



**Bannari Amman Sugars Limited**

*25<sup>th</sup> 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





### 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



## Notice to Shareholders

NOTICE is hereby given that the 25<sup>th</sup> 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 23<sup>rd</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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





### 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  
SIIMA 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


**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	<b>1727.03</b>
Total Income (incl Stock Adj)	38939.54	49692.67	69653.87	62791.32	<b>69131.45</b>
Raw Materials	18543.69	22583.02	38329.45	37868.60	<b>34324.72</b>
Traded Goods	--	--	1350.20	21.45	--
Excise Duty on Stock	(137.07)	(439.06)	241.96	712.75	<b>(400.66)</b>
Overhead & Other Exp	10591.24	12574.45	14394.65	16059.92	<b>17651.51</b>
PBDIT	9941.67	14974.26	15337.61	8128.60	<b>17555.88</b>
Depreciation	3200.10	4307.00	3734.83	3481.86	<b>3408.23</b>
Interest	1115.36	1095.60	767.42	730.68	<b>958.14</b>
Pre-Tax profit	5626.21	9571.66	10835.36	3916.06	<b>13189.51</b>
Tax	1265.57	1874.17	1806.54	(318.20)	<b>1206.74</b>
Post-Tax Profit	4360.64	7697.49	9028.82	4234.26	<b>11982.77</b>
Equity Capital	953.97	953.97	953.97	1143.97	<b>1143.97</b>
Reserves	20070.14	27158.61	40572.76	43825.26	<b>54270.49</b>

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

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



## 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





## Directors' Report

Dear Members

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

(Rs. in Lakhs)

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

## 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





### **Prospects for the Current year 2009 - 2010**

It is estimated to crush 5.5 lakh tonnes of sugarcane in sugar unit in Tamilnadu. About 10 lakh tonnes of Sugarcane is expected for crush in sugar unit at Alaganchi Village in Karnataka including cane available in the Kollegal Sugar Unit area as the sugarcane in those areas is limited due to drought and remunerative prices for other crops. It is estimated to produce 180 Lakh BLtrs of spirit in the distillery unit in Tamilnadu and 150 Lakh BLtrs of spirit in distillery unit in Karnataka

The establishment of integrated sugar complex at Kolundampattu Village Thandarampattu Taluk Tiruvannamalai District in the State of Tamilnadu is in advanced stage and the factory is expected to commence its operation from the last quarter of current financial year

### **Fixed Deposit**

The Company has no fixed deposit as on 31.3.2009

### **Directors**

Sri S V Alagappan, Sri S V Arumugam and Sri E P Muthukumar Directors retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment

Sri S G Subrahmanyam has resigned his Directorship with effect from 16.6.2009. Your Directors wish to place on record their appreciation for the valuable services rendered by Sri S G Subrahmanyam during his tenure as Director of the company

### **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 2008-2009 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 units for the financial year 2008-2009 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 Power Transmission Corporation Limited and Tamilnadu Electricity Board. 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  
25.6.2009

By Order of the Board

**S V BALASUBRAMANIAM**  
Chairman

## Annexure-I

### Statement Pursuant to Section 217(2A) of the Companies Act 1956 and the Companies (Particulars of Employees) Rules 1975

Sl.No.	Name	Designation/ Nature of Duties	Remuneration Received (Rs in lakhs)	Qualification	Age in Years as on 31.3.2009	Experience in Years	Date of commencement of employment	Particulars of last employment
1	Dr S V Balasubramaniam	Managing Director	303.45	BCom ACA ACS	69	44	9.10.1985	Vice Chairman Sakthi Sugars Limited
2	Sri B Saravanan	Joint Managing Director	151.60	BCom	36	12	5.7.2000	Joint Managing Director Shiva Distilleries Limited

**Note:**

- (i) The nature of employment is contractual
- (ii) Dr S V Balasubramaniam is related to Sri B Saravanan Joint Managing Director Sri S V Alagappan and Sri S V Arumugam Directors
- (iii) Sri B Saravanan is related to Dr S V Balasubramaniam Managing Director Sri S V Alagappan and Sri S V Arumugam Directors
- (iv) Remuneration comprises salary, commission, allowances, contribution to Provident Fund and monetary value of perquisites

By Order of the Board

Coimbatore  
25.6.2009

**S V BALASUBRAMANIAM**  
Chairman




**Annexure – II**
**Information pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988**
**A. Conservation of Energy**
**(a) Energy conservation measures taken**

- Vapour Absorption Machines (VAM) have been installed for eliminating the usage of compressor based air condition machines and emission of Chloro Fluro Carbon (CFC)
- Compressed air system has been changed to operate in Variable Frequency Drive (VFD) mode instead of existing Direct On-Line (DOL) Mode.
- Conventional method of weighing and pumping of final molasses has been eliminated by mass flow metering system
- Waste hot water handling (Recycling and pumping) System has been modified to eliminate re-circulation.
- Capacity utilization of pumps has been optimized by replacing the lower rating low efficient centrifugal pumps with energy efficient screw pumps in centrifugal section.

**(b) Additional investment/proposal, if any, being implemented for reduction of consumption of energy:**

- Harmonic Filters are proposed to be installed in Converter Transformer to minimize harmonic existence and failure of electrical utilities.

**(c) Impact of measures (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:**

- The approximate energy saving would be 2700 units/per day.
- Minimizing harmonic distortion would minimize failure of electrical utilities.

Particulars of energy consumption and energy consumption per unit of production in the sugar factories are furnished below

**I Power and Fuel Consumption**

	Current Year	Previous Year
<b>1 ELECTRICITY</b>		
(a) Purchased		
Units	728428	776343
Total Amount (Rs)	3396021	3597942
Rate Per Unit (Rs)	4.66	4.63
(b) Own Generation		
(i) Through Diesel Generator		
Units	416856	483652
Units per Ltr of Diesel Oil	3.08	3.19
Cost per Unit (Rs)	10.93	10.03
(ii) Through Steam Turbine/Generator		
Units	69646723	88707248
Units per ltr of Fuel Oil/Gas	--	--
Cost per Unit (Cost of Bagasse)	Own Bagasse is used	Own Bagasse is used
<b>2 COAL (specify quantity and where used)</b>	Not Used	Not Used
<b>3 FURNACE OIL</b>	Not Used	Not Used
<b>4 OTHERS</b>	Not Used	Not Used



## II. Consumption per Unit of Production

	Electricity (Units)		Furnace Oil (Ltr)		Others (Tonnes)	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Sugar	30.41/Qtl	26.31/Qtl	--	--	--	--

### B. Technology Absorption :

#### Research and Development (R & D)

##### 1. Specific areas in which R & D is carried out by the Company

- Institute Industry Interface trial in association with Sugarcane Breeding Institute Coimbatore have been undertaken to study the suitability of clones in command area.
- In the R & D Farm and in farmers' fields we are multiplying with recently released new varieties viz Co94012 Co99004 and Co91017 which are found to give better yielding and quality in our operational area
- Incineration Plant has been installed in the distillery unit in Karnataka to handle Spentwash in a most effective eco-friendly manner

##### 2. Benefits derived as a result of the above R & D

- We are producing environmental friendly bio fertilisers
- New varieties have been popularised to improve the recovery percentage and increase the cane yield
- "Single Budded Setts" were introduced to reduce the cultivation cost and to increase the cane availability
- Installation of incineration plant in the distillery unit in Karnataka helps to:
  - ★ achieve higher capacity utilization
  - ★ convert highly organic liquid into fuel and energy
  - ★ generate own steam and power to alcohol process and concentration of spentwash
  - ★ supply residual ash as manure which is rich in potash
  - ★ recovery of process water from spentwash condensate by RO system

##### 3. Future Plan of action : ---

##### 4. Expenditure on R & D

Capital	: ---
Recurring	: Rs 988819/-
Total	: Rs 988819/-
Total R & D expenditure as a Percentage of total turnover : Negligible	



Technology absorption adaptation and innovation :

Efforts in brief made towards technology absorption adaptation and innovation : ---

Benefits derived as a result of the above efforts : ---

Imported technology : ---

**C. Foreign Exchange Earnings and Outgo**

(i) Activities relating to exports initiatives taken to increase exports; development of new export markets for products and services; and export plans:

- Efforts are being taken to increase the export of granite products

(ii) Total foreign exchange used and earned:

- Total foreign exchange used : Rs 958.49 Lakhs
- Total foreign exchange earned : Rs 6740.25 Lakhs

Coimbatore  
25.6.2009

By Order of the Board

**S V BALASUBRAMANIAM**  
Chairman





## Corporate Governance

### Company's Philosophy on Corporate Governance

The Company is committed to achieve high standards of corporate governance

The Company's philosophy on corporate governance envisages the attainment of high levels of transparency accountability and equity in all facets of its operations and in all the interactions with its stakeholders including shareholders, employees, cane growers, lenders and governments

Bannari Amman Sugars Limited has adopted a Code of Conduct which lays down standards of values ethics and business principles of management

### Board of Directors

The Board of Directors comprises of Executive Chairman, Non-Executive Vice Chairman, Joint Managing Director and Non-Executive Directors. At present 5 Directors are Independent Directors

Name of the Director	Category	Number of Directorships Held in other Public Companies	Number of Board/ Committee Memberships Held in other Public Companies	
			Chairman	Member
Dr S V Balasubramaniam	Executive	11	--	1
Sri V Venkata Reddy	Non-Executive-Independent	3	1	1
Sri B Saravanan	Executive	3	--	--
Sri S G Subrahmanyam*	Non-Executive-Independent	2	--	2
Sri P L Sivanappan	Non-Executive-Independent	--	--	--
Sri A K Perumalsamy	Non-Executive-Independent	--	--	--
Sri S V Alagappan	Non-Executive	10	--	--
Sri E P Muthukumar	Non-Executive-Independent	--	--	--
Sri S V Arumugam	Non-Executive	12	--	1
Sri T Gundan	Non-Executive-Independent	2	--	--

*\* Sri S G Subrahmanyam has resigned his Directorship w.e.f 16.6.2009*

### Board Meetings and AGM

During the financial year 6 Board Meetings were convened by giving appropriate notices to the Directors. The meetings were held on 16.5.2008, 23.6.2008, 28.7.2008, 29.9.2008, 29.10.2008 and 28.1.2009. The Board was given all material information viz budgets, review of budgets, cane crush estimates, actual cane crushed, actual recovery, sugar stock details, details of power generation and power exported to grid, production, sales and stock details of granite and distillery products etc which are incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meetings.



