of Rs10/- each in the company and does not hold any other Directorship

Sri T Gundan aged 69 years is associated with the company as Director since 23.6.2008. Sri T Gundan a Senior Cambridge is the Managing Director of Kothagiri Rob Roy Tea Estates Limited and has got rich experience in business. He was a member of Tamilnadu Legislative Assembly. He does not hold any shares in the Company

Other Directorships	1	Madras Sugars Limited
	2	Glenburn Estates and Enterprises Pvt Limited
	3	Hotel Jagadeeswari Pvt Limited
	4	Ootacamund Gymkhana Club

Sri T Gundan is the Chairman of Audit Committee of Madras Sugars Limited


Financial Highlights

(Rs in Lakhs)

Financial Year	2006-07	2007-08	2008-09	2009-10	2010-11
Turnover	69116.18	60608.73	67404.42	85346.50	108067.29
Other Income	537.69	2182.59	1727.03	897.93	773.12
Total Income (incl Stock Adj)	69653.87	62791.32	69131.45	86244.43	108840.41
Raw Materials	38329.45	37868.60	34324.72	42995.38	65666.01
Traded Goods	1350.20	21.45	--	--	33.95
Excise Duty on Stock	241.96	712.75	(400.66)	(799.89)	804.92
Overhead & Other Exp	14394.65	16059.92	17651.51	19710.77	27427.63
PBDIT	15337.61	8128.60	17555.88	24338.17	14907.90
Depreciation	3734.83	3481.86	3408.23	3834.06	7083.08
Interest	767.42	730.68	958.14	530.34	2215.65
Pre-Tax Profit	10835.36	3916.06	13189.51	19973.77	5609.17
Tax	1806.54	(318.20)	1206.74	5610.44	303.03
Post-Tax Profit	9028.82	4234.26	11982.77	14363.33	5306.14
Equity Capital	953.97	1143.97	1143.97	1143.97	1143.97
Reserves	40572.76	43825.26	54270.49	67301.16	71273.33

Turnover = Net Sales + Closing Stock – Opening Stock



Key Financial Ratios

Financial Year	2006 - 07	2007 - 08	2008 - 09	2009 - 10	2010 - 11
Financial Ratios					
Other Income/Turnover %	0.78	3.60	2.56	1.05	0.72
Overheads/Turnover %	20.83	26.50	26.19	23.09	25.38
Interest/Turnover %	1.11	1.21	1.42	0.62	2.05
PBIDT/Turnover %	22.19	13.41	26.05	28.52	13.80
NP/Turnover %	15.68	6.46	19.57	23.40	5.19
Cash Profit/Turnover %	21.08	12.21	24.62	27.90	11.74
ROCE (PBIDT/Average Capital Employed) %	28.08	11.35	21.55	28.60	13.87
ROCE (PBIT/Average Capital Employed) %	21.24	6.49	17.36	24.09	7.28
Capital Output Ratio (Turnover / Average Capital Employed)	126.52	84.62	82.73	100.29	100.55
Balance Sheet Ratios					
Debt Equity Ratio (Long Term Debt to Equity)	0.26	0.31	0.22	0.23	0.14
Debtors' Turnover (Days)	38	50	38	19	34
Inventory Turnover (Days)	106	167	136	79	161
Current Ratio	2.76	2.37	1.63	1.72	2.07
Quick Ratio	1.43	1.24	0.80	1.04	0.84
Average Turnover Ratio (Total Revenue / Total Assets)	1.37	0.71	0.81	0.87	0.81
Per Share Data					
EPS (Rs)	89.51	35.31	103.05	125.56	46.38
CEPS (Rs)	127.45	65.75	132.84	159.07	108.30
Dividend on Equity (Rs)	7.00	7.00	10.00	10.00	10.00
- Pref (Rs)	3.00	9.00	9.00	--	--
Dividend (Rs in Lakhs)	1001.66	1131.25	1532.76	1338.39	1333.97
Net Profit after tax (Rs in Lakhs)	9028.82	4234.26	11982.77	14363.33	5306.14
Book Value (Rs)	364.67	393.10	484.40	598.31	633.03

Turnover = Net Sales + Closing Stock - Opening Stock



Directors' Report

Dear Members

Your Directors have pleasure in presenting the 27th Annual Report together with audited accounts of the Company for the year ended 31st March 2011

