



24th

Annual Report
2007-2008



BANNARI AMMAN SUGARS LIMITED



Motto

Strive to perform best at all times

Objectives

Our endeavour is to

- Identify and improve the processes to have a continuous upgradation of the quality of the end products
- Serve in the best interest of cane growers and shareholders
- Maximise productivity by optimising all inputs
- Expand and diversify utilising by-products in a planned manner

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BOARD OF DIRECTORS

Dr S V Balasubramaniam
Chairman & Managing Director

Sri V Venkata Reddy
Vice Chairman

Sri S G Subrahmanyam

Sri S V Alagappan

Sri S V Arumugam

Sri P L Sivanappan

Sri E P Muthukumar

Sri A K Perumalsamy

Sri T Gundan

Sri B Saravanan

Joint Managing Director

AUDITORS

M/s P N Raghavendra Rao & Co
Chartered Accountants

INTERNAL AUDITORS

M/s Srivatsan & Gita
Chartered Accountants

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 Kollegal Taluk
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
Radhapuram Taluk Tirunelveli District Tamilnadu



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 24th Annual General Meeting of the Members of the Company will be held at JENNEY CLUB 2/2 AVINASHI ROAD CIVIL AERODROME POST COIMBATORE 641 014 on Monday the 29th day of September 2008 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 31st March 2008 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 P L Sivanappan who retires by rotation and is eligible for re-appointment
- 5 To appoint a Director in the place of Sri A K Perumalsamy who retires by rotation and is eligible for re-appointment
- 6 To appoint Auditors and fix their remuneration

SPECIAL BUSINESS

- 7 To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution

RESOLVED that Sri T Gundan who was co-opted as an Additional Director by the Board of Directors with effect from 23.6.2008 and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company liable to retire by rotation

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 relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act 1956 in respect of special business under item No 7 is annexed
- 4 The Register of Members and the Share Transfer Books of the Company will remain closed from 20.9.2008 to 29.9.2008 (both days inclusive)
- 5 The dividend if declared will be paid to those members whose names appear on the Register of Members of the Company as on 29.9.2008. 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 19.9.2008
- 6 The Company has transferred unclaimed dividends upto the financial year ended 31st March 2000 to General Revenue Account/Investor Education and Protection Fund of the Central Government. The dividend declared for the financial year 2001 and thereafter remaining unclaimed for a period of 7 years will be transferred to Investor Education and Protection Fund as required under 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
- 7 Members are requested to bring their copy of the Annual Report along with them to the meeting

By Order of the Board

Coimbatore
23.6.2008

C PALANISWAMY
Company Secretary

**EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956**

Sri T Gundan aged 66 years was co-opted as an Additional Director on 23.6.2008. In terms of Section 260 of the Companies Act 1956 read with Article 74 of Company's Articles of Association Sri T Gundan holds office upto the date of ensuing Annual General Meeting. A notice proposing Sri T Gundan as a Director has been received from a member of the company along with requisite deposit

Sri T Gundan is not disqualified from being appointed as Director under Section 274(1)(g) of the Companies Act 1956 and the company has received requisite Form "DD-A" from him. He has complied with the requirement of obtaining Director Identification Number in terms of Section 266A of the Companies Act 1956

Sri T Gundan a Senior Cambridge is the Managing Director of Kothagiri Rob Roy Tea Estates Limited and got rich experience in business. He was a member of Tamilnadu State Legislative Assembly. He does not hold any shares in the Company

Other Directorship

Kothagiri Rob Roy Tea Estates Limited

Glenburn Estates and Enterprises Private Limited

Hotel Jagadeeswari Private Limited

Ootacamund Gymkhana Club

None of the Directors of the Company is concerned or interested in the said resolution except Sri T Gundan who is seeking appointment

Coimbatore
23.6.2008

By Order of the Board

C PALANISWAMY
Company Secretary

Re-appointment of Directors

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

Sri P L Sivanappan aged 78 years is associated with the company since 1984. He has more than 50 years experience in sugarcane cultivation. He is holding 100 equity shares in the company and does not hold any other Directorship

Sri A K Perumalsamy aged 68 years is associated with the company since 1984. He has more than 45 years experience in sugarcane cultivation. He is holding 1500 equity shares in the company and does not hold any other Directorship

**FINANCIAL HIGHLIGHTS**

(Rs in Lakhs)

	2003 - 04	2004 - 05	2005 - 06	2006 - 07	2007 - 08
Turnover	52273.24	44933.92	59427.12	82265.05	73468.34
Other Income	914.57	621.23	283.81	537.69	2182.59
Total Income (incl Stock Adj)	53278.10	45991.50	59812.12	82561.81	75641.35
Raw Materials	26961.48	18654.02	23960.08	39071.60	38375.83
Traded goods	1877.65	--	--	1350.20	21.45
Excise Duty on Stock	112.20	(137.07)	(439.06)	241.96	712.75
Overhead & Other Exp	15892.93	17532.88	21316.84	26560.44	28402.72
PBDIT	8433.84	9941.67	14974.26	15337.61	8128.60
Depreciation	2705.14	3200.10	4307.00	3734.83	3481.86
Interest	1135.37	1115.36	1095.60	767.42	730.68
Pre-tax profit	4593.33	5626.21	9571.66	10835.36	3916.06
Tax	1280.65	1265.57	1874.17	1806.54	(318.20)
Post Tax Profit	3312.68	4360.64	7697.49	9028.82	4234.26
Equity Capital	953.97	953.97	953.97	953.97	1143.97
Reserves	16192.33	20070.14	27158.61	40572.76	43825.26

Turnover = Net Sales + Closing Stock - Opening Stock



KEY FINANCIAL RATIOS

	2003 - 04	2004 - 05	2005 - 06	2006 - 07	2007 - 08
FINANCIAL RATIOS					
Other Income / Turnover %	1.75	1.38	0.48	0.65	2.97
Overheads / Turnover %	29.09	37.91	33.62	30.69	37.06
Interest / Turnover %	2.17	2.48	1.84	0.93	0.99
PBDIT / Turnover %	16.13	22.13	25.20	18.64	11.06
NP / Turnover %	8.79	12.52	16.11	13.17	5.33
Cash Profit / Turnover %	13.96	19.64	23.35	17.71	10.07
ROCE (PBDIT / Average Capital Employed) %	19.15	19.99	29.66	28.08	11.35
ROCE (PBIT / Average Capital Employed) %	13.01	13.56	21.13	21.24	6.49
Capital Output Ratio (Turnover / Average capital employed)	118.72	90.37	117.70	150.59	102.57
BALANCE SHEET RATIOS					
Debt Equity Ratio (Long term debt to equity)	0.55	0.62	0.49	0.26	0.31
Debtors' Turnover (Days)	52	44	40	32	41
Inventory Turnover (Days)	195	169	108	89	138
Current Ratio	1.35	1.51	2.62	2.76	2.37
Quick Ratio	0.50	0.51	1.21	1.43	1.24
Average Turnover Ratio (Total Revenue / Total Assets)	1.16	0.92	1.26	1.36	0.91
PER SHARE DATA					
EPS (Rs)	34.73	45.71	80.69	89.51*	37.01
CEPS (Rs)	63.08	79.26	125.84	127.45	67.45
Dividend on Equity (Rs)	3.60	4.50	7.00	7.00	7.00
Dividend on Preference (Rs)	-	-	-	3.00	9.00
Dividend Payout %	11.70	11.13	9.89	11.09	26.72
Book Value (Rs)	179.74	220.39	294.69	364.67	393.10
Net indebtedness (Rs)	99.25	135.63	143.88	94.62	120.76

* EPS worked out after considering the allotment of 1900000 equity shares of Rs 10/- each made pursuant to the Scheme of Amalgamation



CHAIRMAN'S LETTER

Dear Shareholders

The All India sugar production for the Sugar Season 2006-07 was 283.28 lakh tonnes significantly higher than sugar production of 192.67 lakh tonnes of the previous Season. The sugar prices prevailed at below economical levels throughout the year. The cost of inputs especially sugarcane price rose steeply adding to the adverse conditions

In your Company the good performance of Distillery and Co-Generation Divisions had helped to achieve positive working results inspite of adverse conditions prevailed in the Sugar Division

The highlights of the financial year 2007-08 are:

- Total cane crush was 33.10 lakh tonnes
- The 20 MW co-generation plant at Sugar Unit I had generated 153.45 million units of power of which 110.48 million units were exported to Tamilnadu Government Grid
- The 16 MW co-generation plant at Sugar Unit II had generated 103.82 million units of power of which 88.39 million units were exported to Karnataka Government Grid
- The 20 MW co-generation plant at Sugar Unit II had generated 107.05 million units of power of which 52.04 million units were exported to Karnataka Government Grid
- The Distillery Unit in Tamilnadu had produced 18.22 lakh B Ltrs of Rectified Spirit 156.93 lakh B Ltrs of Neutral Spirit and 0.06 lakh B Ltrs of Fusel Oil
- The Distillery Unit in Karnataka had produced 1.93 lakh BLtrs of Rectified Spirit 35.57 lakh B Ltrs of Neutral Spirit and 2.74 lakh BLtrs of Medium Grade Alcohol
- Wind mills had generated 15.84 million units of power and exported 13.67 million units to Tamilnadu Government Grid
- Granite Division at Tamilnadu had produced 128481 square metres of Granite slabs 7669 square metres of tiles and 77 square metres of monuments

The sugar prices are under pressure till the middle of 2008 and are expected to firm up during the later part of the Year

In the current financial year we expect to crush 7.5 lakh tonnes of sugarcane in Sugar Unit-I 15 lakh tonnes of sugarcane in Sugar Unit-II and 4 lakh tonnes of sugarcane in Sugar Unit-III. The co-generation and distillery are expected to register improved performance

While the business conditions in the sugar industry remains challenging we hope to report steady strategic progress and improve our overall competitive position in the years ahead

With this I would like to thank our cane growers bankers Governments and our dedicated employees for their co-operation and support. I would like to thank you for the confidence and trust you have reposed in our management.