Details of attendance of each Director at the Board Meetings and at last Annual General Meeting are given below:

Name of the Director	Number of Board Meetings Attended	Last Agm Attended
Dr S V Balasubramaniam	6	Yes
Sri V Venkata Reddy	4	Yes
Sri B Saravanan	6	Yes
Sri S G Subrahmanyam**	-	No
Sri P L Sivanappan	1	No
Sri A K Perumalsamy	6	Yes
Sri S V Alagappan	5	Yes
Sri E P Muthukumar	6	Yes
Sri S V Arumugam	6	Yes
Sri T Gundan*	3	Yes

\* Co-opted as Additional Director on 23.6.2008

\*\* Sri S G Subrahmanyam has resigned his Directorship w.e.f 16.6.2009

## Audit Committee

The Audit Committee consists of following 4 Directors of which 3 are independent. The Committee met 5 times during the financial year at 1212 Trichy Road Coimbatore 641 018 on 16.5.2008, 23.6.2008, 28.7.2008, 29.10.2008 and 28.1.2009

Name of the Director	No. of meetings attended
Sri V Venkata Reddy – Chairman	4
Sri E P Muthukumar – Member	5
Sri S V Arumugam – Member	5
Sri T Gundan* - Member	1

\* inducted as a Member of Audit Committee w.e.f 29.10.2008

The Audit Committee shall inter alia review the following

- Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct and sufficient
- Quarterly/annual financial statements before submission to the Board for approval
- Performance of statutory and internal auditors, adequacy of the internal control systems
- Company's financial and risk management policies
- Management discussion and analysis of financial condition and results of operations
- Statements of significant related party transactions submitted by the management
- The appointment, removal and terms of remuneration of the internal auditors



### Remuneration Committee

The Remuneration Committee consists of following 3 independent directors. No executive director is on the Committee

- Sri V Venkata Reddy - Chairman
- Sri E P Muthukumar - Member
- Sri A K Perumalsamy - Member

The terms of reference specified by Board of Directors to the Remuneration Committee are as under:

- Recommending remuneration payable to Managing Director, Joint Managing Director and other Directors as and when necessity arises
- Reviewing sitting fees payable to Directors for attending Board and Committee Meetings etc

All the non-executive Directors are paid a sitting fee of Rs 3000/- for each Board Meeting attended by them

### Details of Shareholding of Non-executive Directors as on 31.3.2009

Name of the Director	No. of Shares held
Sri S V Alagappan	30620
Sri S V Arumugam	20920
Sri V Venkata Reddy	51010
Sri E P Muthukumar	1000
Sri A K Perumalsamy	1500
Sri P L Sivanappan	100
Sri S G Subrahmanyam	Nil
Sri T Gundan	Nil

### Shareholders' Committee

The Shareholders' Committee was formed to specifically look into shareholders'/investors' complaints if any on transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc and also the action taken by the company on those matters

The Shareholders' Committee consists of:

- Sri S V Arumugam - Chairman
- Sri V Venkata Reddy - Member
- Sri B Saravanan - Member

Sri C Palaniswamy Company Secretary is the compliance officer

The Company has received 20 complaints from the shareholders during the financial year 2008-2009. All the complaints have been resolved to the satisfaction of shareholders. No complaint was pending as on 31.3.2009

### CEO/CFO Certification

The Chairman & Managing Director and Vice President (Head of finance function) have furnished a certificate relating to financial statements and internal controls and systems to the Board of Directors as prescribed under clause 49 of the listing agreement and the Board took the same on record

### Insider Trading

In compliance with SEBI Regulations in prevention of insider trading, the company has framed a comprehensive Code of Conduct for its management staff. The code lays down guidelines and procedures to be followed and disclosures to be made by the management staff while dealing with the shares of the company





## General Body Meeting

Location and time where last three Annual General Meetings were held

AGM	Date	Venue	Time
22 <sup>nd</sup>	27.9.2006	Jenney Club 2/2 Avinashi Road Coimbatore- 641 014	3.00 PM
23 <sup>rd</sup>	29.12.2007	-do-	3.45 PM
24 <sup>th</sup>	29.9.2008	-do-	4.30 PM

On 19.8.2006 the company has despatched notices along with ballot papers under section 192A (2) of the Companies Act 1956 for passing of special resolution through postal ballot for alteration of object clause of Memorandum of Association of the Company to include manufacture of bio-diesel and development of infrastructure activities. Sri C Thirumurthy B Com FCS Practising Company Secretary was appointed as Scrutinizer for the Postal Ballot Process. The Special resolution passed through postal ballot was deemed to be passed at the Annual General Meeting held on 27.9.2006. Another special resolution was also passed at the Annual General Meeting held on 27.9.2006 for commencement of business of bio-diesel and infrastructural activities

At the ensuing Annual General Meeting no resolution is proposed to be passed through postal ballot

## Disclosures

- None of the transactions with related parties during the year 2008-2009 were in conflict with the interest of the company
- There was no instance of non-compliance of any matter related to the capital markets during the last 3 years
- The Company has complied with all mandatory requirements of Clause 49 of the listing agreement with Stock Exchanges. As regards non-mandatory requirements, the Company has complied with the requirements relating to remuneration committee. The Company has not adopted other non-mandatory requirements

## Means of Communication

- The quarterly/half-yearly/annual financial results of the Company are announced within the stipulated period and are normally published in an English and Tamil newspapers. The financial results are also accessible on the website [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in)
- The Management Discussion and Analysis forms part of the Directors' Report which is posted to the shareholders of the Company



## Shareholders' Information

### Annual General Meeting

Day and Date : Wednesday the 23<sup>rd</sup> September 2009

Time : 4.30 PM

Venue : Jenneys Residency 2/2 Avinashi Road Civil Aerodrome Post Coimbatore 641 014

### Financial Calendar

Results announced : 25<sup>th</sup> June 2009

Posting of Annual Report : On or before 29<sup>th</sup> August 2009

Last date for receipt of proxy forms : 21<sup>st</sup> September 2009 by 4.30 PM

Dividend payment date : On or before 22<sup>nd</sup> October 2009

Announcement of quarterly results : During third/fourth week of July and October 2009; January and April 2010

### Date of Book Closure for the purpose of Dividend and Annual General Meeting:

19.9.2009 to 23.9.2009 (both days inclusive)

### Share Price Movement

The high and low quotations of the company's shares on the Bombay Stock Exchange together with Sensex from April 2008 to March 2009 were given below

Month	B S E		SENSEX	
	High (Rs Ps)	Low (Rs Ps)	High	Low
APRIL 2008	999.75	776.10	17480.74	15297.96
MAY	993.95	801.05	17735.70	16196.02
JUNE	864.50	700.00	16632.72	13405.54
JULY	890.00	660.05	15130.09	12514.02
AUGUST	1048.00	800.00	15579.78	14002.43
SEPTEMBER	1004.90	735.50	15107.01	12153.55
OCTOBER	771.90	370.00	13203.86	7697.39
NOVEMBER	699.90	550.00	10945.41	8316.39
DECEMBER	745.00	622.50	10188.54	8467.43
JANUARY 2009	860.00	702.00	10469.72	8631.60
FEBRUARY	915.00	630.00	9724.87	8619.22
MARCH	725.00	555.55	10127.09	8047.17

Based on the closing quotation of Rs 679.80 as at 31.3.2009 at the Bombay Stock Exchange the market capitalisation of the company was Rs 777.67 Crores



## Share Details

The Company's Equity Shares are listed on the following Stock Exchanges:

	Stock Code
Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400 001	500041
National Stock Exchange of India Limited "Exchange Plaza" Bandra-Kurla Complex Bandra (E) Mumbai 400 051	BANARISUG

The Company has paid the annual listing fees for the year 2009-2010 to the above Stock Exchanges

## Dematerialisation of Shares

The shares of the company are in compulsory demat segment. Members have option to hold their shares in demat form either through National Securities Depository Limited (NSDL) or the Central Depository Services (India) Limited (CDSL). About 81% shares of the company have been dematerialised. ISIN allotted to our company is INE459A01010

## Transfer Agents

M/s Cameo Corporate Services Limited  
Subramanian Building V Floor 1 Club House Road Chennai 600 002  
Telephone : 044-28460395, 28460084 Fax : 044-28460129  
E-mail : investor@cameoindia.com

Share Transfer documents, Non-receipt of share certificates sent for transfer, Nomination forms and Change of address may directly be sent to the above address

## Share Transfer System

The Share transfers in physical form are registered and returned within a period of 30 days from the date of receipt if the documents are in order. The share transfers are approved by the Share Transfer Committee which usually meets twice in a month

Dividend	Year	Dividend on Equity Shares (in %)
	2004-2005	45
	2005-2006	70
	2006-2007	70
	2007-2008	70
	<b>2008-2009</b>	<b>100 (Recommended)</b>

A dividend of Rs 9/- per share was also recommended on 1846000 - 9% redeemable non-cumulative preference shares of Rs 100/- each




**Shareholding Pattern as on 31.3.2009**

Category	No. of Shares	%
Promoters	6260276	54.72
UTI & Mutual Funds	23817	0.21
Banks, Financial Institutions & Insurance Companies	264	-
Foreign Institutional Investors	21149	0.18
Private Corporate Bodies	986740	8.63
Indian Public	3686149	32.22
NRI/OCB's	453480	3.97
Clearing Members	7825	0.07
<b>Total</b>	<b>11439700</b>	<b>100</b>

**PLANT LOCATION:**

**Sugar Unit I, Co-Generation  
Bio-Diesel & Granite Processing**  
Alathukombai Village Erode District Tamilnadu

**Distillery**  
I Sinnapuliyur Village Erode District Tamilnadu  
II Alaganchi Village Mysore District Karnataka

**Sugar Unit II & Co-Generation**  
Alaganchi Village Mysore District Karnataka

**Bio-Compost**  
I Modur Village Erode District Tamilnadu  
II Alaganchi Village Mysore District Karnataka

**Sugar Unit III**  
Kunthur Village  
Chamarajanagar District Karnataka

**Wind Mills**  
Radhapuram Irukkandurai and Karunkulam Villages  
Tirunelveli District Tamilnadu

**Address for Correspondence**

Non-receipt of dividend, Registration of POA, Status Change, Transmission, Consolidation, Split and other queries may directly be sent to the following address:

**The Company Secretary**  
**Bannari Amman Sugars Limited**  
**1212 Trichy Road**  
**Coimbatore 641 018**  
**Email: [shares@bannari.com](mailto:shares@bannari.com)**



## **Management Discussion and Analysis Report**

### **Industry Structure and Development**

The Indian sugar industry is one of the largest agro based industry. It has significant standing in the world sugar market. The industry is regulated by the Central/State Governments by means of mandated command area, formula based pricing, monthly release mechanism, import-export policy, levy:free sugar policy etc.

The Indian sugar production during the current season 2008-2009 is expected to be 145-150 lakh tonnes as against the estimated domestic consumption of 220-225 lakh tonnes. It is estimated that in the next sugar season also India's sugar production would fall short of domestic consumption. The expected shortfall in production prompted the Government to allow the import of white sugar/raw sugar.

The Indian sugar industry is one of the most diversified industry. It has the capacity to produce 2500 million litres of alcohol/ethanol and 7000 MW power. The industry is key contributor to renewable sources of energy.

### **Opportunities and Outlook**

Due to shortfall in domestic sugar production, Sugar prices are expected to improve further and revenue from by-products viz. co-generation of power, alcohol, ethanol etc is also expected to improve.

### **Threats Risks & Concerns**

Sugar industry is subject to various uncertainties viz availability of sugarcane, support prices announced by the Central/State Governments for agricultural commodities, diversion of sugarcane to alternate sweeteners, import-export policies, availability of labour etc.

### **Internal Control Systems and their Adequacy**

The areas of operation have been segregated into purchase, production, marketing and finance. Various checks and controls have been introduced in these areas. The checks and controls are reviewed for improvement in each of these areas on a periodical basis. The checks and controls system in these areas are considered adequate

### **Financial performance with respect to operational performance**

Please refer financial highlights at (page no.4) and Key financial ratios at (page no.5)

### **Developments in Human Resources**

Excellent relationship is maintained with employees. Total number of employees of the company as on 31.3.2009 is 1171



## **Declaration on Code of Conduct**

To

The Members of  
Bannari Amman Sugars Limited

In compliance with the requirements of clause 49 of the listing agreement with the stock exchanges I declare that the Board of Directors and members of senior management have affirmed the compliance with the code of conduct during the financial year ended 31.3.2009

Place: Coimbatore  
Date : 25.6.2009

**S V BALASUBRAMANIAM**  
Chairman & Managing Director

## **Auditors' Certificate on Corporate Governance**

To

The Members of  
Bannari Amman Sugars Limited

We have examined the compliance of conditions of Corporate Governance by Bannari Amman Sugars Limited for the year ended on 31<sup>st</sup> March 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company

Coimbatore  
25.6.2009

For **P N RAGHAVENDRA RAO & CO**  
Chartered Accountants  
**(P R VITTEL)**  
Partner  
M.No:200/18111





## **Auditors' Report to the Shareholders**

We have audited the attached Balance Sheet of M/s. Bannari Amman Sugars Limited as at 31.3.2009, the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion

- I. As required by the Companies (Auditor's Report) Order 2003 issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we furnish below a statement on the matters specified in paragraphs 4 and 5 of the said Order.
  1. In respect of its fixed assets:
    - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
    - b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
    - c. In our opinion, the Company has not disposed off substantial part of fixed assets during the year.
  2. In respect of its inventories:
    - a. As explained to us, inventories have been physically verified by the management at reasonable intervals during the year.
    - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
    - c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
  - 3.(a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The company has taken inter-corporate deposit of Rs.60 crores from a company covered in the register maintained under Section 301 of the Companies Act, 1956. The deposits have been fully repaid before the year end.
    - (b) In our opinion the rate of interest and other terms and conditions of the deposits are not, prima facie, prejudicial to the interest of the company.
    - (c) The payment of principal amount and interest are regular and there is no overdue amount in respect of above said deposits.
  4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.



