



## 29<sup>th</sup> Annual Report 2012 - 2013



**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

### **Contents**

### **Page No**

Board of Directors	1
Notice to Shareholders	2
Financial Highlights	4
Key Financial Ratios	5
Directors' Report	6
Corporate Governance & Shareholders' Information	12
Management Discussion & Analysis Report	19
Auditors' Certificate on Corporate Governance	23
Auditors' Report to the Members	24
Balance Sheet	28
Statement of Profit and Loss	29
Notes forming part of Financial Statements	30
Cash Flow Statement	54
Financial Performance - Year Wise	56

### **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  
ICICI Bank Limited  
HDFC 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 29<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 5<sup>th</sup> day of September 2013 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 2013 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 V Venkata Reddy who retires by rotation and is eligible for re-appointment
4. To appoint a Director in the place of Sri A K Perumalsamy who retires by rotation and is eligible for re-appointment
5. To appoint a Director in the place of Sri T Gundan who retires by rotation and is eligible for re-appointment
6. To appoint Auditors and fix their remuneration

Coimbatore  
30.5.2013

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 31<sup>st</sup> August 2013 to 5<sup>th</sup> September 2013 (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 5.9.2013 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 30.8.2013
5. The company has transferred unclaimed dividends upto the financial year ended 31<sup>st</sup> March 2005 to General Revenue Account/Investor Education and Protection Fund of the Central Government The dividend declared for the financial year 2006 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 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 V Venkata Reddy MBA** aged 75 years is associated with the company as Director since 6.11.1997. He is holding 26010 equity shares of Rs.10/- each in the company and has 48 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**

1. Sri Kollapuri Amma Agro Industries Pvt Limited
2. Sri Kollapuri Amma Enterprises Pvt Limited

**Sri A K Perumalsamy** aged 73 years is associated with the company as Director since 18.5.1984. He has more than 50 years experience in sugarcane cultivation. He is holding 1500 equity shares of Rs.10/- each in the company and does not hold any other Directorship.

**Sri T Gundan** aged 71 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 Private Limited and has got rich experience in business. He does not hold any shares in the Company.

#### **Other Directorships**

1. Madras Sugars Limited
2. Glenburn Estates and Enterprises Private Limited
3. Hotel Jagadeeswari Private Limited
4. Ootacamund Gymkhana Club
5. Kothagiri Rob Roy Tea Estates Private Limited

#### **Membership of Committees in other public companies**

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


**Financial Highlights**

(Rs in Lakhs)

Financial Year	2008-09	2009-10	2010-11	2011-12	2012-13
Turnover	67404.42	85346.50	111880.36	125861.44	<b>148321.54</b>
Other Income	1727.03	897.93	452.90	322.74	<b>193.33</b>
Total Income	69131.45	86244.43	112333.26	126184.18	<b>148514.87</b>
Raw Materials	34324.72	42995.38	73309.74	79223.38	<b>92297.46</b>
Traded Goods	--	--	110.69	406.47	<b>1899.35</b>
Overhead & Other Exp	17250.85	18910.88	23905.18	23556.33	<b>26370.70</b>
PBIDT	17555.88	24338.17	15007.65	22998.00	<b>27947.36</b>
Depreciation	3408.23	3834.06	7083.08	6676.92	<b>5995.44</b>
Finance Cost	958.14	530.34	2315.40	5077.85	<b>4516.47</b>
Pre-Tax Profit	13189.51	19973.77	5609.17	11243.23	<b>17435.45</b>
Tax	1206.74	5610.44	303.03	676.24	<b>3186.71</b>
Post-Tax Profit	11982.77	14363.33	5306.14	10566.99	<b>14248.74</b>
Equity Capital	1143.97	1143.97	1143.97	1143.97	<b>1143.97</b>
Reserves	54270.49	67301.16	71273.33	80355.33	<b>93055.51</b>

