



## 28<sup>th</sup> Annual Report 2011 - 2012



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	
Dr M P Vijayakumar	

**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  
Axis Bank Limited

**Registered Office**

1212 Trichy Road Coimbatore 641 018 Tamilnadu  
Phone : 0422-2302277 Fax : 0422-2309999  
E-mail : [basce@bannari.com](mailto:basce@bannari.com) Website : <http://www.bannari.com>

**Registrar and Share Transfer Agent**

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



## Notice to Shareholders

NOTICE is hereby given that the 28<sup>th</sup> 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 6<sup>th</sup> day of September 2012 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 Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2012 and the audited Balance Sheet as at 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 S V Alagappan who retires by rotation and is eligible for re-appointment
4. To appoint a Director in the place of Sri S V Arumugam who retires by rotation and is eligible for re-appointment
5. To appoint a Director in the place of Sri E P Muthukumar 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 Dr M P Vijayakumar who was co-opted as Additional Director by the Board of Directors with effect from 14.11.2011 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

Coimbatore  
25.5.2012

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 the Share Transfer Books of the company will remain closed from 1<sup>st</sup> September 2012 to 6<sup>th</sup> September 2012 (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 6.9.2012. 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 31.8.2012
5. The company has transferred unclaimed dividends upto the financial year ended 31<sup>st</sup> March 2004 to General Revenue Account/Investor Education and Protection Fund of the Central Government. The dividend declared for the financial year 2005 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



## EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT 1956

### Item No. 7

Dr M P Vijayakumar aged 63 years was co-opted as Additional Director on 14.11.2011. In terms of Section 260 of the Companies Act 1956 read with Article 74 of Company's Articles of Association Dr M P Vijayakumar holds office upto the date of ensuing Annual General Meeting. A notice proposing Dr M P Vijayakumar as a Director has been received from a member of the company along with requisite deposit

Dr M P Vijayakumar IAS (Rtd) is a post graduate in Economics and a member of Institute of Cost and Works Accountant of India (AICWA). He also holds Degree in Law. He was conferred doctoral degree in Education and Management by Alagappa University. He joined Tamilnadu Government Civil Service in the year 1975 and occupied various positions in the Government including position as District Collector, Commissioner of Chennai Corporation etc., He served as General Manager of Government Undertakings viz., SIPCOT, SIDCO etc., and as Managing Director of Tamilnadu State Marketing Corporation Limited and Southern Agrifurane Industries Limited. He does not hold any shares in the company. He does not hold any other directorship

None of the Directors of the Company is concerned or interested in the said resolution except Dr M P Vijayakumar who is seeking appointment

Coimbatore  
25.5.2012

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 S V Alagappan, B.Com., BL.,** aged 70 years, is associated with the company as Director since 29.9.1988. He has more than 40 years of managerial experience. He is the Managing Director of Shiva Texyarn Limited. He does not hold any shares in the company

#### Other Directorships

1. Madras Sugars Limited
2. Shiva Mills Limited
3. Anamallais Agencies Private Limited
4. Anamallais Cars Private Limited
5. Annamallai Retreading Company Private Limited
6. Bannari Amman Automobiles Private Limited
7. Shiva Automobiles Private Limited
8. Vadivelan Enterprises Private Limited



## BANNARI AMMAN SUGARS LIMITED

**Sri S V Arumugam, B.Sc., ACA.,** aged 63 years, is associated with the company as Director since 28.11.1994. He has more than 25 years of managerial experience. He is the Managing Director of Bannari Amman Spinning Mills Limited and Bannari Amman Apparel Private Limited. He does not hold any shares in the company

### Other Directorships

- 1 Annamallai Infrastructures Limited
- 2 Bannari Amman Flour Mill Limited
- 3 Madras Sugars Limited
- 4 Sakthi Murugan Transports Limited
- 5 Shiva Texyarn Limited
- 6 SIMA Textile Processing Centre Limited
- 7 Apptex Manpower Development Services Limited
- 8 The Cotton Textiles Export Promotion Council
- 9 Confederation of Indian Textile Industry
- 10 Anamallais Agencies Private Limited
- 11 Anamallais Automobiles Private Limited
- 12 Anamallais Motors Private Limited
- 13 Bannari Techno Park Private Limited
- 14 Kwaliti Clothes Private Limited
- 15 Murugan Enterprise Private Limited
- 16 Senthil Infrastructure Private Limited
- 17 Vedanayagam Enterprises Private Limited