(Rs in Lakhs)

Financial Results	Financial Year	
	2010-11	2009-10
Profit for the year before depreciation	12692.25	23807.83
Less : Depreciation	7083.08	3834.06
Profit Before Tax	5609.17	19973.77
Less : Provisions : Income Tax	1114.55	3978.73
MAT Credit Entitlement	(1114.55)	(886.66)
Previous year provision written back	(487.07)	--
Deferred Tax	790.10	2518.37
Profit After Tax	5306.14	14363.33
Add : Surplus brought forward from previous year	1262.45	1731.78
Amount available for appropriation	6568.59	16095.11
Appropriations		
Provision for diminution in value of investment	--	(5.73)
Transfer to General Reserve	4100.00	13500.00
Provision for Proposed Dividend	1143.97	1143.97
Provision for Tax on Dividend	190.00	194.42
Surplus carried over to Balance Sheet	1134.62	1262.45
TOTAL	6568.59	16095.11

Dividend

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



Review of Operations

Sugar Division

	Sugar Unit - I		Sugar Unit - II		Sugar Unit - III*		Sugar Unit - IV#	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
No of days crushed	244	240	278	227	198	--	217	49
Sugarcane crushed (Lakh tonnes)	5.09	5.89	11.85	7.98	3.50	--	5.41	0.46
Raw Sugar Processed (Lakh tonnes)	0.28	0.14	0.33	0.22	--	--	0.06	0.007
Recovery (%)	9.99	10.23	10.57	10.23	10.87	--	9.29	9.00
Sugar produced (Lakh quintals)								
- From Cane	5.06	6.04	12.51	8.16	3.75	--	5.03	0.28
- From Raw Sugar	2.70	1.33	3.11	2.14	--	--	0.53	0.06

*Sugar unit III started its crushing from 30.8.2010

#Sugar unit IV commenced its operations on 27.1.2010

During the year under review the sugar prices remained flat throughout the year at uneconomical levels. The cost of inputs had increased substantially mainly due to steep increase in cane price. The stock of sugar was almost 60% of the total production resulting in increase of carrying cost

Co-generation of Power

The co-generation plants had generated 409.64 million units of power and exported 291.06 million units of power to grids compared to the generation of 245.58 million units and export of 168.78 million units in the previous year. The increase is due to the full year operation of co-generation plant at Unit-IV at Thiruvannamalai District. The dues on supply of power to the Tamilnadu and Karnataka Government grids are not settled in time and the delay has impacted the working capital finance of the company

Distillery Division

During the year the distillery units had produced 25.95 million BLtrs of Alcohol as against 26.80 million BLtrs in the previous year

Granite Division

In the granite processing unit 110667 square metres of granite slabs and 13675 square metres of tiles were produced compared to production of 111658 square metres of granite slabs and 10722 square metres of tiles in the last year

Wind Mill

Wind Mills had generated 15.12 million units of power and exported 13.27 million units to grid compared to the generation of 16.77 million units and export of 15.18 million units



Prospects for the Current year 2011 - 2012

It is estimated to crush 30 lakh tones of sugarcane in aggregate. It is estimated to produce 16.5 million BLtrs of alcohol in the Distillery Unit in Tamilnadu and 15.8 million BLtrs of alcohol in Distillery Unit in Karnataka . The working results of the company are expected to be satisfactory

Fixed Deposit

The company has no fixed deposits as on 31.3.2011

Directors

Sri A K Perumalsamy and Sri T Gundan Directors retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Sri P L Sivanappan Director of the company who retired at the last Annual General Meeting did not seek re-appointment and hence he was not re-appointed as Director of the company. Your Directors wish to place on record the very valuable services rendered by him during his tenure of office

Particulars of Employees

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

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 forming part of this Report

Audit Committee

The Audit Committee comprises of Sri V Venkata Reddy Sri E P Muthukumar Sri S V Arumugam and Sri T Gundan. Sri V Venkata Reddy Sri E P Muthukumar and Sri T Gundan are Independent Directors

Directors' Responsibility Statement

As stipulated in Section 217 (2AA) of the Companies Act 1956 your Directors confirm that

- i they have followed the applicable accounting standards in the preparation of annual accounts
- ii they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2010-2011 and of the profit of the company for that period
- iii they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities and
- iv they have prepared the annual accounts on a going concern basis