Turnover = Net Sales + Closing Stock – Opening Stock

The figures of the financial year 2010-11 to 2012-13 are in accordance with the revised schedule VI to the Companies Act 1956



## Key Financial Ratios

Financial Year	2008 - 09	2009 - 10	2010 - 11	2011 - 12	2012 - 13
<b>Financial Ratios</b>					
Other Income/Turnover %	2.56	1.05	0.40	0.26	<b>0.13</b>
Overheads/Turnover %	26.19	23.09	21.37	18.72	<b>17.78</b>
Finance Cost /Turnover %	1.42	0.62	2.07	4.03	<b>3.05</b>
PBIDT/Turnover %	26.05	28.52	13.41	18.25	<b>18.84</b>
NP/Total Turnover %	19.57	23.40	5.01	8.92	<b>11.76</b>
Cash Profit/Total Turnover %	24.62	27.90	11.34	14.22	<b>15.80</b>
ROCE (PBIDT/Average Capital Employed) %	21.55	28.60	14.36	18.94	<b>21.54</b>
ROCE (PBIT/Average Capital Employed) %	17.36	24.09	7.58	13.44	<b>16.92</b>
Capital Output Ratio (Turnover / Average Capital Employed)	82.73	100.29	107.06	103.82	<b>114.30</b>
<b>Balance Sheet Ratios</b>					
Debt Equity Ratio (Long Term Debt to Equity)	0.22	0.23	0.07	0.06	<b>0.05</b>
Debtors' Turnover (Days)	38	19	32	27	<b>25</b>
Inventory Turnover (Days)	136	79	173	177	<b>187</b>
Current Ratio	1.63	1.72	1.15	1.27	<b>1.46</b>
Quick Ratio	0.80	1.04	0.27	0.25	<b>0.25</b>
Average Turnover Ratio (Total Revenue / Total Assets)	0.81	0.87	0.55	0.76	<b>0.78</b>
<b>Per Share Data</b>					
EPS (Rs)	103.05	125.56	46.38	92.37	<b>124.56</b>
CEPS (Rs)	132.84	159.07	108.30	150.74	<b>176.96</b>
Dividend / Share - Equity (Rs)	10.00	10.00	10.00	10.00	<b>12.50</b>
- Pref (Rs)	9.00	--	--	--	<b>--</b>
Dividend (Rs in Lakhs) (including tax on dividend)	1532.76	1338.39	1333.97	1329.55	<b>1672.98</b>
Net Profit after tax (Rs in Lakhs)	11982.77	14363.33	5306.14	10566.99	<b>14248.74</b>
Book Value (Rs)	484.40	598.31	633.03	712.43	<b>823.44</b>

Turnover = Net Sales + Closing Stock - Opening Stock

The ratios of the financial year 2010-11 to 2012-13 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 29th Annual Report together with audited accounts of the Company for the year ended 31<sup>st</sup> March 2013

(Rs in Lakhs)

Financial Results	Financial Year	
	2012-13	2011-12
Profit for the year before depreciation	<b>23430.89</b>	17920.15
Less: Depreciation	<b>5995.44</b>	6676.92
Profit Before Tax	<b>17435.45</b>	11243.23
Less: Provisions: Income Tax - Current	<b>3497.58</b>	2248.30
MAT Credit Entitlement	<b>(614.35)</b>	(1223.11)
Deferred Tax	<b>303.48</b>	(348.95)
Profit After Tax	<b>14248.74</b>	10566.99
Add : Surplus brought forward from previous year	<b>1216.62</b>	1134.62
Amount available for appropriation	<b>15465.36</b>	11701.61
<b>Appropriations</b>		
Provision for diminution in value of investment (Long Term)	<b>(124.42)</b>	155.44
Provision for Proposed Dividend on equity shares	<b>1429.96</b>	1143.97
Provision for Tax on Dividend	<b>243.02</b>	185.58
Transfer to General Reserve	<b>11000.00</b>	9000.00
Surplus carried over to Balance Sheet	<b>2916.80</b>	1216.62
<b>TOTAL</b>	<b>15465.36</b>	11701.61