### Membership of Committees in other public companies

Shiva Texyarn Limited - Investors' Grievance Committee

**Sri E P Muthukumar, B.E.,** aged 59 years, is associated with the Company as Director since 6.2.1984. He has 35 years of experience in sugarcane cultivation. He is holding 1000 shares of Rs. 10/- each in the Company

### Other Directorships

- 1 Geo Edge Technologies Private Limited
- 2 Stream Technologies Private Limited



## Financial Highlights

(Rs in Lakhs)

Financial Year	2007-08	2008-09	2009-10	2010-11	2011-12
Turnover	60608.73	67404.42	85346.50	111880.36	<b>126046.54</b>
Other Income	2182.59	1727.03	897.93	452.90	<b>322.74</b>
Total Income	62791.32	69131.45	86244.43	112333.26	<b>126369.28</b>
Raw Materials	37868.60	34324.72	42995.38	73309.74	<b>79223.38</b>
Traded Goods	21.45	--	--	110.69	<b>406.47</b>
Overhead & Other Exp	16772.67	17250.85	18910.88	23905.18	<b>23741.43</b>
PBIDT	8128.60	17555.88	24338.17	15007.65	<b>22998.00</b>
Depreciation	3481.86	3408.23	3834.06	7083.08	<b>6676.92</b>
Finance Cost	730.68	958.14	530.34	2315.40	<b>5077.85</b>
Pre-Tax Profit	3916.06	13189.51	19973.77	5609.17	<b>11243.23</b>
Tax	(318.20)	1206.74	5610.44	303.03	<b>676.24</b>
Post-Tax Profit	4234.26	11982.77	14363.33	5306.14	<b>10566.99</b>
Equity Capital	1143.97	1143.97	1143.97	1143.97	<b>1143.97</b>
Reserves	43825.26	54270.49	67301.16	71273.33	<b>80355.33</b>

Turnover = Net Sales + Closing Stock – Opening Stock

The figures of the financial year 2010-11 and 2011-12 are regrouped in accordance with the revised schedule VI to the Companies Act, 1956



## Key Financial Ratios

Financial Year	2007 - 08	2008 - 09	2009 - 10	2010 - 11	2011 - 12
<b>Financial Ratios</b>					
Other Income/Turnover %	3.60	2.56	1.05	0.40	<b>0.26</b>
Overheads/Turnover %	26.50	26.19	23.09	21.37	<b>18.84</b>
Finance Cost /Turnover %	1.21	1.42	0.62	2.07	<b>4.03</b>
PBIDT/Turnover %	13.41	26.05	28.52	13.41	<b>18.25</b>
NP/Total Turnover %	6.46	19.57	23.40	5.01	<b>8.92</b>
Cash Profit/Total Turnover %	12.21	24.62	27.90	11.34	<b>14.22</b>
ROCE (PBIDT/Average Capital Employed) %	11.35	21.55	28.60	14.36	<b>18.94</b>
ROCE (PBIT/Average Capital Employed) %	6.49	17.36	24.09	7.58	<b>13.44</b>
Capital Output Ratio (Turnover / Average Capital Employed)	84.62	82.73	100.29	107.06	<b>103.82</b>
<b>Balance Sheet Ratios</b>					
Debt Equity Ratio (Long Term Debt to Equity)	0.31	0.22	0.23	0.07	<b>0.06</b>
Debtors' Turnover (Days)	50	38	19	32	<b>27</b>
Inventory Turnover (Days)	167	136	79	173	<b>177</b>
Current Ratio	2.37	1.63	1.72	1.15	<b>1.29</b>
Quick Ratio	1.24	0.80	1.04	0.27	<b>0.25</b>
Average Turnover Ratio (Total Revenue / Total Assets)	0.71	0.81	0.87	0.55	<b>0.76</b>
<b>Per Share Data</b>					
EPS (Rs)	35.31	103.05	125.56	46.38	<b>92.37</b>
CEPS (Rs)	65.75	132.84	159.07	108.30	<b>150.74</b>
Dividend / Share - Equity (Rs)	7.00	10.00	10.00	10.00	<b>10.00</b>
- Pref (Rs)	9.00	9.00	--	--	<b>--</b>
Dividend (Rs in Lakhs)	1131.25	1532.76	1338.39	1333.97	<b>1329.55</b>
Net Profit after tax (Rs in Lakhs)	4234.26	11982.77	14363.33	5306.14	<b>10566.99</b>
Book Value (Rs)	393.10	484.40	598.31	633.03	<b>712.43</b>