5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that Section: and  
 (b) In our opinion and according to the information and explanations furnished to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
8. The Central Government has prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
9. In respect of statutory dues:
  - a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2009 for a period of more than six months from the date of becoming payable.
  - b. The disputed dues of Excise Duty and Income Tax aggregating to Rs.706.45 Lakhs, that have not been deposited on account of matters pending before appropriate authorities are as under:

Name of the Statute	Nature of the Dues	Amount (Rs. In Lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	149.99	20.09.1991 to 31.01.1994	High Court, Chennai
Income Tax Act, 1961	Income Tax	556.46	April 2004 to March 2005	Income Tax Appellate Tribunal, Chennai

10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. The company is not dealing or trading in shares, securities, debentures and other investments.
15. According to information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.



16. There were no term loans availed by the company during the year
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the Company has not utilised short-term funds for long-term investments.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud by the Company has been noticed or reported during the year. We have been informed that a person authorised by the company to purchase lands on behalf of the company has misappropriated money to the extent of Rs.93.54 Lakhs and in our opinion the company has taken appropriate action under law for the recovery of the monies.

**II. Further to the above, we report that:**

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
- c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e) In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on 31<sup>st</sup> March, 2009 from being appointed as directors in terms of clause (g) of sub-Section (1) of section 274 of the Companies Act 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:
  - (i) In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009;
  - (ii) In so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date: and
  - (iii) In so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Coimbatore  
25.6.2009

For **P N RAGHAVENDRA RAO & CO**  
Chartered Accountants  
**(P R VITTEL)**  
Partner  
M.No:200/18111



## FINANCIAL POSITION




**Balance Sheet as at 31.3.2009**

As at 31.3.2008 (Rs in lakhs)		Schedule No	As at 31.3.2009 Details (Rs in lakhs)	Total
	<b>SOURCES OF FUNDS:</b>			
	SHAREHOLDERS' FUNDS			
2989.97	Share Capital	1	1143.97	
43825.26	Reserves and Surplus	2	54270.49	55414.46
46815.23				
	LOAN FUNDS			
21425.23	Secured Loans	3	19739.18	
14778.07	Unsecured Loans	4	4778.07	24517.25
36203.30				
5480.67	DEFERRED TAX LIABILITIES (NET)	5		5882.42
<b>88499.20</b>	<b>TOTAL</b>			<b>85814.13</b>
	<b>APPLICATION OF FUNDS:</b>			
	FIXED ASSETS			
63395.71	Gross Block	6	73531.76	
26050.81	Less: Depreciation		29206.59	
37344.90	Net Block		44325.17	
6323.45	Capital Works in Progress		9030.80	53355.97
43668.35				
1750.75	INVESTMENTS			439.75
	CURRENT ASSETS LOANS AND ADVANCES			
	A. CURRENT ASSETS			
31046.45	Inventories	7	28758.23	
8347.26	Sundry Debtors	8	6955.04	
9359.32	Cash and Bank Balances	9	549.70	
2236.49	Other Current Assets	10	2791.78	
9676.54	B. LOANS AND ADVANCES	11	11554.66	
60666.06			50609.41	
17585.96	Less: CURRENT LIABILITIES AND PROVISIONS	12	18591.00	
43080.10	NET CURRENT ASSETS			32018.41
<b>88499.20</b>	<b>TOTAL</b>			<b>85814.13</b>

Schedules 1 to 12 and Notes in Schedule 19 form part of this Balance Sheet  
Vide our Report Annexed

For **P N RAGHAVENDRA RAO & CO**

Chartered Accountants

**P R VITTEL**

Partner

M No. 200/18111

Coimbatore

25.6.2009

**S V BALASUBRAMANIAM**

Chairman & Managing Director

**B SARAVANAN**

Joint Managing Director

**C PALANISWAMY**

Company Secretary



## Profit and Loss Account for the year ended 31.3.2009

Year ended 31.3.2008 (Rs in lakhs)		Schedule No	Year ended Details (Rs in lakhs)	31.3.2009 Total
	<b>INCOME</b>			
55095.07	Sales	13	72002.64	
1909.87	Less: Excise Duty		2520.02	
53185.20			69482.62	
7423.53	Stock Adjustment	14	(2078.20)	
60608.73				67404.42
2182.59	Other Income	15		1727.03
62791.32				<b>69131.45</b>
	<b>EXPENDITURE</b>			
37868.60	Raw Materials Purchased	16	34324.72	
21.45	Traded Goods Purchased		-	
16059.92	Manufacturing and Other Expenses	17	17651.51	
712.75	Excise Duty on stock		(400.66)	
730.68	Interest	18	958.14	
3481.86	Depreciation		3408.23	
58875.26				55941.94
3916.06				<b>13189.51</b>
	<b>PROFIT BEFORE TAX</b>			
	PROVISION FOR TAXATION			
441.55	Income Tax		1491.86	
20.57	Fringe Benefit Tax		20.43	
(441.02)	MAT Credit Entitlement		(707.30)	
(339.30)	Income Tax - Deferred		401.75	
(318.20)				1206.74
4234.26				<b>11982.77</b>
1630.05	<b>PROFIT AFTER TAX</b>			
5864.31	Add: Surplus brought forward from previous year			1732.55
				13715.32
	<b>APPROPRIATIONS</b>			
0.51	Provision for Diminution in Value of Investment		4.78	
-	Capital Redemption Reserve		1846.00	
3000.00	General Reserve		8600.00	
	Provisions for Proposed Dividend			
800.78	- Equity Shares		1143.97	
166.14	- Preference Shares		166.14	
164.33	Provision for Tax on Dividend		222.65	
4131.76				11983.54
1732.55	Balance carried over to Balance Sheet			1731.78
35.31	<b>Earnings per Share [Basic &amp; Diluted] (Rs.)</b>			<b>103.05</b>

Schedules 13 to 18 and Notes in Schedule 19 form part of this Profit and Loss Account  
Vide our Report Annexed

For **P N RAGHAVENDRA RAO & CO**  
Chartered Accountants

**P R VITTEL**

Partner

M No. 200/18111

Coimbatore

25.6.2009

**S V BALASUBRAMANIAM**  
Chairman & Managing Director

**B SARAVANAN**  
Joint Managing Director

**C PALANISWAMY**  
Company Secretary





## Schedules

As at 31.3.2008 (Rs in lakhs)		As at 31.3.2009 Details Total (Rs in lakhs)	
	<b>SCHEDULE 1</b>		
	<b>SHARE CAPITAL</b>		
	AUTHORISED		
2900.00	29000000 Equity Shares of Rs. 10 each		2900.00
2100.00	2100000 Redeemable Preference Shares of Rs. 100 each		2100.00
<u>5000.00</u>			<u>5000.00</u>
	<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
1143.97	11439700 Equity Shares of Rs. 10 each		1143.97
1846.00	1846000 - 9% Redeemable non-cumulative Preference Shares of Rs.100 each		-
<u>2989.97</u>	<b>TOTAL</b>		<u>1143.97</u>
	<b>SCHEDULE 2</b>		
	<b>RESERVES AND SURPLUS</b>		
	CAPITAL RESERVE		
	GOVERNMENT SUBSIDY		
656.25	Balance as per last Balance Sheet		656.25
	EQUITY SHARE PREMIUM		
8503.35	Balance as per last Balance Sheet		8503.35
	CAPITAL REDEMPTION RESERVE		
	Transfer from Profit and Loss Account on redemption of		
	1846000 - 9% Redeemable non-cumulative		
-	Preference Shares of Rs.100 each		1846.00
	GENERAL RESERVE		
29933.11	Balance as per last Balance Sheet	32933.11	
3000.00	Add:Transfer from Profit and Loss Account	<u>8600.00</u>	
<u>32933.11</u>			41533.11
1732.55	SURPLUS in Profit and Loss Account		1731.78
<u>43825.26</u>	<b>TOTAL</b>		<u>54270.49</u>



As at 31.3.2008 (Rs in lakhs)		As at 31.3.2009 Details      Total (Rs in lakhs)	
<b>SCHEDULE 3</b>			
<b>SECURED LOANS</b>			
FROM BANKS			
7611.21	Cash Credit Loans	7442.78	
4762.50	Loan under SEFASU notified by the Central Government	4931.98	
4061.63	Term Loans	3298.83	
16435.34			15673.59
FROM OTHERS			
4989.89	Sugar Development Fund		4065.59
<b>21425.23</b>	<b>TOTAL</b>		<b>19739.18</b>
<b>SCHEDULE 4</b>			
<b>UNSECURED LOANS</b>			
4643.12	Loan under Sales tax deferral scheme		4643.12
134.95	Sugar Development Fund		134.95
10000.00	Short Term Loan		-
<b>14778.07</b>	<b>TOTAL</b>		<b>4778.07</b>
<b>SCHEDULE 5</b>			
<b>DEFERRED TAX LIABILITIES</b>			
5497.34	Deferred tax arising on account of depreciation		5890.75
16.67	Less: Deferred tax arising on account of disallowance of expenses		8.33
<b>5480.67</b>	<b>TOTAL</b>		<b>5882.42</b>

**SCHEDULE 6****FIXED ASSETS****(Rs in Lakhs)**

DETAILS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.3.2008	Additions	Deduction / Adjustment	As at 31.3.2009	Upto 31.3.2008	For the year	Withdrawn	Upto 31.3.2009	As at 31.3.2008	As at 31.3.2009
Land - Free hold	1995.55	579.55	-	<b>2575.10</b>	-	-	-	-	1995.55	<b>2575.10</b>
Land - Lease hold	1.31	-	0.02	<b>1.29</b>	-	-	-	-	1.31	<b>1.29</b>
Buildings	12871.26	1384.08	-	<b>14255.34</b>	2494.77	379.41	-	<b>2874.18</b>	10376.49	<b>11381.16</b>
Plant and Machinery	47137.81	8118.12	164.36	<b>55091.57</b>	22883.44	2907.20	146.65	<b>25643.99</b>	24254.37	<b>29447.58</b>
Furniture Fixtures Office and Canteen	775.45	39.06	94.29	<b>720.22</b>	429.15	48.61	85.88	<b>391.88</b>	346.30	<b>328.34</b>
Equipments										
Live Stock	6.88	1.32	0.30	<b>7.90</b>	-	-	-	-	6.88	<b>7.90</b>
Motor Vehicles	607.45	309.34	36.45	<b>880.34</b>	243.45	73.01	19.92	<b>296.54</b>	364.00	<b>583.80</b>
T O T A L	63395.71	10431.47	295.42	<b>73531.76</b>	26050.81	3408.23	252.45	<b>29206.59</b>	37344.90	<b>44325.17</b>
Capital Works-in Progress	6323.45	9030.80	6323.45	<b>9030.80</b>	-	-	-	-	6323.45	<b>9030.80</b>
Total for the year	69719.16	19462.27	6618.87	<b>82562.56</b>	26050.81	3408.23	252.45	<b>29206.59</b>	43668.35	<b>53355.97</b>
Total for the previous year	61677.39	9034.41	992.64	<b>69719.16</b>	22746.89	3481.86	177.94	<b>26050.81</b>	38930.50	<b>43668.35</b>