## Dividend

Your Directors are glad to recommend dividend @ Rs 12.50/- per equity share of Rs.10/- each (125% 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	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
No of days crushed	<b>202</b>	212	<b>272</b>	262	<b>37</b>	251	<b>245</b>	265
Sugarcane crushed (Lakh tonnes)	<b>6.47</b>	5.68	<b>16.82</b>	14.28	<b>0.69</b>	4.66	<b>11.29</b>	9.99
Recovery (%)	<b>10.39</b>	10.31	<b>10.27</b>	10.90	<b>10.95</b>	11.04	<b>9.86</b>	9.73
Sugar produced (Lakh quintals)	<b>6.84</b>	5.81	<b>17.29</b>	15.56	<b>0.79</b>	5.15	<b>11.17</b>	9.72

During the year under review the aggregate sugarcane crushed is 35.27 lacs tonnes compared to 34.61 Lacs tonnes in the previous year. The overall working results are better compared to previous year and the expansion of crushing capacity from 2500 TCD to 3600 TCD at Kunthur Village Karnataka is in advanced stage of completion.

During the year the Central Government pursuant to the recommendations of Dr C Rangarajan Committee has abolished both levy sugar obligation and release mechanism of sugar stocks to the benefit of all concerned with the sugar industry.

#### Co-generation of Power

The Co-generation plants had generated 425.55 million units of power and exported 286.24 million units of power to grids compared to the generation of 419.80 million units and export of 291.98 million units in the previous year. The project of establishing 20 MW co-generation plant at Kunthur Village Karnataka is in advanced stage of completion.

#### Distillery Division

During the year the distilleries had produced 29.39 million B. Ltrs of Alcohol as against 28.55 million B. Ltrs in the previous year.

#### Granite Division

In the Granite Processing Unit 162206 square metres of Granite Slabs and 20139 square metres of Tiles were produced compared to production of 119397 square metres of Granite Slabs and 16727 square metres of Tiles in the previous year. Over the years the working results of this division have vastly improved and expected to improve further.

#### Wind Mill

Wind Mills had generated 16.76 million of units of power and exported 15.27 million units to grid compared to the generation of 14.38 million units and export of 12.78 million units in the previous year.

#### Prospects for the Current year 2013 - 2014

It is estimated to crush 30 lakh tonnes of sugarcane in aggregate. It is estimated to produce 29.5 million B. Ltrs of alcohol in distillery units. The workings of granite processing is encouraging and we expect an improved results in Granite Division. The overall working results of the company are expected to be satisfactory.

#### Fixed Deposit

The company has no fixed deposits as on 31.3.2013.

#### Directors

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



### **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 2012-2013 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

### **Corporate Governance**

A separate section on Corporate Governance Management Discussion and Analysis and a certificate from the Auditors of the company regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement form part of this Report

### **Auditors**

M/s P N Raghavendra Rao & Co the present auditors of the company retire at the ensuing Annual General Meeting and are eligible for re-appointment

### **Cost Audit**

Sri M Nagarajan Cost Accountant Coimbatore has been appointed as Cost Auditor to conduct cost audit of sugar and electricity for the financial year 2012-2013 with the approval of Central Government

### **Industrial Relations**

The relationship with employees continued to remain cordial throughout the year under review

### **Acknowledgement**

Your Directors acknowledge with gratitude the timely assistance and help extended by the Government of India Governments of Tamilnadu and Karnataka Banks Karnataka and Tamilnadu Electricity Boards Your Directors thank the cane growers who have supplied sugarcane to the factories and wish to place on record their appreciation of the contributions made by all the employees

Coimbatore  
30.5.2013

By Order of the Board  
**S V BALASUBRAMANIAM**  
Chairman