(S V BALASUBRAMANIAM)

Chairman & Managing Director



**DIRECTORS' REPORT**

Dear Members

Your Directors have pleasure in presenting the 24th Annual Report together with audited accounts of the Company for the year ended 31st March 2008

Financial Results	(Rs in Lakhs)	
	Financial Year	
	2007-2008	2006-2007
Profit for the year before depreciation	7397.92	14570.19
Less: Depreciation	3481.86	3734.83
Profit Before Tax	3916.06	10835.36
Less Provisions : Income Tax	441.55	1161.00
Fringe Benefit Tax	20.57	14.80
MAT Credit Entitlement	-441.02	-
Deferred Tax	-339.30	630.74
Profit After Tax	4234.26	9028.82
Add : Surplus brought forward from previous year	1630.05	1103.37
Amount available for appropriation	5864.31	10132.19
Appropriations		
Provision for diminution in value of investment	0.51	0.48
Transfer to General Reserve	3000.00	7500.00
Dividend on Preference Capital	166.14	55.38
Dividend on Equity Capital	800.78	800.78
Provision for Tax on Dividend	164.33	145.50
Surplus carried over to Balance Sheet	1732.55	1630.05
	5864.31	10132.19

Dividend

Your Directors are glad to recommend dividend @ 9% on 1846000 - 9% redeemable non-cumulative preference shares of Rs. 100/- each and 70% on the equity capital

**Review of Operations**

The comparative operational performances for the last two years are as under:

Sugar Division

	Sugar Unit I		Sugar Unit II		Sugar Unit III	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07*
No of days crushed	275	322	316	298	298	84
Sugarcane crushed (Lakh tonnes)	9.19	10.75	18.07	17.27	5.84	1.36
Recovery (%)	10.19	10.00	10.38	10.50	10.13	10.81
Wet Sugar Processed (Lakh Tonnes)	0.01	0.10	-	-	-	-
Sugar Produced (Lakh quintals)	9.43	10.81	18.82	18.04	5.94	1.46

*Acquired by way of amalgamation with effect from 1.1.2007

During the year under review in sugar unit-I 9.19 lakh tonnes of sugarcane was crushed as against the estimated cane crush of 9 lakh tonnes. In sugar unit-II 18.07 lakh tonnes of sugarcane was crushed as against estimated cane crush of 20 lakh tonnes of sugarcane. In sugar unit-III 5.84 lakh tonnes of sugarcane was crushed as against estimated cane crush of 6 lakh tonnes of sugarcane

Co-generation of Power

The co-generation plant in sugar unit I had generated 153.45 million units of power and exported 110.48 million units to the Tamilnadu Government Grid. In sugar unit II the 16 MW and 20 MW co-generation plants had generated 103.82 million units and 107.05 million units of power and exported 88.39 million units and 52.04 million units respectively to Karnataka Government Grid

Distillery Division

The distillery in Tamilnadu had worked for 337 days and produced 18.22 lakh B.Ltrs of Rectified Spirit 156.93 lakh B.Ltrs of Neutral Spirit and 0.06 lakh B.Ltrs of Fusel oil

The distillery in Karnataka had worked for 115 days and produced 1.93 lakh B.Ltrs of Rectified Spirit 35.57 lakh B.Ltrs of Neutral Spirit and 2.74 lakh B.Ltrs of Medium Grade Alcohol

Granite Division

In the Granite Division in Tamilnadu 128481 square metres of Granite slabs 7669 square metres of tiles and 77 square metres of monuments were produced compared to production of 112030 square metres of Granite Slabs 12742 square metres of tiles and 1127 square metres of monuments in the last year

Wind Mills

Wind mills had generated 15.84 million units of power and exported 13.67 million units to Tamilnadu Government Grid

**Listing of 1900000 equity shares of Rs.10/- each allotted under Scheme of Amalgamation**

1900000 equity shares allotted on 16.11.2007 under the Scheme of Amalgamation of Maheswara Sugars Limited with our company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited

Prospects for the Current year 2008 - 2009

It is estimated to crush 7.5 lakh tonnes of sugarcane in sugar unit - I 15 lakh tonnes of sugarcane in sugar unit - II and 4 lakh tonnes of sugarcane in sugar unit III. It is estimated to produce 180 lakh B.Ltrs of spirit in the distillery unit in Tamilnadu and 75 lakh B.Ltrs of spirit in distillery unit in Karnataka

An incineration plant to burn spent wash with 2 MW power generation is under implementation in the Distillery Unit in Karnataka and it is expected to be in operation from the third quarter of 2008. This will enable the Distillery to operate at the optimum levels

The Company is installing a Sugar Refinery Plant at sugar unit-II with the production capacity of 500 MT per day besides increasing the refinery production capacity at sugar unit-I from 100 MT per day to 300 MT per day

The Government of Karnataka has approved the proposal for change of location of sugar plant situate at Kunthur Village Kollegal Taluk Chamrajanagara District to Modhalli Village Kollegal Taluk Chamrajanagara District and to establish a Sugar Plant with 6000 TCD from the existing 2500 TCD besides setting up of 28.8 MW Co-generation Plant

The Government of Tamilnadu has demarcated necessary cane areas for the establishment of an Integrated Sugar Complex comprising of 5000 TCD Sugar Plant Co-generation Plant Distillery Ethanol Plant and Bio-composting unit at Kolundampattu Village Thandampattu Taluk Tiruvannamalai District and the Company is taking effective steps for implementation of the said Project

Fixed Deposit

The Company has no fixed deposit as on 31.3.2008

Directors

Sri P L Sivanappan and Sri A K Perumalsamy Directors retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment:

Sri T Gundan was co-opted as an Additional Director on 23.6.2008. He vacates the office at the ensuing Annual General Meeting. A notice has been received from a member proposing him as a 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 Sri V Venkata Reddy Sri E P Muthukumar and Sri S V Arumugam. Sri V Venkata Reddy and Sri E P Muthukumar 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 2007-2008 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 2007-2008 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 canegrowers who have supplied sugarcane to the factories and wish to place on record their appreciation of the contributions made by all the employees

Coimbatore
23.6.2008

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**

S No	Name	Designation / Nature of Duties	Remuneration Received (Rs in lakhs)	Qualification	Age in Years as on 31-03-2008	Experience in Years	Date of Commencement of Employment	Particulars of Last Employment
1	Dr S V Balasubramaniam	Managing Director	111.27	B Com A C A A C S	68	43	9.10.1985	Vice Chairman Sakthi Sugars Limited
2	Sri B Saravanan	Joint Managing Director	56.44	B Com	35	11	5.7.2000	Joint Mangaing 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

 Coimbatore
23.6.2008

 By Order of the Board
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

In Sugar Unit-I 2 Nos of 1300-KG/Charge 20 Cycles per hour centrifugal machines have been installed in the place of WIL make centrifugals to save 1200 units of power per day and a new Variable Frequency Drive System has been installed at cane carrier in the place of Dyno-Drive, resulting a net power savings of about 450 units per day.

In Sugar Unit-II instead of ordinary lamps CFL (Compact Fluorescent Light) lamps which consumes less energy (nearly 50% reduction and more life) are being installed in the sugar plant and refinery. Also energy saving motors are being procured for refinery and incineration plant. These motors shall have energy saving upto 10%.

(b) No additional investment/proposal is contemplated for reduction of consumption of energy

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
1 ELECTRICITY		
(a) Purchased		
Units	776343	648569
Total Amount (Rs)	3597942	3101151
Rate Per Unit (Rs)	4.63	4.78
(b) Own Generation		
(i) Through Diesel Generator		
Units	483652	418777
Units per Ltr. of Diesel Oil	3.19	3.17
Cost per Unit (Rs)	10.03	9.95
(ii) Through Steam Turbine/Generator		
Units	88707248	76555195
Units per ltr of Fuel Oil/Gas	--	--
Cost per Unit (Cost of Bagasse)	Own Bagasse is used	Own Bagasse is used
2 COAL (specify quantity and where used)	Not Used	Not Used
3 FURNACE OIL	Not Used	Not Used
4 OTHERS	Not Used	Not Used

II Consumption per Unit of Production

	Electricity (Units)		Furnace Oil (Ltr)		Others (Tonnes)	
	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007
Sugar	26.31 / Qtl	25.60 / Qtl	--	--	--	--



B Research and Development (R & D)

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

In Sugar Unit - I

- A study on performance of the clones suitable for the command area has been undertaken in collaboration with Sugarcane Breeding Institute Coimbatore. Also in association with Tamilnadu Agricultural University Coimbatore Co-ordinated Agronomic Experimental (CAE) Trials have been undertaken to study the suitability of clones for the command area
- In the R & D Farm and in farmers' fields trials are being taken up with recently released new varieties viz Co95020, Co0323 etc to study the suitability of these varieties to our operational area
- In the Bio Lab Bio Fertilisers and Bio Pesticides for different users are under production and distribution. A study is in progress to produce Bio Fertilisers in liquid form to enhance the storage time and productivity

In Sugar Unit - II

- In order to identify the alternative varieties suitable for Southern Karnataka varietal trials were conducted under "Institute – Industry – Interface Programme – Phase III" launched by Sugarcane Breeding Institute, Coimbatore and as a result two varieties viz Co94012 & CoVC99134 have been identified for further multiplication
- "Single Bud Direct Planting System" was introduced in sugarcane cultivation and it is estimated to cover 3000 acres under this system in ensuing planting season

In Sugar Unit - III

New high sucrose and high yielding varieties viz Co94012 & CoVC99134 were introduced in addition to the existing CO86032 Variety

In Distillery unit in Karnataka

Incineration Plant is being set up to handle Spentwash in the most effective eco-friendly manner and to consequently improve the utilisation capacity of the Distillery

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

In Sugar Unit – I

We are producing environmental friendly bio fertilisers.