Turnover = Net Sales + Closing Stock - Opening Stock

The ratios of the financial year 2010-11 and 2011-12 are worked out on the basis of the revised schedule VI to the Companies Act, 1956





## Directors' Report

Dear Members

Your Directors have pleasure in presenting the 28th Annual Report together with audited accounts of the Company for the year ended 31st March 2012

(Rs in Lakhs)

Financial Results	Financial Year	
	2011-12	2010-11
Profit for the year before depreciation	<b>17920.15</b>	12692.25
Less : Depreciation	<b>6676.92</b>	7083.08
Profit Before Tax	<b>11243.23</b>	5609.17
Less : Provisions : Current Tax	<b>2248.30</b>	627.48
MAT Credit Entitlement	<b>(1223.11)</b>	(1114.55)
Deferred Tax	<b>(348.95)</b>	790.10
Profit After Tax	<b>10566.99</b>	5306.14
Add : Surplus brought forward from previous year	<b>1134.62</b>	1262.45
Amount available for appropriation	<b>11701.61</b>	6568.59
<b>Appropriations</b>		
Provision for diminution in value of investment (Long term)	<b>155.44</b>	--
Provision for Proposed Dividend on equity shares	<b>1143.97</b>	1143.97
Provision for Tax on Dividend	<b>185.58</b>	190.00
Transfer to General Reserve	<b>9000.00</b>	4100.00
Surplus carried over to Balance Sheet	<b>1216.62</b>	1134.62
<b>TOTAL</b>	<b>11701.61</b>	6568.59

### Dividend

Your Directors have recommended dividend of Rs 10/- per equity share of Rs 10/- each (100% on equity capital)



## Review of Operations

### Sugar Division

	Sugar Unit - I Alathukombai, Tamilnadu		Sugar Unit - II Alaganchi, Karnataka		Sugar Unit - III Kunthur, Karnataka		Sugar Unit - IV Kolundampattu, Tamilnadu	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
No of days crushed	<b>212</b>	244	<b>262</b>	278	<b>251</b>	198	<b>265</b>	217
Sugarcane crushed (Lakh tonnes)	<b>5.68</b>	5.09	<b>14.28</b>	11.85	<b>4.66</b>	3.50	<b>9.99</b>	5.41
Raw Sugar Processed (Lakh tonnes)	--	0.28	--	0.33	--	--	--	0.06
Recovery (%)	<b>10.31</b>	9.99	<b>10.90</b>	10.57	<b>11.04</b>	10.87	<b>9.73</b>	9.29
Sugar produced (Lakh quintals)								
- From Cane	<b>5.81</b>	5.06	<b>15.56</b>	12.51	<b>5.15</b>	3.75	<b>9.72</b>	5.03
- From Raw Sugar	--	2.70	--	3.11	--	--	--	0.53

During the financial year 2011-12 the company had crushed 34.61 lakh tonnes of cane compared to 25.85 lakh tonnes in the previous year. The recovery had increased in all the sugar units. The volume of sugar sales had also increased substantially which yields improved results. The stock of sugar continues to be at high levels resulting in increased finance costs.

Out of four sugar plants three sugar plants are integrated with Co-generation facilities. The company is planning to establish a 20 MW Co-generation plant in its sugar factory at Kunthur Village, Karnataka besides expanding the crushing capacity from 2500 TCD to 3600 TCD. Effective use of by-products has ensured significant value addition. In spite of unfavourable monsoon the company is expected to maintain sugar cane crush at 35 lakh tonnes. Any increase in sugar price would benefit the company

### Co-generation of Power

The Co-generation plants had generated 419.80 million units of power and exported 291.98 million units of power to grids compared to the generation of 409.64 million units and export of 291.06 million units in the previous year. Continuous delay in making payments by the State grids significantly affects the liquidity position of the company

### Distillery Division

During the year the distillery units had produced 28.55 million B.Ltrs of Alcohol as against 25.95 million B.Ltrs in the previous year

### Granite Division

In the Granite Processing Unit 119397 square metres of Granite Slabs and 16727 square metres of Tiles were produced compared to production of 110667 square metres of Granite Slabs and 13675 square metres of Tiles in the last year

### Wind Mill

Wind Mills had generated 14.38 million units of power and exported 12.78 million units to grid compared to the generation of 15.12 million units and export of 13.27 million units