As at 31.3.2008 (Rs in lakhs)		As at 31.3.2009 Details Total (Rs in lakhs)	
<b>SCHEDULE 7 INVENTORIES</b>			
(As Certified by Managing Director)			
2293.41	Stores and spare parts		2078.74
5.06	Loose tools		3.02
	Finished Goods :		
26880.95	Sugar	23158.95	
216.69	Molasses	846.23	
58.10	Bagasse	8.39	
459.95	Granite Products	511.71	
159.87	Industrial Alcohol	662.46	
2.69	Bio-Compost	1.78	
27778.25			25189.52
	Process Stock :		
303.65	Sugar	245.42	
5.31	Molasses	47.06	
26.37	Granite Products	-	
34.70	Press mud	17.86	
370.03			310.34
	Raw material stock :		
357.18	Granite Blocks	230.01	
204.71	Molasses	891.12	
5.35	Press mud	3.82	
30.30	Bio-products	40.89	
597.54			1165.84
	Others:		
2.16	Fertilisers & Chemicals		10.77
<b>31046.45</b>	<b>TOTAL</b>		<b>28758.23</b>
<b>SCHEDULE 8 SUNDRY DEBTORS</b>			
(Unsecured - considered good)			
3730.05	Exceeding six months		1727.77
4617.21	Other debts		5227.27
<b>8347.26</b>	<b>TOTAL</b>		<b>6955.04</b>
<b>SCHEDULE 9 CASH AND BANK BALANCES</b>			
34.96	Cash on hand		26.98
	Balances with Scheduled Banks :		
451.01	in Current Accounts		439.52
8830.88	in Deposit Accounts		39.10
42.47	in Unpaid Dividend Accounts		44.10
<b>9359.32</b>	<b>TOTAL</b>		<b>549.70</b>



As at 31.3.2008 (Rs in lakhs)		As at 31.3.2009 Details Total (Rs in lakhs)	
<b>SCHEDULE 10</b>			
<b>OTHER CURRENT ASSETS</b>			
2.33	Standing crop (at cost)		3.31
0.32	Stock of stamps		0.43
35.94	Interest receivable		13.69
178.61	Carbon Credit Sale income receivable		-
1214.14	Government subsidies receivable		2083.25
742.79	Interest subsidies receivable		654.66
62.36	Income receivable		36.44
<b>2236.49</b>	<b>TOTAL</b>		<b>2791.78</b>
<b>SCHEDULE 11</b>			
<b>LOANS AND ADVANCES</b>			
(Unsecured - considered good - recoverable in cash or in kind for value to be received)			
2750.26	Advance for purchases and capital expenses		1422.11
917.70	Other advances		1880.07
134.24	Deposits with State/Central Governments etc.,		113.44
248.75	Prepaid expenses		240.97
4978.11	Advance payment of Income Tax		6478.11
441.02	MAT Credit Entitlement		1148.32
206.46	Income tax deducted at source		271.64
<b>9676.54</b>	<b>TOTAL</b>		<b>11554.66</b>
<b>SCHEDULE 12</b>			
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
<b>A. CURRENT LIABILITIES</b>			
7757.22	Purchases and Services	6602.08	
2897.37	Expenses	2818.83	
66.85	Advance from Customers	82.98	
205.98	Others	163.27	
258.02	Purchase tax payable	816.70	
42.47	Unpaid Dividend	44.10	
1487.87	Interest accrued but not due on loans	1299.49	
12715.78			11827.45
<b>B. PROVISIONS</b>			
966.92	Proposed Dividend	1310.11	
164.33	Tax on Proposed Dividend	222.65	
3738.93	Income-tax	5230.79	
4870.18			6763.55
<b>17585.96</b>	<b>TOTAL</b>		<b>18591.00</b>



Year ended 31.3.2008 (Rs in lakhs)		Year ended 31.3.2009 Details (Rs in lakhs)	Total (Rs in lakhs)
	<b>SCHEDULE 13</b>		
	<b>SALES</b>		
35526.15	Sugar		49454.30
276.31	Molasses		1228.04
4280.69	Granite Products		3873.97
6181.03	Industrial Alcohol		7681.34
223.74	Bio-Compost		262.13
8518.36	Power		9389.57
21.98	Bio-Diesel		20.19
	Others:		
66.81	Fertilisers & Chemicals		89.77
-	Bio-products		3.33
<b>55095.07</b>	<b>TOTAL</b>		<b>72002.64</b>
	<b>SCHEDULE 14</b>		
	<b>STOCK ADJUSTMENT</b>		
	A. Opening Stock :		
19244.07	Sugar	26880.95	
248.93	Molasses	216.69	
12.11	Bagasse	58.10	
444.45	Granite Products	459.95	
175.97	Industrial Alcohol	159.87	
2.30	Bio-Compost	2.69	
	Process stock :		
366.65	Sugar	303.65	
8.44	Molasses	5.31	
22.45	Granite Products	26.37	
61.86	Press-mud	34.70	
	Raw material:		
105.06	Wet Sugar	-	
299.06	Granite Blocks	357.18	
286.32	Molasses	204.71	
4.86	Press mud	5.35	
35.70	Bio-products	30.31	
	Others:		
6.23	Fertilisers & Chemicals	2.16	
<b>21324.46</b>			<b>28747.99</b>
	B. Closing Stock :		
26880.95	Sugar	23158.95	
216.69	Molasses	846.23	
58.10	Bagasse	8.39	
459.95	Granite Products	511.71	
159.87	Industrial Alcohol	662.46	





Year ended 31.3.2008 (Rs in lakhs)		Year ended 31.3.2009 Details Total (Rs in lakhs)	
	<b>SCHEDULE 14 cont..</b>		
2.69	Bio-Compost	1.78	
	Process stock:		
303.65	Sugar	245.42	
5.31	Molasses	47.06	
26.37	Granite Products	-	
34.70	Press mud	17.86	
	Raw material :		
357.18	Granite Blocks	230.01	
204.71	Molasses	891.12	
5.35	Press mud	3.82	
30.31	Bio-products	40.89	
	Others:		
2.16	Fertilisers & Chemicals	4.09	
<u>28747.99</u>			<u>26669.79</u>
<b>7423.53</b>	<b>(B MINUS A)</b>		<b>(2078.20)</b>
	<b>SCHEDULE 15</b>		
	<b>OTHER INCOME</b>		
25.39	Dividend		19.21
527.60	Interest receipts (TDS - Rs.62.61 Lakhs)		302.58
20.97	Agricultural income		23.63
66.25	Import Licence receipts		129.42
178.61	Carbon Credit Sale Income		-
1241.30	Subsidies from Government		1198.34
122.37	Miscellaneous income		53.85
0.10	Profit on Sale of investments		-
<u>2182.59</u>	<b>TOTAL</b>		<u>1727.03</u>
	<b>SCHEDULE 16</b>		
	<b>RAW MATERIALS PURCHASED</b>		
34438.52	Sugarcane price		29142.15
808.83	Purchase Tax		880.88
90.80	Sugarcane cess		129.33
935.15	Molasses		3083.35
1565.93	Granite Products		1063.49
25.77	Bio-seeds		21.92
3.60	Press-Mud		3.60
<u>37868.60</u>	<b>TOTAL</b>		<u>34324.72</u>
	<b>SCHEDULE 17</b>		
	<b>MANUFACTURING AND OTHER EXPENSES</b>		
11.78	Purchase of Fertilisers & Chemicals		17.11
1915.68	Consumption of stores and spares		1981.41



Year ended 31.3.2008 (Rs in lakhs)		Year ended 31.3.2009 Details (Rs in lakhs)	Total
	<b>SCHEDULE 17 cont..</b>		
735.68	Power and fuel		994.09
105.94	Bagasse for Co-Generation		71.13
2637.36	Other Fuel for Co-Generation		3874.03
74.88	Water charges		80.50
1286.70	Packing materials		892.16
6768.02			
1877.28	Salaries, wages and allowances	2112.76	
122.73	Contribution to Provident and other funds	138.75	
231.87	Staff Welfare expenses	249.72	
2231.88			2501.23
31.53	Rent		32.24
247.41	Rates and taxes		227.47
5.11	Lease / hire charges for equipments		5.41
391.83	Granite processing charges		347.76
67.23	Insurance charges		141.78
743.11			
	Repairs and maintenance :-		
269.85	Buildings	274.86	
1705.51	Plant and Machinery	1487.53	
182.54	Vehicles	225.89	
57.74	Others	68.62	
2215.64			2056.90
322.70	Effluent disposal expenses		411.68
0.96	Directors' sitting fees		0.93
896.32	Freight and transport		789.25
275.03	Cane development expenses		264.50
164.26	Travelling expenses		137.90
19.65	Agricultural expenses		17.74
37.19	Printing and Stationery		39.82
45.29	Telephone Telex & Fax charges		42.30
14.53	Advertisement		8.09
91.88	Other Administrative expenses		111.84
827.30	Transport on Outward		678.16
328.06	Selling and distribution expenses		402.37
59.07	Sales commission		37.77
445.91	Donations		417.13
100.64	Financial and bank charges		85.82
71.88	Legal and professional charges		39.68
3700.67			
10.72	Auditors' Remuneration		10.10



Year ended 31.3.2008 (Rs in lakhs)		Year ended 31.3.2009 Details      Total (Rs in lakhs)	
<b>SCHEDULE 17 cont..</b>			
0.61	Cost audit fee		0.41
5.60	Internal audit fees		6.28
167.71	Managerial Remuneration		455.05
148.52	Exchange Fluctuation		386.85
12.91	Loose tools		12.39
-	Provision no longer required		51.84
17.04	Bad debts written off		1.64
37.49	Loss on Sale/Discard of Fixed Assets		18.75
<b>16059.92</b>	<b>TOTAL</b>		<b>17651.51</b>
<b>SCHEDULE 18 INTEREST</b>			
595.81	-Fixed Loans		526.29
134.87	-Other Loans		431.85
<b>730.68</b>	<b>TOTAL</b>		<b>958.14</b>

**SCHEDULE 19**
**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2009**
**I. ACCOUNTING POLICIES**

- Fixed Assets : The Fixed Assets are valued at Cost. Cost includes related taxes, duties, freight, insurance etc., attributable to acquisition and installation of assets and borrowing cost incurred up to the date of commencing operations but excludes duties and taxes that are recoverable from taxing authorities.
- Investments : Investments are accounted at cost. The diminution in the market value of investments is recognized when diminution is considered permanent.
- Depreciation : Straight line method has been adopted for providing depreciation on fixed assets as per the rates prescribed in Schedule XIV to the Companies Act 1956 other than for Co-Generation Division and Wind Energy Division. For the assets of Co-Generation Division and Wind Energy Division depreciation has been provided under written down value method as per the rates prescribed in Schedule XIV to the Companies Act, 1956. For additions and deletions depreciation is provided from date of addition/deletion on pro-rata basis. Depreciation on asset additions costing Rs.5000/- or less is provided at the rate of 100%.
- Valuation of Inventory:-
 

(i) Finished Goods Sugar Granite Blocks Polished Granite slabs tiles and Monuments Molasses Bagasse Industrial Alcohol Fusel Oil Bio-compost Sawn Granite slabs and process stock	}	At weighted average cost or Net Realisable value whichever is lower
		At estimated cost or net realisable value whichever is lower





Raw material consumables stores & spares and others	At weighted average cost or Net Realisable value whichever is lower
--	--

(ii) The cost for the finished goods and process stock is inclusive of cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition

5. Revenue Recognition : All Income and Expenses are accounted on accrual basis. The turnover is accounted without considering inter-division transfers for own consumption.
6. Foreign Currency Transactions : Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency monetary items as at the balance sheet date are reported using the closing rate or at the rate that is likely to be realised from / required to disburse. The gain or loss due to increase or decrease in value of reporting currency due to fluctuations in rates of exchange are recognized in the profit and loss account.
7. Contingent liabilities are disclosed by way of notes attached to and forming part of the Balance Sheet.
8. Impairment of assets if any, are recognised and given effect to in the Accounts.
9. Gratuity liability to the Employees on actuarial basis has been accounted in full. The Company has opted for Life Insurance Corporation of India Group Gratuity Scheme and premium demanded by LIC upto 31.3.2009 has been accounted for.
10. Current tax is determined at the current rates of Income Tax on taxable income and tax credits are computed in accordance with the provisions of the Income Tax Act, 1961. Fringe benefit tax provision is made accordance with the provisions of the Income Tax Act, 1961.
11. Deferred tax is recognized on timing difference between the accounting income and the taxable income for the year and quantified using the tax rates and laws that have been substantially enacted as at the balance sheet date. The deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that these would be realized in future.
12. Government grants are recognized based on the reasonable assurance that the Company will comply with the conditions attached to the grants and the grants will be received. Government grant in the nature of revenue has been recognized on a systematic basis in the profit and loss account over the periods necessary to match them with the related costs which they are intended to compensate and the grants have been adjusted against the related expenses.
13. The segment reporting is in line with the accounting policies of the Company. Inter segment transactions have been accounted for, based on the price which has been arrived at considering cost and market price. Revenue and expenses that are directly identifiable with or allocable to segments are considered for determining the segment results. Segment assets and liabilities include those directly identifiable with the respective segments. Business segments are identified on the basis of the nature of products, the risk/return profile of individual business, the organizational structure and the internal reporting system of the Company.
14. The Company's significant leasing arrangements are operating leases and cancellable in nature. The lease rentals paid/received under such agreements are accounted in the profit and loss account.
15. Employee benefits : Provident Fund/Pension Fund and Gratuity liability are defined contribution schemes and contributions are charged to profit and loss account of the year in which the contributions to the respective funds are due. Short term employee benefits including accumulated compensated absences are provided for, based on the expected obligation on an undiscounted basis.
16. The Excise Duty on sale of finished goods is deducted from turnover to arrive at net sales as shown in the profit and loss account. The Excise Duty appearing in the profit and loss account as an expenditure represents excise duty provision for difference between opening and closing stock of finished goods.
17. Borrowing cost which are directly attributable to the construction of qualifying assets are capitalised as a part of the cost of the asset.



## II. Other Information

### 1. Secured Loans

Name of the Banks/ Financial Institution	Particulars of Loan	Security
<p>Punjab National Bank Consortium Consists of</p> <p>Punjab National Bank</p> <p>Bank of Baroda</p> <p>Canara Bank</p> <p>The Federal Bank Ltd</p> <p>The Karur Vysya Bank Ltd</p> <p>Union Bank of India</p> <p>Indian Overseas Bank</p> <p>State Bank of Travancore</p> <p>State Bank of India</p> <p>State Bank of Hyderabad &amp; Bank of India</p>	<p>Cash Credit and Other Working Capital Limits/ Demand Loan aggregating to Rs. 20589.07 Lakhs sanctioned to the Company's Sugar Division</p>	<p>Hypothecation of current assets of the Company's three sugar units, viz. stocks of raw materials, Stocks in Process, Semi-finished and finished goods, including Sugar, Raw Sugar, Sugar Processed out of Raw Sugar, Molasses, Gunny bags and stores &amp; spares not relating to Plant and Machinery (consumable stores and spares), Bills Receivables and book debts and all other movable block assets both present and future wherever situate.</p> <p>These Loans are further secured as and by way of third charge on the immovable properties of the company's three sugar units viz Unit-I situate at Alathukombai Village Sathyamangalam Taluk Erode District in the State of Tamilnadu Unit-II situate at Alaganchi and Mallupura Villages Nanjangud Taluk Mysore District and Unit-III situate at Kunthur Village Kollegal Taluk Chamrajanagar District in the State of Karnataka.</p>
<p>Punjab National Bank &amp; State Bank of India</p>	<p>Packing Credit Limit and other Working Capital limits aggregating to Rs.870 lakhs sanctioned to the Company's Granite Processing Division</p>	<p>Hypothecation of Current Assets of Granite Processing Division of the company viz. Raw Materials, Stock in process Finished Granite Products, consumable stores and Spares, Bills Receivables and book debts both present and future.</p> <p>A second mortgage and charge on the immovable and movable properties of the company's Granite processing unit (both present and future) situated at Alathukombai Village Sathyamangalam Taluk Erode District in the State of Tamilnadu.</p>



Name of the Banks/ Financial Institution	Particulars of Loan	Security
Canara Bank & The Lakshmi Vilas Bank Ltd	Cash Credit Loans aggregating to Rs.180 Lakhs sanctioned to the Company's Distillery Division at Tamilnadu	<p>Hypothecation of Current Assets of Company's Distillery Unit in Tamilnadu viz. raw materials, molasses, furnace oil, stock in process, finished goods, consumable stores and spares, bills receivables and book debts both present and future.</p> <p>A second mortgage and charge on the immovable and movable properties of Distillery Unit situate at Sinnapuliyur and Periapuliyur villages Bhavani Taluk Erode District in the State of Tamilnadu.</p>
Government of India	Sugar Development Fund Loan of Rs. 1800 Lakhs	Second mortgage on lands admeasuring 234.28 ½ acres and buildings and structures thereon of Sugar Unit-II situate at Alaganchi and Mallupura Villages Nanjangud Taluk Mysore District in the State of Karnataka and second charge by way of hypothecation of all the movable properties of the company's Sugar Unit II
ICICI Bank Limited	Term Loan of Rs. 2000 Lakhs	<p>Hypothecation of all movables (save and except book debts) including movable machinery, spares, tools and accessories, present and future of Sugar Unit-I situate at Alathukombai Village Sathya-mangalam Taluk Erode District in the State of Tamil Nadu subject to prior charges created/to be created in favour of company's bankers on the current assets for securing the working capital requirements.</p> <p>Mortgage on lands admeasuring 155.71 ½ acres and buildings thereon pertaining to the Company's Sugar Unit-I situate at Alathukombai Village Sathya-mangalam Taluk Erode District in the State of Tamilnadu and Buildings thereon.</p>





Name of the Banks/ Financial Institution	Particulars of Loan	Security
Government of India	Sugar Development Fund Loan of Rs.1550.78 Lakhs	Second mortgage on lands admeasuring 155.71 ½ acres and buildings and structures thereon of Sugar Unit-I situate at Alathukombai Village, Sathya-mangalam Taluk Erode District in the State of Tamilnadu and second charge by way of hypothecation of all the movable properties of the company's Sugar Unit -I.
Government of India	Sugar Development Fund Loan of Rs.1590 Lakhs	<p>Second charge on the whole of the movable properties of the company pertaining to its Sugar and Co - generation units situate at Alaganchi Village Nanjangud Taluk in the State of Karnataka including the company's movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future (save and except book debts).</p> <p>Second mortgage on lands admeasuring 234.28 ½ acres and buildings thereon pertaining to the company's Sugar Unit-II situate at Alaganchi and Mallupura villages Nanjangud Taluk Mysore District in the State of Karnataka</p>
Punjab National Bank	Term loan of Rs.1500 lakhs. Letter of Guarantee obtained in favour of Government of India for Sugar Development Fund Loan of Rs.1240 Lakhs	<p>Hypothecation of Plant and Machinery, spares, tools and other movable assets forming part of the block assets, both present and future of the Company's Distillery Unit situate at Alaganchi Village, Nanjangud Taluk, Mysore District in the State of Karnataka.</p> <p>Mortgage on lands admeasuring 47.16 acres pertaining to the Company's distillery Unit situate at Alaganchi Village Nanjangud Taluk Mysore District in the State of Karnataka and all plant and machinery attached thereto.</p>



Name of the Banks/ Financial Institution	Particulars of Loan	Security
State Bank of India	Term Loan of Rs.2240 Lakhs, with an option to convert it as FCNR (B) term Loan with swing option at a later date	Hypothecation of Suzlon make 7 Wind Electric Generators of 1.25 MW each installed at Irukkandurai Karunkulam and Radhapuram villages Radhapuram Taluk Tirunelveli District in the State of Tamilnadu.  Mortgage on lands admeasuring 14 acres pertaining to the company's wind mill division situate at Irukkandurai Karunkulam and Radhapuram Villages Radhapuram Taluk Tirunelveli District in the State of Tamilnadu.
Punjab National Bank Consortium Consists of Punjab National Bank Bank of Baroda Canara Bank The Karur Vysya Bank Ltd Union Bank of India Indian Overseas Bank State Bank of Travancore State Bank of India State Bank of Hyderabad & Bank of India	Term Loan of Rs.4762.50 Lakhs	Residual third charge on all fixed assets forming part of block assets of the company's sugar units viz. Unit-I situate at Alathukombai Village Sathyamangalam Taluk Erode District in the State of Tamilnadu Unit-II situate at Alaganchi and Mallupura Villages Nanjangud Taluk Mysore District and Unit-III situate at Kunthur Village Kollegal Taluk Chamrajnagar District in State of Karnataka.  Residual third mortgage on land and buildings of the company's sugar units viz. Unit-I situate at Alathukombai Village Sathyamangalam Taluk Erode District in the State of Tamilnadu Unit-II situate at Alaganchi and Mallupura Villages Nanjangud Taluk Mysore District and Unit-III situate at Kunthur Village Kollegal Taluk Chamrajnagar District in the State of Karnataka.



2. Sugar Development Fund Loan of Rs.134.95 Lakhs (Rs.134.95 Lakhs) is guaranteed by State Bank of Travancore on Counter guarantee of the Company. The Sugar Development Fund Loan of Rs.1096.50 Lakhs (Rs.1096.50 Lakhs) is Guaranteed by Punjab National Bank
3. (a) The company has not received any information from suppliers regarding their status under the micro, small and medium enterprises Development Act, 2006 and hence disclosures if any relating to amounts unpaid as at 31.3.2009 together with interest paid / payable as required under the said act has not been given  
(b) Amount credited to Investors' Education and Protection Fund as on 31.3.2009 is Rs. Nil (Nil)
4. Estimated amount of contracts remaining to be executed on capital account not provided for is Rs. 13213.25 Lakhs (Rs. 10814.72 lakhs)
5. The annual increase in the rate of power charges for supplies made to Tamilnadu Electricity Board as prescribed in the Power Purchase Agreement entered has not been provided in the books considering the uncertainty in the realisation of the same