In Sugar Unit - II

- "Single Bud Direct Planting System" in cultivation reduces the cost of seed material and increases cane availability.
- New varieties of seed material viz Co94012 & CoVC99134 have been popularised to improve recovery percentage and to increase the cane yield

In Sugar Unit - III

New high sucrose and high yielding varieties viz Co94012 & CoVC99134 have been introduced to increase the percentage of recovery

**In Distillery Unit in Karnataka :**

Distillery spent wash would be disposed off in the most effective manner resulting in increased utilisation of Distillery capacity

3 Future Plan of action

- In Sugar Unit - I necessary steps are being taken up to identify technologies viz Power tiller drawn implements for small farmers mini tractor drawn implements for medium to large holdings and popularising the same with farming community for the benefit of farmers. Efforts are being taken to mechanise cane harvesting operations by identifying suitable tractor drawn machines as well as medium size international machines suitable for Indian conditions
- In the Distillery Division in Tamilnadu in depth study is in progress to adopt new technologies for Spentwash utilization with energy conservation

4 Expenditure on R & D :

Capital	: Rs. 192660500/-
Recurring	: Rs. 1118110/-
Total	: Rs. 193778610/-
Total R & D expenditure as a Percentage of total turnover	: 2.6%

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

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

Refined sugar and less than 45 ICUMSA sugar are exported in the current year and the products are well received in the international markets. Efforts are being taken to increase the export of granite products

- (2) Total foreign exchange used and earned :

(i) Total foreign exchange used	: Rs 1769.48 Lakhs
(ii) Total foreign exchange earned	: Rs 10545.11 Lakhs

Coimbatore
23.6.2008

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 7 Non-Executive Directors. At present 6 Directors are Independent Directors

Name of the Director	Category	Number of Directorships held in other Companies*	Number of board Committee Memberships held in other Companies**	
			Chairman	Member
Dr S V Balasubramaniam	Executive	13	--	2
Sri V Venkata Reddy	Non-Executive-Independent	3	1	1
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	12	--	1
Sri E P Muthukumar	Non-Executive-Independent	--	--	--
Sri S V Arumugam	Non-Executive	13	--	1
Sri B Saravanan	Executive	3	--	--
Sri T Gundan***	Non-Executive-Independent	2	--	--

* Excluding private companies which are not a subsidiary of public limited companies.

** Audit Committee and Shareholders' Committee only taken into account.

*** Co-opted as Additional Director on 23.6.2008.

**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 27.6.2007 27.7.2007 18.10.2007 16.11.2007 29.12.2007 and 28.1.2008. 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 held on 29.12.2007 is given below:

Name of the Director	Number of Board Meeting Attended	Last AGM Attended
Dr S V Balasubramaniam	6	YES
Sri V Venkata Reddy	4	NO
Sri S G Subrahmanyam	-	NO
Sri P L Sivanappan	6	YES
Sri A K Perumalsamy	6	YES
Sri S V Alagappan	4	YES
Sri E P Muthukumar	6	YES
Sri S V Arumugam	6	YES
Sri B Saravanan	6	YES
Sri T Gundan*	N A	N A

* co-opted as Additional Director on 23.6.2008

AUDIT COMMITTEE

The Audit Committee consists of following 3 Directors of which 2 are independent

Sri V Venkata Reddy	- Chairman
Sri E P Muthukumar	- Member &
Sri S V Arumugam	- Member

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 Management
- The appointment removal and terms of remuneration of the Chief internal auditors

The Committee met 6 times during the financial year at 1212 Trichy Road Coimbatore 641 018 on 9.5.2007 27.6.2007 27.7.2007 18.10.2007 16.11.2007 and 28.1.2008. All the members of the committee have attended all the above six meetings



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 Meetings 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 31.3.2008

Name of the Director	No of Shares held
Sri S V Alagappan	170620
Sri S V Arumugam	150920
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 received 36 complaints from the shareholders during the financial year 2007-2008. All the complaints have been resolved to the satisfaction of shareholders. No complaint was pending as on 31.3.2008

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 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
21st	29.9.2005	President Hall 734, Avinashi Road Coimbatore- 641 018	4.30 PM
22nd	27.9.2006	Jenney Club 2/2, Avinashi Road Coimbatore- 641 014	3.00 PM
23rd	29.12.2007	-do-	3.45 PM

On 19.8.2006 the company has dispatched 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. Mr. C Thirumurthy B Com FCS Practicing 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 businesses 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 2007-2008 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
- 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 & Date	:	Monday the 29 th September 2008
Time	:	4.30 PM
Venue	:	Jenney Club 2/2 Avinashi Road Civil Aerodrome Post Coimbatore 641 014

Financial Calendar

Results announced	:	23 rd June 2008
Posting of Annual Report	:	On or before 5 th September 2008
Last date for receipt of proxy forms	:	27 th September 2008 by 4.30 PM
Dividend payment date	:	On or before 28 th October 2008
Announcement of quarterly results	:	During third/fourth week of July and October 2008 January and April 2009

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

20.9.2008 to 29.9.2008 (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 2007 to March 2008 were given below:

Month	B S E		SENSEX	
	High (Rs Ps)	Low (Rs Ps)	High	Low
APRIL 2007	835.00	645.00	14383.72	12425.52
MAY	835.00	790.00	14576.37	13554.34
JUNE	840.75	798.00	14683.36	13946.99
JULY	878.00	681.00	15868.85	14638.88
AUGUST	728.80	571.00	15542.40	13779.88
SEPTEMBER	809.00	625.00	17361.47	15323.05
OCTOBER	827.00	574.00	20238.16	17144.58
NOVEMBER	930.00	800.00	20204.21	18182.83
DECEMBER	950.00	810.00	20498.11	18886.40
JANUARY 2008	1147.90	621.50	21206.77	15332.42
FEBRUARY	1110.00	850.00	18895.34	16457.74
MARCH	1018.65	750.05	17227.56	14677.24

Based on the closing quotation of Rs 796.80 as at 31.3.2008 at the Bombay Stock Exchange the market capitalisation of the company was Rs 912/- 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" Bandara-Kurla Complex Bandra (E) Mumbai 400 051	BANARISUG

The Company has paid the annual listing fees for the year 2008-2009 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 80% 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.

	Year	Dividend on Equity Shares (in %)
Dividend	2003-2004	36
	2004-2005	45
	2005-2006	70
	2006-2007	70
	2007-2008	70 (Recommended)

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

**Shareholding Pattern as on 31.3.2008**

Category	No of Shares	%
Promoters	6256947	54.70
UTI & Mutual Funds	21452	0.19
Banks Financial Institutions & Insurance Companies	500	0.00
Foreign Institutional Investors	21149	0.18
Private Corporate Bodies	1014422	8.87
Indian Public	3653740	31.94
NRI/OCB's	466979	4.08
Clearing Members	4511	0.04
Total	11439700	100.00

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 Kollegal Taluk
Chamarajanagar District Karnataka

WIND MILLS

Radhapuram Irukkandurai and Karunkulam villages
Radhapuram Taluk 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



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development

The Sugar production for the completed Sugar Season 2006-07 was the highest ever achieved. The Sugar prices remain depleted because of the increased availability. The Sugar production for the Season 2007-08 is expected to reach 265 lakhs tonnes against the expected annual consumption level of 225 lakhs tonnes

The Indian Sugar Industry is one of the most diversified Industry. It has the capacity to generate 7000 MW power through Co-Generation. The Industry is a key contributor to renewable sources of energy

Opportunities and Outlook

The crude oil prices have increased to unprecedented levels resulting in increase in cost of inputs in all processes and particularly in petroleum product/s. From October 2008 the Government had announced increase in blending of ethanol to 10% and also had permitted the Sugar factories to manufacture ethanol from sugarcane juice. In Tamilnadu the ethanol programme is yet to commence pending clearance from the State Government

Some of the States have permitted third party sale of power generated from Co-Generation Plants established in the Sugar factories. The demand for Distillery products and power from Co-Generation would help the industry to overcome the prevailing depleted prices of Sugar. The Sugar prices are also expected to firm up in the coming months

The carbon credit available to co-generation and for ethanol production would also benefit the industry

The Central and State Governments should take immediate initiatives for establishment of new distillery units and co-generation plants in the interest of conserving foreign exchange and improving the viability of sugar industry

Threats Risks & Concerns

Sugar industry is subject to various uncertainties viz rainfall government policies regulations etc. The increase in the cost of sugarcane price is not related to the price of Sugar

The cost of sugarcane cultivation is ever increasing without mechanisation and consequently sugarcane cultivation is expected to be lower in the coming Season

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 31.3.2008 is 1041



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 31.3.2008

Place : Coimbatore

Date : 23.6.2008

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 31st March 2008, 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 subject to the following:

The Audit Committee Chairman was not present at the last Annual General Meeting of the Company due to pre committed assignment outside India

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
23.6.2008

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 31.3.2008, 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. 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 The company has not granted/ taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - 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:
- 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 31st March, 2008 for a period of more than six months from the date of becoming payable.
 - The disputed dues of Excise Duty and Income Tax aggregating to Rs. 1440.36 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
Central Excise Act, 1944.	Excise Duty	8.30	April 2007 to March 2008	Central Excise and Service Tax Appellate Tribunal, Chennai
Income Tax Act, 1961	Income Tax	725.61	April 2003 to March 2004	Income Tax Appellate Tribunal, Chennai
Income Tax Act, 1961	Income Tax	556.46	April 2004 to March 2005	Commissioner of Income Tax (Appeals), Coimbatore

- 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 To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the company were prima facie, applied by the company during the year for the purpose for which the loans were obtained.



- 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 on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

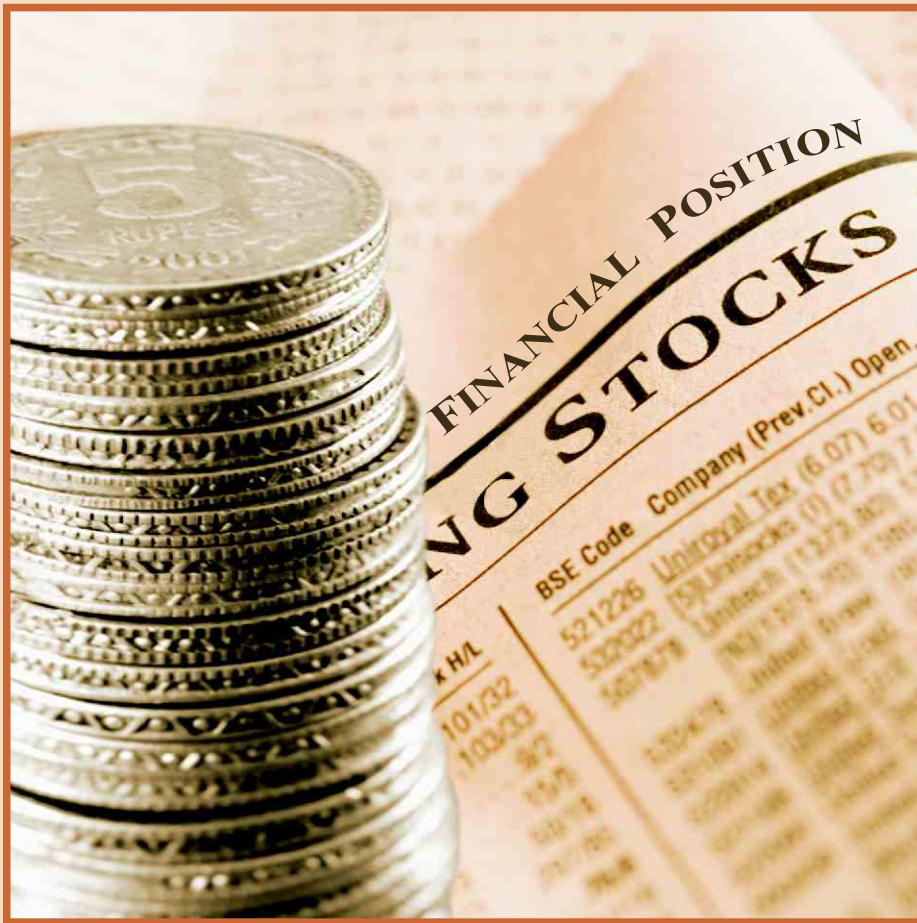
II. Further to the above, we report that:

- 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 31st March, 2008 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 31st March, 2008;
 - (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.

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

Coimbatore
23.6.2008

FINANCIAL



POSITION

**BALANCE SHEET AS AT 31.3.2008**

As at 31.3.2007 (Rs. in lakhs)		Schedule No.	As at 31.3.2008 Details (Rs. in lakhs)	Total
	SOURCES OF FUNDS			
	SHAREHOLDERS' FUNDS			
2989.97	Share Capital	1	2989.97	
40572.76	Reserves and Surplus	2	43825.26	46815.23
43562.73				
	LOAN FUNDS			
11064.27	Secured Loans	3	21425.23	
5608.07	Unsecured Loans	4	14778.07	36203.30
16672.34				
60235.07	TOTAL			83018.53
	APPLICATION OF FUNDS			
	FIXED ASSETS			
60958.47	Gross Block	5	63395.71	
22746.89	Less : Depreciation		26050.81	
38211.58	Net Block		37344.90	
718.92	Capital Works in Progress		6323.45	43668.35
38930.50				
342.69	INVESTMENTS			1750.75
	CURRENT ASSETS LOANS AND ADVANCES			
	A. CURRENT ASSETS			
23499.72	Inventories	6	31046.45	
7160.13	Sundry Debtors	7	8347.26	
4850.79	Cash and Bank Balances	8	9359.32	
230.89	Other Current Assets	9	2236.49	
7428.87	B. LOANS AND ADVANCES	10	9676.54	
43170.40			60666.06	
16388.56	Less: CURRENT LIABILITIES AND PROVISIONS	11	17585.96	43080.10
26781.84	NET CURRENT ASSETS			
(5819.96)	DEFERRED TAX LIABILITIES (NET)	12		(5480.67)
60235.07	TOTAL			83018.53

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

23.6.2008

S V BALASUBRAMANIAM

Chairman & Managing Director

B SARAVANAN

Joint Managing Director

S V ALAGAPPAN

Director

C PALANISWAMY

Company Secretary



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2008

Year ended 31.3.2007 (Rs. in lakhs)		Schedule No.	Year ended 31.3.2008 Details (Rs. in lakhs)	Year ended 31.3.2008 Total
	INCOME			
81701.99	Sales	13	67945.10	
2138.28	Less : Excise Duty		1909.87	
<u>79563.71</u>			<u>66035.23</u>	
2460.41	Stock Adjustment	14	7423.53	
<u>82024.12</u>				73458.76
537.69	Other Income	15		<u>2182.59</u>
<u>82561.81</u>	TOTAL			75641.35
	EXPENDITURE			
39071.60	Raw Materials Purchased	16	38375.83	
1350.20	Traded Goods Purchased		21.45	
26560.44	Manufacturing and Other Expenses	17	28402.72	
241.96	Excise Duty on stock		712.75	
767.42	Interest	18	730.68	
3734.83	Depreciation		3481.86	
<u>71726.45</u>				71725.29
<u>10835.36</u>	PROFIT BEFORE TAX			3916.06
	PROVISION FOR TAXATION			
1161.00	Income Tax		441.55	
14.80	Fringe Benefit Tax		20.57	
-	MAT Credit Entitlement		(441.02)	
630.74	Income Tax - Deferred		(339.30)	
<u>1806.54</u>				-318.20
<u>9028.82</u>	PROFIT AFTER TAX			4234.26
1103.37	Add : Surplus brought forward from previous year			1630.05
<u>10132.19</u>				<u>5864.31</u>
	APPROPRIATIONS			
0.48	Provision for Diminution in Value of Investment		0.51	
7500.00	General Reserve		3000.00	
	Provisions for			
800.78	- Equity Dividend		800.78	
55.38	- Preference Dividend		166.14	
<u>145.50</u>	- Tax on Dividend		<u>164.33</u>	4131.76
1630.05	Balance carried over to Balance Sheet			<u>1732.55</u>
89.51	Earnings per Share (Rs.)			35.31

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

For **P N RAGHAVENDRA RAO & CO**

Chartered Accountants

P R VITTEL

Partner

M.No. 200/18111

Coimbatore

23.6.2008

S V BALASUBRAMANIAM

Chairman & Managing Director

B SARAVANAN

Joint Managing Director

S V ALAGAPPAN

Director

C PALANISWAMY

Company Secretary

**SCHEDULES**

As at 31.3.2007 (Rs. in lakhs)		As at 31.3.2008 Details (Rs. in lakhs)	Total
	SCHEDULE 1		
	SHARE CAPITAL		
	AUTHORISED		
2900.00	2900000 Equity Share 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>
	ISSUED SUBSCRIBED AND PAID UP		
953.97	11439700 Equity Shares of Rs. 10 each		1143.97
-	1846000 - 9% Redeemable non-cumulative Preference Shares of Rs.100 each		1846.00
	PENDING ALLOTMENT :		
190.00	1900000 Equity Shares of Rs.10 each to the Members of M/s Maheswara Sugars Ltd as per the Scheme of Amalgamation		-
1846.00	1846000 - 9% Redeemable non-cumulative Preference Shares of Rs.100 each		-
<u>2989.97</u>			<u>2989.97</u>
	SCHEDULE 2		
	RESERVES AND SURPLUS		
	CAPITAL RESERVE		
	GOVERNMENT SUBSIDY		
506.25	Balance as per last Balance Sheet	506.25	
-	Add : Received during current year	<u>150.00</u>	656.25
	EQUITY SHARE PREMIUM		
3115.88	Balance as per last Balance Sheet	8503.85	
5387.47	Add : As specified in the Scheme of Amalgamation	<u>-</u>	8503.35
<u>8503.35</u>			
	GENERAL RESERVE		
22433.11	Balance as per last Balance Sheet	29933.11	
7500.00	Add : Transfer from Profit and Loss Account	<u>3000.00</u>	32933.11
<u>29933.11</u>			
1630.05	SURPLUS in Profit and Loss Account		1732.55
<u>40572.76</u>	TOTAL		<u>43825.26</u>