#### **6. Contingent Liabilities**

- (a) The company has preferred a Writ Appeal before the Division Bench of the Hon'ble High Court, Madras challenging the Order pronounced in Writ Petition No. 4030/2002 dated 28.2.2006 in connection with increase in rate of water charges and the method of computation of water charges pursuant to the G.O. No.474 dated 13.11.2001 for the water drawn for industrial purposes. The approximate amount under dispute is Rs. 336.19 Lakhs (Rs. 328.37 Lakhs)
- (b) Sugar Unit-I at Sathyamangalam was permitted to sell 100% of the sugar production as Free Sugar for a period of 8 years from 1985-86 Sugar Season. Chief Director (Sugar), Directorate of Sugar, Department of Food, New Delhi, has restricted the entitlement of Free sale Sugar Incentive to 275000 quintals production per season by a subsequent notification. A Writ Petition has been filed in the Madras High Court Challenging the restriction imposed and interim injunction has been obtained. By virtue of injunction order the entire production was sold as Free Sugar. The approximate unprovided quantum under dispute is Rs. 683.35 Lakhs (Rs.683.35 lakhs)
- (c) Sugar Unit-I at Sathyamangalam was allowed to sell 100% of the Sugar production as free sugar for 8 years from 1985-86 sugar season and pay excise duty on incentive sugar as applicable to levy sugar and to retain the difference in excise duty between levy and free sale sugar. In respect of incentive sugar sold by Unit-I from 20.9.1991 to 31.1.1994, the Central Excise Department has issued show cause notices to the Company to show cause why the difference of Rs.33/- per quintal being the difference between duty on levy sugar and free sugar should not be demanded from the Company. The Company has filed Writ Petitions in Madras High Court and obtained an interim injunction against the show cause notices. The excise duty in dispute is Rs.149.99 lakhs (Rs.149.99 lakhs)
- (d) The Entry Tax of Rs. 257.58 lakhs (Rs. 217.13 Lakhs) on Inter-state purchase of rough blocks is disputed
- (e) The Company has received a demand for payment of excise duty for Rs.148.43 lakhs on the machineries purchased for co-generation plant which have been cleared by the manufacturers based on the certificates alleged to have been forged by an Official in the Ministry of Finance. The Company has remitted the amount under protest. The company opted for obtaining a valid certificate for which steps have been taken through a writ petition filed in Hon'ble High Court of Madras





- (f) The Company has been asked to pay Electricity Tax of 10 Paise per unit with effect from 16th June 2003 for the electricity consumed from own captive power generators which has been disputed by filing a Writ petition before the Hon'ble High Court of Madras. The approximate quantum under dispute is Rs. 149.70 Lakhs (Rs. 124.63 Lakhs)
- (g) Erstwhile Maheswara Sugars Limited has appealed against a Provident Fund demand of Rs.52.49 Lakhs (Rs.52.49 Lakhs).The dispute is pending in the Provident Fund Tribunal, Delhi
- (h) Punjab National Bank has extended bank guarantee for Rs.100 Lakhs on behalf of the company to the Chief Director (Sugar), Directorate of Sugar, Ministry of Consumer Affairs, Food and Public Distribution, Government of India towards completion of setting up of sugar factory at Heggadadevanakote Taluk, Karnataka State within the stipulated time as per the Sugar Cane (Control) Order, 1966
- (i) Canara Bank has extended bank guarantee for Rs. 100 Lakhs on behalf of the company to the Chief Director (Sugar), Directorate of Sugar, Ministry of Consumer Affairs, Food and Public Distribution, Government of India towards completion of setting up of sugar factory at Thandarampattu Taluk, Tamil Nadu State within the stipulated time as per the Sugar Cane (Control) Order, 1966
- (j) The company has preferred an appeal before the Commissioner of Income Tax (Appeals); challenging the order of Assistant Commissioner of Income Tax in connection with disallowance of deduction under section 80IA of the Income Tax Act, 1961 for the Assessment year 2005-06. The quantum under dispute is Rs.696.37 Lakhs
- (k) The Company has an obligation under EPCG Scheme to export sugar of a value of US \$ 5254995 over a period of 8 years reckoned from the financial year 2008 - 09

**7. The details of investments are as under :**

	Face value Rs.	Cost Rs.	Market value Rs.
<b>I. UNQUOTED - LONG TERM</b>			
<b>A.GOVERNMENT:</b>			
i) 6 Year National Savings Certificate	-	-	
	(14000)	(14000)	
ii) Kisan Vikas Patra*	40000	40000	
	(20000)	(20000)	
<b>B. SHARES:</b>			
i) Bannari Amman Sugars Employees' Co-operative Stores Limited	45000	45000	
	(45000)	(45000)	
ii) 150000 Equity shares of Bannari Infotech Private Ltd of Rs. 10 each	1500000	1500000	
	(1500000)	(1500000)	
<b>TOTAL - UNQUOTED</b>	<b>1585000</b>	<b>1585000</b>	
	(1579000)	(1579000)	
<b>II. QUOTED - LONG TERM</b>			
<b>A. SHARES</b>			
i) 1125000 Equity shares of Shiva Texyarn Ltd of Rs.10 each	11250000	30000000	13050000
	(11250000)	(30000000)	(29868750)



	Face value Rs.	Cost Rs.	Market value Rs.
ii) 84375 Equity Shares of Sakthi Finance Ltd of Rs.10 each	843750 (843750)	3009375 (3009375)	454781 (933188)
iii) 10000 Equity Shares of Bank of Baroda of Rs.10 each	100000 (100000)	850000 (850000)	2345500 (2833500)
iv) 73400 Equity Shares of Indrapratha Medical Corporation Limited of Rs.10 each	734000 (734000)	734000 (734000)	2044190 (2275400)
v) 14300 Equity Shares of Indian Overseas Bank of Rs.10 each	143000 (143000)	343200 (343200)	650650 (1931930)
vi) 86000 Equity Shares of DCM Shriram Industries Ltd of Rs.10 each	860000	10008117	4067800
<b>III. QUOTED - CURRENT MUTUAL FUND</b>			
i) 14016602 Units of Tata Mutual Fund of Rs.10.0371 per Unit	- (140166020)	- (140686247)	- (140635577)
<b>TOTAL - QUOTED</b>	<b>13930750</b> (153236770)	<b>44944692</b> (175622822)	<b>22612921</b> (178478345)
<b>T O T A L (UNQUOTED &amp; QUOTED)</b>	<b>15515750</b> (154815770)	<b>46529692</b> (177201822)	<b>22612921</b> (178478345)
Less: Provision for diminution in value of investment in respect of item no. II A (i) & III (i)		2554594 (2126857)	
	<b>15515750</b> (154815770)	<b>43975098</b> (175074965)	

\* Kisan Vikas Patra of Rs. 40,000/- have been pledged with State Government Authorities.

8. (a) There are no derivative financial instruments either for hedging or for speculation outstanding as at the Balance Sheet date.

(b) Foreign currency exposures that are not hedged by a derivative instrument or otherwise are as under :-

	As At 31.03.2009			As At 31.03.2008		
	Us Dollar	Pound Sterling	Euro	Us Dollar	Pound Sterling	Euro
Loan	3666979.22	-	-	5500000.00	-	-
Receivables	645383.15		33377.06	1288945.19	-	-
Payables	21850.50	19500.00	42845.20	136310.50	200000.00	5246.00
Advance from Customers	9988.34	-	-	10182.50	-	-
Advance for Purchase	530478.00	578500.00	949.71	263298.00	5155.19	410.00



9. Defined contribution plan :

Contribution made by the company to defined contribution plan which are recognised and charged to profit and loss account during the year are as under

	For the Year Ended	
	31.3.2009	31.3.2008
	(Rs in Lakhs)	
Provident Fund	130.09	114.67
Family Pension Fund	8.24	8.67
Employees State Insurance	1.87	2.04
Employees Group Gratuity	62.45	45.74

10. Amount due from Directors to be adjusted against cane supply is Rs. Nil (Nil ) Maximum amount due from Directors during the year is Nil (Rs. 0.08 Lakhs)

11. Amounts due from Officers of the Company is Rs. 5.73 Lakhs (Rs. 7.50 Lakhs). Maximum amount due from Officers of the Company during the year is Rs. 9.31 Lakhs (Rs. 8.13 Lakhs)

12. Details of Audit Fees:

	For the Year Ended	
	31.3.2009	31.3.2008
	(Rs in Lakhs)	
Audit Fees	5.00	4.50
For Tax Representation	1.80	0.90
For Tax Audit	0.50	0.43
For Certification	1.68	3.57
For Others	0.18	0.18
Service Tax	0.94	1.14

13. Details of remuneration and perquisites to Directors :

(i) Calculation of Net Profit under Section 309 of the Companies Act for the purpose of payment of Commission to Managing Director and Joint Managing Director.

	For the Year Ended	
	31.3.2009	31.3.2008
	(Rs in Lakhs)	
Net profit as per Profit & Loss A/c	13189.51	3916.06
ADD : Commission to Managing Director @ 2% on Net Profit	271.95	80.74
Commission to Joint Managing Director @ 1% on Net Profit	135.97	40.37
Net profit under Sec.309 of the Companies Act	<u>13597.43</u>	<u>4037.17</u>
Commission to Managing Director	271.95	80.74
Commission to Joint Managing Director	135.97	40.37





## (ii) Particulars of remuneration and perquisites to Directors :

	For the Year Ended	
	31.3.2009	31.3.2008
	(Rs in Lakhs)	
<b>Managing Director:</b>		
Salary	18.00	18.00
Commission	271.95	80.74
Contribution to Employee's Provident Fund	2.16	2.16
Perquisites	11.34	10.37
<b>Total</b>	<b>303.45</b>	<b>111.27</b>
<b>Joint Managing Director:</b>		
Salary	9.00	9.00
Commission	135.97	40.37
Contribution to		
- Family Pension Fund	0.06	0.06
- Employee's Provident Fund	1.02	1.02
Perquisites	5.55	5.99
<b>Total</b>	<b>151.60</b>	<b>56.44</b>

## 14. Disclosure Report Under Accounting Standard 15

	31.03.2009	31.03.2008
<b>I. PRINCIPAL ACTUARIAL ASSUMPTIONS</b> [Expressed as weighted averages]		
Discount Rate	7.00%	8.00%
Salary escalation rate	5.00%	5.00%
Attrition rate	5.00%	5.00%
Expected rate of return on Plan Assets		
<b>II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO)</b> <b>- RECONCILIATION OF OPENING AND CLOSING BALANCES:</b>	(Rs. in Thousand)	
PVO as at the beginning of the period	9762	8757
Interest Cost	568	583
Current service cost	1629	1496
Past service cost - (non vested benefits)	-	-
Past service cost - (vested benefits)	-	-
Benefits paid	(3304)	(2934)
Actuarial loss/(gain) on obligation (balancing figure)	799	1860
PVO as at the end of the period	9451	9762
<b>III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS</b> <b>- RECONCILIATION OF OPENING AND CLOSING BALANCES:</b>		
Fair value of plan assets as at the beginning of the period	-	-
Expected return on plan assets	-	-
Contributions	3304	2934
Benefits paid	(3304)	(2934)
Actuarial gain/(loss) on plan assets [balancing figure]	-	-
Fair value of plan assets as at the end of the period	-	-



(Rs. in Thousand)

	31.03.2009	31.03.2008
<b>IV. ACTUAL RETURN ON PLAN ASSETS</b>		
Expected return on plan assets	-	-
Actuarial gain / (loss) on plan assets	-	-
Actual return on plan assets	-	-
<b>V. ACTUARIAL GAIN / LOSS RECOGNISED</b>		
Actuarial gain / (loss) for the period - Obligation	(799)	(1860)
Actuarial gain / (loss) for the period- Plan Assets	-	-
Total (gain) / loss for the period	799	1860
Actuarial (gain) / loss recognised in the period	799	1860
Unrecognised actuarial (gain) / loss at the end of the year	-	-
<b>VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSIS</b>		
Present value of the obligation	9454	9762
Fair value of plan assets	-	-
Difference	9454	9762
Unrecognised transitional liability	-	-
Unrecognised past service cost - non vested benefits	-	-
Liability recognised in the balance sheet	9454	9762
<b>VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:</b>		
Current service cost	1629	1496
Interest Cost	568	583
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	799	1860
Transitional Liability recognised in the year	-	-
Past service cost - non-vested benefits	-	-
Past service cost - vested benefits	-	-
Expenses recognised in the statement of profit and loss	2996	3939
<b>VIII.MOVEMENTS IN THE LIABILITY RECOGNISED IN THE BALANCE SHEET</b>		
Opening net liability	9762	8757
Expense as above	2996	3939
Contribution paid	(3304)	(2934)
Closing net liability	9454	9762
<b>IX. AMOUNT FOR THE CURRENT PERIOD</b>		
Present Value of obligation	9454	9762
Plan Assets	-	-
Surplus (Deficit)	(9454)	(9762)
Experience adjustments on plan liabilities -(loss)/gain	(799)	(1860)
Experience adjustments on plan assets -(loss)/gain	-	-