As at 31.3.2007 (Rs. in lakhs)		As at 31.3.2008 Details (Rs. in lakhs)	Total
	SCHEDULE 3		
	SECURED LOANS		
	FROM BANKS		
240.23	Cash Credit Loans	7611.21	
-	Loan under SEFASU notified by the Central Government	4762.50	
5200.02	Term Loans	4061.63	
<u>5440.25</u>			16435.34
	FROM OTHERS		
5624.02	Sugar Development Fund		4989.89
<u>11064.27</u>	TOTAL		<u>21425.23</u>
	SCHEDULE 4		
	UNSECURED LOANS		
4643.12	Loan under Sales tax deferral scheme		4643.12
134.95	Sugar Development Fund		134.95
-	Short Term Loan		10000.00
830.00	From a Company		-
<u>5608.07</u>	TOTAL		<u>14778.07</u>



SCHEDULE 5 FIXED ASSETS

(Rs in Lakhs)

DETAILS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 31.3.2007	Additions	Deduction / Adjustment	As at 31.3.2008	Upto 31.3.2007	For the year	Withdrawn 31.3.2008	Upto 31.3.2008	As at 31.3.2007	As at 31.3.2008
Land Free hold	1924.72	70.83	-	1995.55	-	-	-	-	1924.72	1995.55
Land Lease hold	1.33	-	0.02	1.31	-	-	-	-	1.33	1.31
Buildings	12151.18	720.08		12871.26	2135.25	359.52	-	2494.77	10015.93	10376.49
Plant and Machinery	45596.87	1745.69	204.75	47137.81	20015.96	3016.51	149.03	22883.44	25580.91	24254.37
Furniture Fixtures Office and Canteen Equipments	740.70	36.24	1.49	775.45	379.92	50.32	1.09	429.15	360.78	346.30
Live Stock	6.97	1.52	1.61	6.88	-	-	-	-	6.97	6.88
Motor Vehicles	536.70	136.60	65.85	607.45	215.76	55.51	27.82	243.45	320.94	364.00
TOTAL	60958.47	2710.96	273.72	63395.71	22746.89	3481.86	177.94	26050.81	38211.58	37344.90
Capital Works in Progress	718.92	6323.45	718.92	6323.45	-	-	-	-	718.92	6323.45
Total for the year	61677.39	9034.41	992.64	69719.16	22746.89	3481.86	177.94	26050.81	38930.50	43668.35
Total for the previous year	52052.48	11485.71	1860.80	61677.39	19288.73	3734.83	276.66	22746.89	32763.75	38930.50



As at 31.3.2007 (Rs. in lakhs)		As at 31.3.2008 Details (Rs. in lakhs)	Total
	SCHEDULE 6		
	INVENTORIES		
	(As Certified by Managing Director)		
2173.65	Stores and spare parts		2293.41
1.61	Loose tools		5.06
	Finished Goods :		
19244.07	Sugar	26880.95	
248.93	Molasses	216.69	
12.11	Bagasse	58.10	
444.45	Granite Products	459.95	
175.97	Alcohol	159.87	
2.30	Bio-Compost	2.69	
<u>20127.83</u>			<u>27778.25</u>
	Process Stock :		
366.65	Sugar	303.65	
8.44	Molasses	5.31	
22.45	Granite Products	26.37	
61.86	Press mud	34.70	
<u>459.40</u>			<u>370.03</u>
	Raw material stock :		
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	30.30	
<u>731.00</u>			<u>597.54</u>
	Others :		
6.23	Fertilisers & Chemicals		2.16
<u>23499.72</u>	TOTAL		<u>31046.45</u>
	SCHEDULE 7		
	SUNDRY DEBTORS		
	(unsecured - considered good)		
2273.42	Exceeding six months		3730.05
4886.71	Other debts		4617.21
<u>7160.13</u>	TOTAL		<u>8347.26</u>
	SCHEDULE 8		
	CASH AND BANK BALANCES		
33.30	Cash on hand		34.96
267.52	Cheque in Transit		-
	Balances with Scheduled Banks :		
816.49	In Current Accounts		451.01
3698.49	In Deposit Accounts		8830.88
34.99	In Unpaid Dividend Accounts		42.47
<u>4850.79</u>	TOTAL		<u>9359.32</u>



As at 31.3.2007 (Rs. in lakhs)		As at 31.3.2008 Details (Rs. in lakhs)	Total
	SCHEDULE 9		
	OTHER CURRENT ASSETS		
3.09	Standing crop (at cost)		2.33
0.33	Stock of stamps		0.32
55.73	Interest receivable		35.94
-	Carbon Credit Sale Income receivable		178.61
-	Government subsidies receivable		1214.14
106.23	Interest subsidies receivable		742.79
65.51	Income receivable		62.36
230.89	TOTAL		2236.49
	SCHEDULE 10		
	LOANS AND ADVANCES		
	(Unsecured - considered good - recoverable in cash or in kind for value to be received)		
1698.76	Advance for purchases and capital expenses		2750.26
791.64	Other advances		917.70
122.46	Deposits with State/Central Governments etc.,		134.24
213.11	Prepaid expenses		248.75
4503.11	Advance payment of Income Tax		4978.11
-	MAT Credit Entitlement		441.02
99.79	Income tax deducted at source		206.46
7428.87	TOTAL		9676.54
	SCHEDULE 11		
	CURRENT LIABILITIES AND PROVISIONS		
	A. CURRENT LIABILITIES		
6329.42	Purchases and Services	7757.22	
2307.47	Expenses	2897.37	
84.23	Advance from Customers	66.85	
1332.60	Others	205.98	
436.53	Purchase tax payable	258.02	
34.99	Unpaid Dividend	42.47	
1563.74	Interest accrued but not due on loans	1487.87	12715.78
12088.98			
	B. PROVISIONS		
856.16	Proposed Dividend	966.92	
145.50	Tax on Proposed Dividend	164.33	
3297.92	Income tax	3738.93	
4299.58			4870.18
16388.56	TOTAL		17585.96
	SCHEDULE 12		
	DEFERRED TAX LIABILITIES		
5910.81	Deferred tax arising on account of depreciation		5497.34
90.85	Less : Deferred tax arising on account of disallowance of expenses		16.67
5819.96	TOTAL		5480.67



Year ended 31.3.2007 (Rs. in lakhs)		Year ended 31.3.2008	
		Details	Total
		(Rs. in lakhs)	
	SCHEDULE 13		
	SALES		
48224.70	Sugar		35526.15
439.90	Molasses		276.31
4171.01	Granite Products		4278.83
6753.90	Alcohol		6181.03
202.68	Bio-Compost		223.74
8945.79	Power		8518.36
-	Bio-Diesel		21.98
	Others :		
48.55	Fertilisers & Chemicals		66.81
	ADD: OWN CONSUMPTION		
513.31	Molasses		146.67
4391.58	Bagasse		4384.34
232.91	Granite Products		359.01
35.25	Bio Compost		22.96
0.15	Alcohol		0.16
3.45	Pressmud		3.41
5377.98	Steam		5492.10
2360.83	Power		2442.00
-	Bio Diesel		1.24
81701.99	TOTAL		67945.10
	SCHEDULE 14		
	STOCK ADJUSTMENT		
	A.Opening Stock		
16100.31	Sugar	19244.07	
304.39	Molasses	248.93	
37.71	Bagasse	12.11	
821.99	Granite Products	444.45	
240.10	Alcohol	175.97	
0.65	Bio Compost	2.30	
	Process Stock :		
167.68	Sugar	366.65	
11.89	Molasses	8.44	
-	Granite Products	22.45	
23.75	Press-mud	61.86	
	Raw material :		
-	Wet Sugar	105.06	
404.11	Granite Blocks	299.06	
472.36	Molasses	286.32	
3.77	Press-mud	4.86	
-	Bio Products	35.70	
	Others:		
7.45	Fertilisers & Chemicals	6.23	
	Add: Opening stock of Maheswara Sugars Ltd as on appointed date as per the scheme of amalgamation		
183.85	Sugar	-	
8.57	Molasses	-	
72.94	Process Stock - Sugar	-	
2.53	- Molasses	-	
18864.05			21324.46



Year ended 31.3.2007 (Rs. in lakhs)		Year ended 31.3.2008 Details (Rs. in lakhs)	Total
	SCHEDULE 14 cont...		
	B.Closing Stock		
19244.07	Sugar	26880.95	
248.93	Molasses	216.69	
12.11	Bagasse	58.10	
444.45	Granite Products	459.95	
175.97	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	
21324.46			28747.99
2460.41	(B MINUS A)		7423.53
	SCHEDULE 15		
	OTHER INCOME		
3.20	Contract Receipts		-
19.29	Dividend		25.39
410.93	Interest receipts(TDS - Rs.105.55 Lakhs)		527.60
35.07	Agricultural income		20.97
-	Import Licence receipts		66.25
-	Carbon Credit Sale Income		178.61
-	Subsidies from Government		1241.30
69.20	Miscellaneous income		122.37
-	Profit on Sale of Investments		0.10
537.69	TOTAL		2182.59
	SCHEDULE 16		
	RAW MATERIALS PURCHASED		
33686.82	Sugarcane price		34438.52
1846.36	Purchase Tax		808.83
238.11	Sugarcane cess		90.80
1506.05	Molasses		1081.82
1484.63	Granite Products		1923.08
294.22	Wet Sugar		25.77
15.41	Press-mud		7.01
39071.60	TOTAL		38375.83



Year ended 31.3.2007 (Rs. in lakhs)		Year ended 31.3.2008 Details (Rs. in lakhs)	
			Total
	SCHEDULE 17		
	MANUFACTURING AND OTHERS EXPENSES		
22.28	Purchase of Fertilisers & Chemicals		11.78
1532.87	Consumption of stores and spares		1927.34
3020.50	Power and fuel		3178.64
4538.02	Bagasse for Co-Generation		4490.28
2041.42	Other Fuel for Co-Generation		2637.36
5377.98	Steam		5492.10
151.78	Water Charges		74.88
1132.27	Packing Materials		1286.70
<u>17817.12</u>			
1497.93	Salaries, Wages and Allowances	1877.28	
101.94	Contribution to Provident and other funds	122.73	
374.18	Staff Welfare expenses	<u>231.87</u>	
<u>1974.05</u>			2231.88
25.30	Rent		31.53
291.70	Rates and taxes		247.41
4.24	Lease / hire charges for equipments		5.11
457.67	Granite processing charges		391.83
291.68	Insurance charges		67.23
<u>1070.59</u>			
	Repairs and maintenance		
288.18	Buildings	269.89	
1222.71	Plant and machinery	1705.51	
170.26	Vehicles	183.48	
36.09	Others	<u>57.74</u>	
<u>1717.24</u>			2216.62
281.41	Effluent disposal expenses		331.09
1.20	Directors' sitting fees		0.96
1018.71	Freight and transport		896.32
256.83	Cane development expenses		277.22
133.73	Traveling expenses		164.27
36.40	Agricultural expenses		19.82
32.50	Printing and Stationery		37.19
36.28	Telephone, Telex & Fax charges		45.29
21.23	Advertisement		14.53
71.60	Other Administrative expenses		91.88
685.36	Transport on Outward		827.30
345.61	Selling and distribution expenses		328.06
74.32	Sales commission		59.07
335.88	Donations		445.91
85.25	Financial and bank charges		100.64
29.62	Legal and professional charges		71.88
5.87	Auditor's Remuneration		10.72
0.44	Cost audit fee		0.61
5.05	Internal audit fees		5.60
381.41	Managerial Remuneration		167.71
34.60	Exchange Fluctuation Account		148.52
24.02	Loose tools		12.91
15.35	Irrecoverable advances written off		-
1.50	Bad debts written off		17.04
67.27	Loss on Sale / Discard of Fixed Assets		37.49
<u>26560.44</u>	TOTAL		<u>28402.72</u>
	SCHEDULE 18		
	INTEREST		
710.20	-Fixed Loans		595.81
57.22	-Other Loans		134.87
<u>767.42</u>	TOTAL		<u>730.68</u>



SCHEDULE 19

NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2008

I. ACCOUNTING POLICIES

1. 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
2. Investments: Investments are accounted at cost. The diminution in the market value of investments is recognized when diminution is considered permanent
3. 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%
4. Valuation of Inventory:-
 - (I) Finished Goods

<ul style="list-style-type: none"> Sugar Granite Blocks Polished Granite slabs tiles and Monuments Molasses Bagasse Alcohol Fusel Oil Bio-compost 	}	<p>At weighted average cost or Net Realisable value whichever is lower as per Accounting Standard-2</p>
Sawn Granite slabs and process stock		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.
6. Foreign Currency Transactions : Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction. Current assets and liabilities in foreign currency outstanding at the close of financial year are stated at the appropriate exchange rates prevailing at the close of the financial year. Foreign Exchange rate differences relating to fixed assets are adjusted in the cost of the asset. 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 in the case of current assets and liabilities.
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 in accordance with the Accounting Standard - 28.
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 31.3.2008 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 cancelable 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. Payments made under the voluntary retirement scheme are charged to the profit and loss account.
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.



II. OTHER INFORMATION:

SECURED LOANS

Name of the Banks/ Financial Institution	Particulars of Loan	Security
<p>Punjab National Bank consortium consists of Punjab National Bank Bank of Baroda Canara Bank The Federal Bank Ltd The Karur Vysya Bank Ltd Union Bank of India Indian Overseas Bank State Bank of Travancore & State Bank of India</p>	<p>Cash Credit and other Working Capital limits/ Demand Loan aggregating to Rs.23589.07 lakhs sanctioned to the Company's Sugar Unit I and Sugar Unit II</p>	<p>Hypothecation of current assets of the Company's two 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 & 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 by way of third mortgage on the immovable properties of the Company's two sugar units situate at Alathukombai village Sathyamangalam Taluk Erode District in the State of Tamilnadu and Alaganchi and Mallupura Villages Nanjangud Taluk Mysore District in the State of Karnataka.</p>
<p>Punjab National Bank & State Bank of India</p>	<p>Packing Credit Limit and other working capital limits aggregating to Rs.890 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) situate at Alathukombai Village Sathyamangalam Taluk Erode District in the State of Tamilnadu.</p>
<p>Canara Bank & The Lakshmi Vilas Bank Ltd</p>	<p>Cash Credit Loans aggregating to Rs.180 lakhs sanctioned to the Company's Distillery Division at Tamilnadu</p>	<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>



Name of the Banks/ Financial Institution	Particulars of Loan	Security
<p>State Bank of Hyderabad consortium consists of State Bank of Hyderabad The Federal Bank Limited & Bank of India</p>	<p>Cash Credit Loans aggregating to Rs.3600 lakhs Sanctioned to the company's SugarUnit-III.</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> <p>First charge by hypothecation of the whole of the current assets of the company's sugar unit at Kunthur village Kollegal taluk Chamarajanagar District in the State of Karnataka viz. stocks of raw materials stocks in process semi-finished and finished goods including sugar Molasses Gunny bags and stores and spares not relating to plant and machinery (consumable stores and spares) bills receivables and book debts and all other movables both present and future in the possession on pari-passu basis.</p> <p>This loan has been personally guaranteed by the Managing Director.</p>
<p>Government of India</p>	<p>Sugar Development Fund Loan of Rs.1800 lakhs</p>	<p>Second Mortgage on lands measuring 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.</p>
<p>ICICI Bank Limited</p>	<p>Term Loan of Rs.2000 lakhs</p>	<p>Hypothecation of all movables (save and except book debts) including movable machinery spares tools and accessories present and future of sugar unit-I at Alathukombai village, Sathyamangalam Taluk Erode District in the State of Tamilnadu 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 measuring 155.71 ½ acres and buildings thereon pertaining to the company's sugar unit-I situate at Alathukombai Village Sathyamangalam 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 Sathyamangalam Taluk Erode District in the State of Tamilnadu and exclusive 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 moveable 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 moveable plant and machinery machinery spares tools and accessories and other moveables 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 & Machinery spares tools and other movable assets forming part of the block assets, both present and future of the Company's Distillery Unit at Alaganchi Village Nanjangud Taluk Mysore District 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>
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.



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) Information regarding the status of creditors in respect of small scale industries are not available.
(b) Amount credited to Investors Protection Fund as on 31.03.2008 is Rs. Nil (Nil).
4. Estimated amount of contracts remaining to be executed on capital account not provided for is Rs. 10814.72 Lakhs (Rs. 12414.57 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. 328.37 Lakhs (Rs. 319.55 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 20.09.1991 to 31.01.1994 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. 217.13 lakhs (Rs. 188.29 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 before 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. 124.63 Lakhs (Rs. 94.45 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 Sugarcane (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 Thandampattu Taluk Tamilnadu State within the stipulated time as per the Sugarcane (Control) Order 1966
- (j) The Company has preferred an appeal before the Income Tax Appellate Tribunal, Chennai challenging the order of Commissioner of Income Tax (Appeals) in connection with disallowance of deduction under section 80IA of the Income Tax Act 1961 for the Assessment year 2004-05. The quantum under dispute is Rs.752.30 lakhs
- (k) 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
- (l) The Company has an obligation under EPCG Scheme to export sugar of a value of US\$ 4266717 over a period of 8 years reckoned from the financial year 2008 - 09
- (m) The Company has disputed the demand of excise duty on Tenax paste used in the manufacture of polished granite slabs. The appeal is pending before the Central Excise and Service Tax Appellate Tribunal, Chennai. The quantum of dispute is Rs.16.59 lakhs

7. The details of investments are as under :

	Face value Rs.	Cost Rs.	Market value Rs.
I. UNQUOTED - LONG TERM			
A. GOVERNMENT			
i) 6 Year National Savings Certificate*	14000 (124000)	14000 (124000)	-
ii) Kisan Vikas Patra *	20000 (20000)	20000 (20000)	-
B. SHARES			
i) Bannari Amman Sugars Employees Co-operative Stores Limited	45000 (45000)	45000 (45000)	-
ii) 100000 Equity shares of E-Commodities Ltd of Rs.10 each	Nil (1000000)	Nil (1000000)	-
iii) 150000 Equity shares of Bannari Infotech Private Ltd of Rs. 10 each	1500000 (1500000)	1500000 (1500000)	-
TOTAL - UNQUOTED	1579000 (2689000)	1579000 (2689000)	-
II. QUOTED - LONG TERM			
A. SHARES			
i) 1125000 Equity shares of Shiva Texyarn Ltd of Rs.10 each	11250000 (11250000)	30000000 (30000000)	29868750 (40218750)
ii) 84375 Equity Shares of Sakthi Finance Ltd of Rs.10 each	843750 (562500)	3009375 (2728125)	933188 (652500)
iii) 10000 Equity Shares of Bank of Baroda of Rs.10 each	100000 (100000)	850000 (850000)	2833500 (2154000)
iv) 73400 Equity Shares of Indraprastha Medical Corporation Limited of Rs.10 each	734000 (734000)	734000 (734000)	2275400 (2084560)
v) 14300 Equity Shares of Indian Overseas Bank of Rs.10 each	143000 (143000)	343200 (343200)	1931930 (1472900)



	Face value Rs.	Cost Rs.	Market value Rs.
III. QUOTED - SHORT TERM			
MUTUAL FUND			
i) 14016602 Units of Tata Mutual Fund of Rs.10.0371 per Unit	140166020 (Nil)	140686247 (Nil)	140635577 (Nil)
TOTAL - QUOTED	153236770 (12789500)	175622822 (34655325)	178478345 (46582710)
TOTAL - UNQUOTED & QUOTED	154815770 (15478500)	177201822 (37344325)	178478345 (46582710)
Less: Provision for diminution in value of investment in respect of item no. II A (i) & III (i)	-	2126857 (3075625)	-
	154815770 (15478500)	175074965 (34268700)	- -

* 6 Year National Savings Certificates of Rs 14,000/- and Kisan Vikas Patra of Rs. 20,000/- have been pledged with State Government Authorities.