(Rs. in Thousand)

	31.3.2009	31.3.2008
<b>X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)</b>		
Government of India Securities	-	-
State Government Securities	-	-
High Quality Corporate Bonds	-	-
Equity shares of listed companies	-	-
Property	-	-
Special Deposit Scheme	-	-
Funds managed by Insurer	-	-
Others (to specify)	-	-
Total	-	-
<b>XI. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR</b>		

15. Segment Information for the year ended 31st March 2009

(Rs in Lakhs)

	SUGAR		POWER		DISTILLERY		OTHERS		TOTAL	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
<b>PRIMARY</b>										
External Revenue	53515.38	38570.61	17864.70	16452.45	7908.82	6364.38	4094.09	4647.78	83382.99	66035.22
Operating Income	1327.76	1307.56	-	178.61	-	-	-	-	1327.76	1486.17
	54843.14	39878.17	17864.70	16631.06	7908.82	6364.38	4094.09	4647.78	84710.75	67521.39
Intersegment Revenue	5201.17	4550.03	8475.13	7934.10	8.22	8.75	215.83	357.14	13900.35	12850.02
	49641.97	35328.14	9389.57	8696.96	7900.60	6355.63	3878.26	4290.64	70810.40	54671.37
<b>RESULT</b>										
Segment Result	4233.78	(6153.12)	7993.35	6896.64	1372.62	3202.85	491.78	625.31	14091.53	4571.68
Add: Un-allocated Income	-	-	-	-	-	-	-	-	56.12	75.06
Operating Profit	-	-	-	-	-	-	-	-	14147.65	4646.74
Less: Interest Expenses	-	-	-	-	-	-	-	-	958.14	730.68
Taxation for the year	-	-	-	-	-	-	-	-	1914.04	122.82
MAT Credit entitlement	-	-	-	-	-	-	-	-	(707.30)	(441.02)
<b>Profit after tax</b>									<b>11982.77</b>	<b>4234.26</b>
<b>OTHER INFORMATION</b>										
Segment Assets	62793.16	68404.52	6755.67	11435.96	10089.50	6254.21	4606.92	4054.18	84245.25	90148.87
Segment Liabilities	10157.13	10941.51	23.74	26.54	199.32	140.64	112.86	93.23	10493.05	11201.92
Capital expenditure	5970.84	1980.06	7.37	-	3558.16	95.21	895.10	635.68	10431.47	2710.95
Depreciation	1519.47	1308.61	1233.38	1656.82	416.51	337.21	238.87	179.22	3408.23	3481.86
Non-Cash expenses other than Depreciation	-	-	-	-	-	-	-	-	-	-
<b>SECONDARY</b>										
Revenue by Geographical Market										
India	45687.49	28248.33	9389.57	8696.96	7900.60	6355.63	1092.50	823.47	64070.16	44124.39
Outside India	3954.48	7079.81	-	-	-	-	2785.76	3465.30	6740.24	10545.11





16. Related Party disclosures as required under Accounting Standard on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below.

**(i) KEY MANAGEMENT PERSONNEL**

Dr S V Balasubramaniam Chairman and Managing Director  
Sri B Saravanan - Joint Managing Director

**(ii) RELATIVES OF KEY MANAGEMENT PERSONNEL**

**Dr S V Balasubramaniam**

Relatives:

Sri B Saravanan - Son  
Sri S V Alagappan - Brother  
Dr S V Kandasami - Brother  
Sri S V Arumugam - Brother

**Sri B Saravanan**

Relatives:

Dr S V Balasubramaniam - Father

**(iii) ENTERPRISES OVER WHICH KEY MANAGEMENT PERSONNEL OR THEIR RELATIVES ARE ABLE TO EXERCISE SIGNIFICANT INFLUENCE**

Annamallai Retreading Company (P) Limited  
AA Tyre Retreading Company (P) Limited (erstwhile AA Retreading Company)  
Anamallais Automobiles (P) Limited  
Bannari Amman Spinning Mills Limited  
Shiva Distilleries Limited  
Vedanayagam Hospital (P) Limited

**RELATED PARTY TRANSACTIONS**

(Amount in Rupees)

Particulars	2008-09	2007-08
Purchase of Goods		
Anamallais Automobiles (P) Limited	4687	16524
Shiva Distilleries Limited	311185	Nil
Sale of Goods		
Shiva Distilleries Limited	582563109	539738546
Vedanayagam Hospital (P) Limited	13377	7862
Bannari Amman Spinning Mills Limited	Nil	738375
Dr S V Kandasami	Nil	1783
Receiving Services (Tyre Retreading Charges)		
AA Tyre Retreading Company (P) Limited (erstwhile AA Retreading Company)	63566	142000
Rent paid		
Annamallai Retreading Company (P) Limited	181854	180000
Shiva Distilleries Limited	60000	60000
Sri B Saravanan	120000	120000

Notes: (1) Remuneration to key management personnel is disclosed in Schedule No. 17 (read with item No. 13 in notes attached to and forming part of accounts)  
(2) Sitting fees to Directors is disclosed in Schedule No. 17  
(3) Balance outstanding as on 31st March 2009 is Nil (Nil)


**17. Earnings Per Share:**

(a) Weighted average number of equity shares of Rs. 10/-each

(i) Number of shares at the beginning of the year

(ii) Number of shares at the end of the year

Weighted average number of equity shares outstanding during the year

(b) Net Profit after tax available for equity shareholders (Rs in lakhs)

Less: Dividend on Preference Share Capital

(c) Net Profit after tax available for equity shareholders (Rs in lakhs)

(d) Basic and diluted earnings per share (Rs)

2008-09	2007-08
11439700	11439700
11439700	11439700
11439700	11439700
11982.77	4234.26
194.38	194.38
11788.39	4039.88
103.05	35.31

18. Figures for the previous year have been suitably regrouped wherever necessary to confirm to this year's classification.

19. Additional information pursuant to part II of Schedule VI to the Companies Act.

Product	Licensed Capacity	Installed Capacity
SUGAR		
Sugar Unit - I (Tamilnadu)	Not Applicable	4000 tonnes of cane crush per day
Sugar Unit - II (Karnataka)	Not Applicable	7500 tonnes of cane crush per day
Sugar Unit - III (Karnataka)	Not Applicable	2500 tonnes of cane crush per day
GRANITE SLABS	50000 Sq. Mtrs per annum	50000 Sq. Mtrs per annum
GRANITE TILES	95000 Sq. Mtrs per annum	10000 Sq. Mtrs per annum
MONUMENTS	2500 Sq. Mtrs per annum	2500 Sq. Mtrs per annum
ALCOHOL		
Tamilnadu unit	24 Million Ltrs per annum	16.33 Million Ltrs. per annum
Karnataka unit	60 Kilo Ltrs per day	60 Kilo Ltrs per day
POWER		
Tamilnadu unit	Not Applicable	20 MWH
Karnataka unit	Not Applicable	16 MWH & 20 MWH
Wind mills	Not Applicable	8750 KWH
BIO-DIESEL	3000 Ltrs per day	3000 Ltrs per day

B. PRODUCTS	Sugar Quintals	Molasses Tonnes	Bagasse Tonnes	Fertilisers & Pesticides Tonnes	Granite Blocks Cubic Metres	Polished Granite Slabs				Polished Granite Tiles		Polished Monuments	Alcohol B. Ltrs.	Fusel Oil B. Ltrs.	Bio Compost Tonnes	Power (Lakh Units)
						←				→						
						Polished Granite Slabs	Square Metres	Polished Granite Tiles	Square Metres	Polished Monuments	Alcohol B. Ltrs.	Fusel Oil B. Ltrs.	Bio Compost Tonnes	Power (Lakh Units)		
Opening Stock	2183311 (1488420)	23869 (21650)	10574 (2455)	28 (28)	Nil (60)	25809 (27888)	430 (265)	15 (16)	1392381 (1577242)	9218 (3455)	291 (177)	Nil (Nil)				
Production	2323441 (3418390)	119630 (167550)	608804 (777732)	Nil (Nil)	7987 (7316)	93575 (128481)	13488 (7669)	Nil (77)	25742810 (21532029)	8900 (17663)	20710 (18040)	3010.98 (3802.06)				
Purchases	Nil (1700)	Nil (Nil)	6424 (16080)	121 (228)	Nil (9)	1218 (1670)	Nil (Nil)	Nil (19)	Nil (Nil)	Nil (Nil)	Nil (Nil)	23.90 (18.00)				
Purchases (Value Rs.in lakhs)	Nil (21.45)	Nil (Nil)	59.10 (184.92)	18.19 (13.36)	Nil (1.14)	47.25 (50.67)	Nil (Nil)	Nil (1.97)	Nil (Nil)	Nil (Nil)	Nil (Nil)	92.10 (61.54)				
Sales/Transfer	2844948 (2725199)	114273 (165331)	624112 (*) (785693)	133 (228)	7987 (7385)	95348 (132230)	13455 (7504)	15 (97)	23681327 (21716890)	13901 (11900)	20808 (17927)	3034.88 (\$) (3820.06)				
Sales (Value Rs.in lakhs)	49454.30 (35526.15)	2990.19 (422.98)	3421.66 (4384.34)	17.39 (32.23)	1161.86 (1077.99)	2745.16 (3433.09)	180.11 (107.13)	2.67 (11.83)	7680.59 (6180.60)	1.00 (0.60)	262.24 (227.42)	12331.81 (10960.36)				
Closing stock	1661804 (2183311)	29226 (23869)	1690 (10574)	15 (28)	Nil (Nil)	25255 (25809)	463 (430)	Nil (15)	3453864 (1392381)	4217 (9218)	193 (291)	Nil (Nil)				

(\*) Includes own consumption of 4307 Tonnes (5721 Tonnes)

(\$ ) Includes own consumption of 327.43 Lakh Units (374.35 Lakh Units)

Opening stock of raw materials :

Granite Blocks	(Cubic Metres)	1268	(1090)
Molasses	(Tonnes)	16458	(17881)
Pressmud	(Tonnes)	20000	(10300)

Closing stock of raw materials :

Granite Blocks	(Cubic Metres)	700	(1268)
Molasses	(Tonnes)	23949	(16458)
Pressmud	(Tonnes)	15142	(20000)





C. Raw Materials Spares and Components Consumed	Purchased	Consumed	% to total consumption
<b>1. Raw materials</b>			
a. Sugarcane - Quantity in Tonnes	2276689 (3309718)	2276689 (3309718)	100% (100%)
b. Wet Sugar - Quantity in Tonnes	Nil (Nil)	- (8294)	
c. Granite Blocks - Quantity in Cubic Metres	3180 (5085)	3748 (4908)	
d. Molasses - Quantity in Tonnes	120468 (91094)	112977 (92517)	
e. Press mud - Quantity in Tonnes	25637 (34120)	30495 (24420)	
Imported Value (Rs. in lakhs)			
a. Sugarcane		Nil (Nil)	Nil (Nil)
b. Granite Blocks		Nil (Nil)	Nil (Nil)
c. Molasses		Nil (Nil)	Nil (Nil)
d. Press mud		Nil (Nil)	Nil (Nil)
Indigenous Value (Rs.in lakhs)			
a. Sugarcane		30152.35 (35338.15)	100% (100%)
b. Wet Sugar		- (105.06)	100% (100%)
c. Granite Blocks		1359.24 (1811.17)	100% (100%)
d. Molasses		4159.10 (1163.43)	100% (100%)
e. Press mud		7.69 (6.53)	100% (100%)
<b>2. Spares and Components</b>			
Imported Value (Rs.in lakhs)		61.27 (47.90)	3.56% (2.51%)
Indigenous Value (Rs.in lakhs)		1661.66 (1858.03)	96.44% (97.49%)
<b>3. Value of Imports on C.I.F. basis (Rs.in Lakhs)</b>			
a. Granite Blocks		Nil (Nil)	
b. Components and spare parts		571.89 (488.42)	
c. Capital goods		182.27 (1196.41)	