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

9. Amounts due from Officers of the Company is Rs. 7.50 Lakhs (Rs. 8.13 Lakhs). Maximum amount due from Officers of the Company during the year is Rs. 8.13 Lakhs (Rs. 8.43 Lakhs)

10. Details of Audit Fees:

(Amount Rs. in lakhs)

	Year ended 31.3.2008	Year ended 31.3.2007
Audit Fees	4.50	3.25
For Tax Representation	0.90	0.68
For Tax Audit	0.43	0.50
For Certification	3.57	0.45
For Others	0.18	0.18
Service Tax	1.14	0.81

11. 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	
	31.03.2008	31.03.2007
	(Rs. in Lakhs)	
Net profit as per Profit & Loss A/c	3916.06	10835.36
ADD: Commission to Managing Director @ 2% on Net Profit	80.74	223.41
Commission to Joint Managing Director @ 1% on Net Profit	40.37	111.70
Net profit under Section 309 of the Companies Act	<u>4037.17</u>	<u>11170.47</u>
Commission to Managing Director	80.74	223.41
Commission to Joint Managing Director	40.37	111.70



(ii) Particulars of remuneration and perquisites to Directors :

	For the Year Ended	
	31.3.2008	31.3.2007
	(Rs in Lakhs)	
Managing Director:		
Salary	18.00	18.00
Commission	80.74	223.41
Contribution to Employee's Provident Fund	2.16	2.16
Perquisites	10.37	10.07
TOTAL	111.27	253.64
Joint Managing Director:		
Salary	9.00	9.00
Commission	40.37	111.70
Contribution to		
- Family Pension Fund	0.06	0.06
- Employee's Provident Fund	1.02	1.02
Perquisites	5.99	5.99
TOTAL	56.44	127.77

12. Fixed Deposits of Rs. 43.73 lakhs (Rs. 35.90 lakhs) have been pledged with banks.

13. Disclosure report under Accounting Standard - 15 (Revised)

(Rs in Thousands)

	1.4.2007	31.3.2008
I PRINCIPAL ACTUARIAL ASSUMPTIONS (Expressed as weighted average)		
Discount Rate	8.00%	8.00%
Salary escalation rate	5.00%	5.00%
Attrition rate	5.00%	5.00%
Expected rate of return on Plan Assets		
II CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES :		
PVO as at the beginning of the period	-	8757
Interest Cost	-	583
Current service cost	-	1496
Past service cost - (non vested benefits)	-	-
Past service cost - (vested benefits)	-	-
Benefits paid	-	(2934)
Actuarial loss / (gain) on obligation (balancing figure)	-	1860
PVO as at the end of the period	-	9762
III CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES :		
Fair value of plan assets as at the beginning of the period	-	-
Expected return on plan assets	-	-
Contributions	-	2934
Benefits paid	-	-
Actuarial gain / (loss) on plan assets (balancing figure)	-	(2934)
Fair value of plan assets as at the end of the period	-	-



(Rs in Thousands)

	1.4.2007	31.3.2008
IV ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets	-	-
Actuarial gain / (loss) on plan assets	-	-
Actual return on plan assets	-	-
V ACTUAL GAIN / LOSS RECOGNIZED		
Actuarial gain / (loss) for the period - Obligation	-	(1860)
Actuarial gain / (loss) for the period - Plan Assets	-	-
Total (gain) / loss for the period	-	1860
Actuarial (gain) / loss recognized tin the period	-	1860
Unrecognized actuarial (gain) / loss at the end of the year	-	-
VI AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES		
Present value of the obligation	-	9762
Fair value of plan assets	-	-
Difference	-	9762
Unrecognised transitional liability	-	-
Unrecognised past service cost-non vested benefits	-	-
Liability recognized in the balance sheet	-	9762
VII EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS		
Current service cost	-	1496
Interest Cost	-	583
Expected return on plan assets	-	-
Net actuarial (gain) / loss reconised in the year	-	1860
Transitional Liability recognised in the year	-	-
Past service cost - non - vested benefits	-	-
Past service cost - vested benefits	-	-
Expenses recognized in the statement of profit and loss	-	3939
VIII MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET		
Opening net liability	-	8757
Expense as above	-	3939
Contribution paid	-	(2934)
Closing net liability	-	9762
IX AMOUNT FOR THE CURRENT PERIOD		
Present value of obligation	-	9762
Plan Assets	-	-
Surplus (Deficit)	-	(9762)
Experience adjustments on plan liabilities - (loss) / gain	-	(1860)
Experience adjustments on plan assets - (loss) / gain	-	-



(Rs in Thousands)

	1.4.2007	31.3.2008
X MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)		
Government of India Securities	-	-
State Government Securities	-	-
High Quality Corporate Bonds	-	-
Equity shares of listed companies	-	-
Property	-	-
Special Deposit Scheme	-	-
Funds managed by Insurer	-	-
Other (to specify)	-	-
Total	-	-
XI ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR	-	-

14. Segment Information for the year ended 31st March 2008

(Rs in Lakhs)

	Sugar		Power		Distillery		Others		Total	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
PRIMARY										
External Revenue	38570.61	51582.82	16452.45	16684.60	6364.38	6906.06	4647.78	4390.23	66035.22	79563.71
Operating Income	1307.56	-	178.61	-	-	-	-	3.20	1486.17	3.20
	39878.17	51582.82	16631.06	16684.60	6364.38	6906.06	4647.78	4393.43	67521.39	79566.91
Intersegment Revenue	4550.03	4908.33	7934.10	7738.81	8.75	35.40	359.01	232.91	12851.89	12915.45
	35328.14	46674.49	8696.96	8945.79	6355.63	6870.66	4288.77	4160.52	54669.50	66651.46
RESULT										
Segment Result	(6153.12)	937.18	6896.64	6785.43	3202.85	3214.28	625.31	609.45	4571.68	11546.34
Add: Un-allocated Income	-	-	-	-	-	-	-	-	75.06	56.44
Operating Profit	-	-	-	-	-	-	-	-	4646.74	11602.78
Less: Interest Expenses	-	-	-	-	-	-	-	-	730.68	767.42
Taxation for the year	-	-	-	-	-	-	-	-	122.82	1806.54
MAT Credit entitlement	-	-	-	-	-	-	-	-	(441.02)	-
Profit after tax	-	-	-	-	-	-	-	-	4234.26	9028.82
OTHER INFORMATION										
Segment Assets	68404.52	53629.45	11435.96	12519.55	6254.21	6078.71	4054.18	4320.48	90148.87	76548.19
Segment Liabilities	10941.51	10250.90	26.54	17.14	140.64	132.38	93.23	116.74	11201.92	10517.16
Capital expenditure	1980.06	1766.23	-	14.28	95.21	103.20	635.68	558.92	2710.95	2442.63
Depreciation	1308.61	1019.30	1656.82	2234.98	337.21	330.59	179.22	149.96	3481.86	3734.83
Non-Cash expenses other than Depreciation	-	-	-	-	-	-	-	-	-	-
SECONDARY										
Revenue by Geographical Market										
India	28248.33	39477.14	8696.96	8945.79	6355.63	6870.66	823.47	821.52	44124.39	56115.11
Outside India	7079.81	7197.35	-	-	-	-	3465.30	3339.00	10545.11	10536.35



15. 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) RELATED PARTIES

1. ENTERPRISES:

1. Annamallai Retreading Company (P) Limited
2. A A Retreading Company
3. Anamallais Agencies
4. Bannari Amman Spinning Mills Limited
5. Shiva Distilleries Limited
6. Shiva Texyarn Limited
7. Vedanayagam Hospital (P) Limited

Relationship: Enterprises in which key management personnel or other relatives are having significant influence.