	For the Year ended 31.3.2009 ----- (Rs. in lakhs) -----	For the Year ended 31.3.2008
20. Earnings in Foreign Exchange F . O . B Value of Exports	6740.25	10545.11
21. Expenditure in foreign currency		
Travelling	6.76	18.95
Sales commission	22.51	52.86
Subscription	0.49	0.55
Registration Fees	0.10	11.81
Interest	174.47	0.48

Signatures for Schedules 1 to 19 above  
Vide our Report annexed

For **P N RAGHAVENDRA RAO & CO**

Chartered Accountants

**P R VITTEL**

Partner

M No. 200/18111

Coimbatore

25.6.2009

**S V BALASUBRAMANIAM**

Chairman & Managing Director

**B SARAVANAN**

Joint Managing Director

**C PALANISWAMY**

Company Secretary



**Cash Flow Statement for the year ended 31.3.2009**

	Year ended 31.3.2009		Year ended 31.3.2008	
	<----- (Rs. in lakhs) ----->			
A. OPERATING ACTIVITIES				
Net profit before tax and extraordinary items		13189.51		3916.06
Add: Adjustments for				
Depreciation	3408.23		3481.86	
Interest Charged	958.14		730.68	
Loss on sale of Fixed Assets	21.52	4387.89	47.52	4260.06
Less: Investment Income				
Interest	302.58		527.60	
Dividend	19.21		25.39	
Profit on sale of Fixed Assets	2.77		10.03	
Profit on sale of Investments	-	324.56	0.10	563.12
Operating Profit before working capital changes		17252.84		7613.00
Add: Adjustments for				
Inventories	2288.22		(7546.73)	
Debtors	1392.22		(1187.13)	
Other Current Assets	(160.92)		(3230.58)	
Current Liabilities	(699.96)	2819.56	702.67	(11261.77)
Cash generated from operations		20072.40		(3648.77)
Less: Income tax		1585.60		602.77
Cash flow before extraordinary items		18486.80		(4251.54)
Net cash from operating activities		18486.80		(4251.54)




**Cash Flow Statement For the year ended 31.3.2009 (contd)**

	Year ended 31.3.2009	Year ended 31.3.2008
	<----- (Rs. in lakhs) ----->	
<b>B. INVESTING ACTIVITIES</b>		
Interest Received	302.58	527.60
Dividend Received	19.21	25.39
Purchase of Fixed assets	(13138.82)	(8315.47)
Purchase of Investments	(100.28)	(1409.68)
Sale of Fixed assets	24.22	58.28
Sale of Investments	1406.49	1.20
Net cash used in investing activities	(11486.60)	(9112.68)
<b>C. FINANCING ACTIVITIES</b>		
Increase in Borrowings	(11686.05)	19530.96
Increase in Capital	(1846.00)	-
Increase in Reserves	-	150.00
Interest paid	(1146.52)	(806.55)
Dividends paid (Gross)	(1131.25)	(1001.66)
Net cash from financing activities	(15809.82)	17872.75
Net increase in cash and cash equivalents (A+B+C)	(8809.62)	4508.53
Opening Cash balance	9359.32	4850.79
Closing Cash balance (*)	549.70	9359.32
	(8809.62)	4508.53

(\*) Includes fixed Deposits of Rs. 48.50 Lakhs (Rs.43.73 Lakhs) pledged with banks.

Vide our Report annexed

For **P N RAGHAVENDRA RAO & CO**

Chartered Accountants

**P R VITTEL**

Partner

M No. 200/18111

Coimbatore

25.6.2009

**S V BALASUBRAMANIAM**

Chairman & Managing Director

**B SARAVANAN**

Joint Managing Director

**C PALANISWAMY**

Company Secretary



## Cane Crush and Recovery

Financial Year	No of Days Crushed			Sugarcane crushed (Metric Tonnes)			Recovery Percentage		
	Sugar Unit I	Sugar Unit II	Sugar Unit III	Sugar Unit I	Sugar Unit II	Sugar Unit III	Sugar Unit I	Sugar Unit II	Sugar Unit III
1985-1986	252	-	-	300798	-	-	9.30	-	-
1986-1987	275	-	-	320861	-	-	9.72	-	-
1987-1989 (18 months)	457	-	-	542693	-	-	9.97	-	-
1989-1990	284	-	-	448216	-	-	9.39	-	-
1990-1991	286	-	-	377445	-	-	9.69	-	-
1991-1992	333	-	-	498826	-	-	9.63	-	-
1992-1993	308	126	-	460567	190186	-	9.14	10.15	-
1993-1994	202	142	-	244989	177442	-	8.72	8.96	-
1994-1995	316	287	-	524485	588573	-	8.58	9.54	-
1995-1996	342	240	-	611450	571141	-	8.44	10.18	-
1996-1997	280	269	-	548622	632573	-	8.97	9.59	-
1997-1998	196	194	-	366748	369098	-	10.49	9.71	-
1998-1999	301	245	-	780607	641969	-	10.51	10.01	-
1999-2000	307	244	-	866593	702331	-	10.77	10.05	-
2000-2001	317	258	-	931429	1031086	-	10.97	10.23	-
2001-2002	324	267	-	1019640	1261299	-	10.95	10.71	-
2002-2003	304	270	-	921443	1321328	-	10.71	10.87	-
2003-2004	296	282	-	850221	1440125	-	10.67	10.85	-
2004-2005	250	264	-	198949	883981	-	10.40	10.04	-
2005-2006	316	240	-	685835	1033059	-	9.93	10.61	-
2006-2007	322	298	84	1075272	1726989	135233	10.00	10.50	10.81
2007-2008	275	316	298	918907	1807406	583405	10.19	10.38	10.13
2008-2009	239	300	78	692194	1444889	139607	10.04	10.27	10.09



## Financial Performance

(Rs in lakhs)

Financial Year	Equity Share Capital	Reserves & Surplus	Turnover*	Profit before Depreciation	Depreciation	Net Profit	Dividend on Equity Shares (%)
1985-1986	373.26	85.15	1421.08	247.65	192.32	55.33	15
1986-1987	374.81	150.60	1585.78	258.56	117.68	140.88	15
1987-1989 (18 months)	374.95	558.79	3157.49	743.55	200.87	542.68	25
1989-1990	375.00	821.84	2941.28	479.29	127.04	352.25	18
1990-1991	375.00	1097.53	3035.74	470.31	169.05	301.26	20
1991-1992	375.00	1381.32	4354.55	572.49	244.04	328.45	21
1992-1993	375.00	1526.96	6154.24	623.38	415.35	208.03	21
1993-1994	753.97	3004.49	5502.34	486.04	382.17	103.87	21
1994-1995	953.97	4937.00	12219.55	853.98	403.98	450.00	22
1995-1996	953.97	6107.79	15686.98	1895.45	533.78	1361.67	24
1996-1997	953.97	7201.67	16133.02	1884.43	560.90	1323.53	25
1997-1998	953.97	8704.64	14229.49	2292.81	568.50	1724.31	25
1998-1999	953.97	9737.98	20572.87	2009.33	598.43	1410.60	25
1999-2000	953.97	11071.16	23242.80	2425.92	675.51	1750.41	25
2000-2001	953.97	12728.83	30792.42	3655.88	1710.46	1945.42	27
2001-2002	953.97	12296.57	36158.79	4727.63	1652.41	3075.22	33
2002-2003	953.97	13265.96	34823.17	4429.97	2160.88	2269.09	30
2003-2004	953.97	16192.33	45778.58	7298.47	2705.14	4593.33	36
2004-2005	953.97	20070.14	38318.31	8826.31	3200.10	5626.21	45
2005-2006	953.97	27158.61	49408.86	13878.66	4307.00	9571.66	70
2006-2007	953.97	40572.76	69116.18	14570.19	3734.83	10835.36	70
2007-2008	1143.97	43825.26	60608.73	7397.92	3481.86	3916.06	70
2008-2009	1143.97	54270.49	67404.42	16597.74	3408.23	13189.51	100

\*Turnover = Net sales + Closing Stock – Opening Stock

\*excludes inter-segment transfers





## Balance Sheet Abstract and Company's General Business Profile

### Registration Details

Registration No	L15421TZ1983PLC001358	State Code	181
Balance Sheet	31      3      2009		
	Date   Month   Year		

### Capital raised during the year (Amount in Rs Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

### Position of Mobilisation and Deployment of Funds (Amount in Rs Thousands)

Total Liabilities	10440513	Total Assets	10440513
-------------------	----------	--------------	----------

### Sources of Funds

Paid up Capital	114397	Reserves & Surplus	5427049
Secured Loans	1973918	Unsecured Loans	477807

### Applications of Funds

Net Fixed Assets	5335597	Investments	43975
Net Current Assets	3201841	Misc Expenditure	NIL
Accumulated Losses	NIL		

### Performance of the Company (Amount in Rs Thousands)

Turnover	7200264	Total Expenditure	5594194
Profit before Tax	1318951	Profit after Tax	1198277
Earning per Share in Rs	103.05	Dividend Rate (Rs) Equity	10
		Preference	9

### Generic Names of Four Principal Products / Services of the Company (as per monetary terms)

Item Code No	17019902
Product Description	WHITE CRYSTAL SUGAR
Item Code No	NOT APPLICABLE
Product Description	POWER – COGENERATION
Item Code No	22072000
Product Description	ALCOHOL
Item Code No	68022301
Product Description	GRANITE BLOCKS & SLABS



# BANNARI AMMAN SUGARS LIMITED

Regd. Office : 1212, Trichy Road, Coimbatore - 641 018

## ATTENDANCE SLIP

Folio No. :

DP-ID No. :

Client ID No. :

Name of the Shareholder :

Name of the Proxy (in Block letters) :  
(to be filled in if the Proxy attends  
instead of the member)

I hereby record my presence at the 25th Annual General Meeting held on 23<sup>rd</sup> September, 2009 at 4.30 p.m. at  
Jennys Residency, 2/2 Avinashi Road, Civil Aerodrome Post, Coimbatore - 641 014

Member's / Proxy's Signature



# BANNARI AMMAN SUGARS LIMITED

Regd. Office : 1212, Trichy Road, Coimbatore - 641 018

## PROXY FORM

I/We ..... of ..... being

a Member / Members of Bannari Amman Sugars Ltd., hereby appoint .....

of ..... or failing him .....

of ..... or failing him .....

of ..... as my/our proxy to attend and vote for me / us / on my / our behalf at the

25th Annual General Meeting of the Company to be held at Jennys Residency, 2/2 Avinashi Road, Civil Aerodrome

Post, Coimbatore - 641 014 on 23<sup>rd</sup> September, 2009 at 4.30 p.m. and at any adjournment thereof.

Signed this ..... day of ..... 2009.

Folio No. :

DP-ID No. :

Client ID No. :

Affix  
30 paise  
Revenue  
Stamp



Note :

This proxy form must be deposited at the Registered Office of the Company at 1212, Trichy Road, Coimbatore - 641 018, not less than forty - eight hours before the time for holding the aforesaid meeting.







**Bannari Amman Sugars Limited**

## Notes :

[illegible]



**Bannari Amman Sugars Limited**

## Notes :





Book Post

To

If undelivered please return to :



**Bannari Amman Sugars Limited**

Regd. Off. : 1212, Trichy Road, Coimbatore - 641 018. India.

Phone : 0422 - 2302277 Fax : 0422 - 2309999

E-mail : [basche@vsnl.com](mailto:basche@vsnl.com) Website : [www.bannari.com](http://www.bannari.com)