2. KEY MANAGEMENT PERSONNEL:

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

3. 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

Relative:

- Dr S V Balasubramaniam - Father

(II) RELATED PARTY TRANSACTIONS

ENTERPRISES:	(Rs.)
Purchase of Goods	16524.00
Sale of Goods	540484783.46
Receiving Services	142000.00
Rent paid	240000.00

KEY MANAGEMENT PERSONNEL AND RELATIVES

Purchase of Goods	Nil
Sale of Goods	1783.00
Rent paid	120000.00

- Notes: (1) Remuneration to key management personnel is disclosed in Schedule No. 17 (read with item No. 11 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 2008 is Nil

**Earnings Per Share:**

	2007-08	2006-07
(a) Weighted average number of equity shares of Rs.10/-each		
(i) Number of shares at the beginning of the year	11439700	9539700
(ii) Number of shares at the end of the year	11439700	11439700
Weighted average number of equity shares outstanding during the year	11439700	10014700
(b) Net Profit after tax available to shareholders (Rs in lakhs)	4234.26	9028.82
Less: Dividend on Preference Share Capital	194.38	64.79
(c) Net Profit after tax available to equity shareholders (Rs in lakhs)	4039.88	8964.03
(d) Basic and diluted earnings per share (Rs)	35.31	89.51

16. The Net Deferred tax liabilities as on 31.3.2008 comprise the following as per Accounting Standard 22. :

- Deferred Tax Liability - Depreciation on Fixed Assets (Rs in Lakhs) 5497.34 (5910.81)
- Deferred Tax Asset - Treatment of Expenses (Rs in Lakhs) 16.67 (90.85)

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

18. 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	Molasses	Bagasse	Fertilisers & Pesticides	Granite Blocks	Polished Granite Slabs	Polished Granite Tiles	Polished Mounments	Alcohol	Fusel Oil	Bio Compost	Power
	Quintals	Tonnes	Tonnes	Tonnes	Cubic Metres	← Square Metres	Square Metres	→	B. Ltrs.	B. Ltrs.	Tonnes	(Lakh Unites)
Opening Stock	1488420 (1258918)	21650 (17938)	2455 (8133)	29 (25)	60 (Nil)	27888 (40701)	265 (269)	16 (103)	1577242 (1382028)	3455 (152)	177 (70)	Nil (Nil)
Production	3418390 (3031640)	167550 (135508)	777732 (774780)	Nil (Nil)	7316 (7451)	128481 (112030)	7669 (12742)	77 (1127)	21532029 (24558078)	17663 (20503)	18040 (15703)	3802.06 (3980.00)
Purchases	1700 (Nil)	Nil (Nil)	16080 (12887)	228 (163)	9 (24)	1670 (227)	(Nil) Nil	19 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	18.00 (11.88)
Purchases (Value Rs.in lakhs)	21.45 (Nil)	Nil (Nil)	184.92 (146.44)	13.36 (23.57)	1.14 (6.89)	50.67 (7.38)	Nil (Nil)	1.97 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	61.54 (4051)
Sales/Transfer	2725199 (2802139)	165331 (131796)	785693* (793345)	228 (160)	7385 (7415)	132230 (125070)	7504 (12746)	97 (1214)	21716890 (24362864)	11900 (17200)	17927 (15595)	3820.06** (3993.06)
Sales (Value Rs.in lakhs)	35526.15 (48224.70)	422.98 (953.20)	4384.34 (4391.58)	32.23 (26.38)	1077.99 (967.38)	3433.09 (3119.90)	107.13 (175.93)	11.83 (135.89)	6180.60 (6752.73)	0.60 (1.33)	227.42 (204.86)	10960.36 (11306.62)
Closing stock	2183311 (1488420)	23869 (21650)	10574 (2455)	28 (29)	Nil (60)	25809 (27888)	430 (265)	15 (16)	1392381 (1577242)	9218 (3455)	291 (177)	Nil (Nil)

* Includes own consumption of 5721 Tonnes (6676 Tonnes)

** Includes own consumption of 374.35 Lakh Units (368.12 Lakh Units)

Opening stock of raw materials : Granite Blocks (Cubic Metres) 1090 (1453)
Molasses (Tonnes) 17881 (16690)
Pressmud (Tonnes) 10300 (6182)

Closing stock of raw materials : Granite Blocks (Cubic Metres) 1268 (1090)
Molasses (Tonnes) 16458 (17881)
Pressmud (Tonnes) 20000 (10300)



C. Raw Materials Spares and Components Consumed	Purchased	Consumed	% to total consumption
1. Raw materials			
a. Sugarcane - Quantity in Tonnes	3309718 (2937893)	3309718 (2937893)	100% (100%)
b. Wet Sugar - Quantity in Tonnes	Nil (18594)	8294 (10300)	
c. Granite Blocks - Quantity in Cubic Metres	5085 (4451)	4908 (4814)	
d. Molasses - Quantity in Tonnes	91094 (109206)	92517 (108015)	
e. Pressmud - Quantity in Tonnes	34120 (34450)	24420 (30332)	
Imported Value (Rs. in lakhs)			
a. Sugarcane		Nil (Nil)	Nil (Nil)
b. Granite Blocks		Nil (7.13)	Nil (Nil)
c. Molasses		Nil (Nil)	Nil (Nil)
d. Pressmud		Nil (Nil)	Nil (Nil)
Indigenous Value (Rs.in lakhs)			
a. Sugarcane		35338.15 (35771.28)	100% (100%)
b. Wet Sugar		105.06 (153.74)	100% (100%)
b. Granite Blocks		1811.17 (1555.29)	100% (100%)
c. Molasses		1163.43 (1692.09)	100% (100%)
d. Pressmud		6.53 (14.32)	100% (100%)
2. Spares and Components			
Imported Value (Rs.in lakhs)		47.90 (15.93)	2.51% (1%)
Indigenous Value (Rs.in lakhs)		1858.03 (1583.50)	97.49% (99%)
3. Value of Imports on C.I.F. basis (Rs.in Lakhs)			
a. Granite Blocks		Nil (13.94)	
b. Components and spare parts		488.42 (456.53)	
b. Capital goods		1196.41 (Nil)	



	For the Year ended 31.3.2008	For the Year ended 31.3.2007
<----- (Rs. in lakhs) ----->		
19. Earnings in Foreign Exchange:		
F.O.B Value of Exports	10545.11	10521.83
20. Expenditure in foreign currency:		
Travelling	18.95	11.87
Sales commission	52.86	61.83
Subscription	0.55	0.53
Registration Fees	11.81	-
Interest	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

S V BALASUBRAMANIAM

Chairman & Managing Director

S V ALAGAPPAN

Director

Coimbatore

23.6.2008

B SARAVANAN

Joint Managing Director

C PALANISWAMY

Company Secretary



CASHFLOW STATEMENT FOR THE YEAR ENDED 31.3.2008

	Year ended 31.3.2008		Year ended 31.3.2007	
	<----- (Rs. in lakhs) ----->			
A. OPERATING ACTIVITIES:				
Net profit before tax and extraordinary items		3916.06		10835.36
Add : Adjustments for				
Depreciation	3481.86		3734.83	
Interest Charged	730.68		767.42	
Loss on sale of Fixed Assets	47.52	4260.06	72.56	4574.81
Less : Investment Income				
Interest	527.60		410.94	
Dividend	25.39		19.29	
Profit on sale of Fixed Assets	10.03		5.29	
Profit on sale of Investment	0.10	563.12	-	435.52
Operating Profit before working capital changes		7613.00		14974.65
Add : Adjustments for				
Inventories	(7546.73)		(3588.60)	
Debtors	(1187.13)		(644.98)	
Other Current Assets	(3230.58)		(576.20)	
Current Liabilities	702.67	-11261.77	3304.07	1505.71
Cash generated from operations		-3648.77		13468.94
Less : Income tax		602.77		2448.33
Cash flow before extraordinary items		-4251.54		11020.61
Net cash from operating activities		-4251.54		11020.61

**CASHFLOW STATEMENT FOR THE YEAR ENDED 31.3.2008 (Contd)**

	Year ended 31.3.2008	Year ended 31.3.2007
	<----- (Rs. in lakhs) ----->	
B.INVESTING ACTIVITIES:		
Interest Received	527.60	410.94
Dividend Received	25.39	19.29
Purchase of Fixed assets	(8315.47)	(10049.58)
Purchase of Investments	(1409.68)	(0.06)
Sale of Fixed assets	58.28	80.72
Sale of Investments	1.20	-
Net cash used in investing activities	<u>(9112.68)</u>	<u>(9538.70)</u>
C.FINANCING ACTIVITIES:		
Increase in Borrowings	19530.96	(4239.24)
Increase in Share Capital	-	2036.00
Increase in Reserves	150.00	5387.47
Interest paid	(806.55)	(642.23)
Dividend paid (Gross)	(1001.66)	(761.44)
Net cash from financing activities	<u>17872.75</u>	<u>1780.56</u>
Net increase in cash and cash Equivalents (A+ B+C)	4508.53	3262.47
Opening Cash balance	4850.79	1588.32
Closing Cash balance	9359.32	4850.79
	4508.53	3262.47

Vide our Report annexed

For **P N RAGHAVENDRA RAO & CO.**

Chartered Accountants

P R VITTEL

Partner

M No 200/18111

Coimbatore

23.6.2008

S V BALASUBRAMANIAM

Chairman & Managing Director

B SARAVANAN

Joint Managing Director

S V ALAGAPPAN

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*	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

* Acquired by way of Amalgamation

** Accounting Year changed from 30th September to 31st March (18 Months)



FINANCIAL PERFORMANCE

(Rs in lakhs)

Financial Year	Equity Share Capital	Reserves & Surplus	Turnover	Profit before Depreciation	Depreciaton	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	12340.41	853.98	403.98	450.00	22
1995-1996	953.97	6107.79	15847.50	1895.45	533.78	1361.67	24
1996-1997	953.97	7201.67	16233.19	1884.43	560.90	1323.53	25
1997-1998	953.97	8704.64	14432.88	2292.81	568.50	1724.31	25
1998-1999	953.97	9737.98	20949.94	2009.33	598.43	1410.60	25
1999-2000	953.97	11071.16	23442.11	2425.92	675.51	1750.41	25
2000-2001	953.97	12728.83	32109.81	3655.88	1710.46	1945.42	27
2001-2002	953.97	12296.57	38173.61	4727.63	1652.41	3075.22	33
2002-2003	953.97	13265.96	39047.12	4429.97	2160.88	2269.09	30
2003-2004	953.97	16192.33	52273.24	7298.47	2705.14	4593.33	36
2004-2005	953.97	20070.14	44933.92	8826.31	3200.10	5626.21	45
2005-2006	953.97	27158.61	59427.12	13878.66	4307.00	9571.66	70
2006-2007	953.97	40572.76	82265.05	14570.19	3734.83	10835.36	70
2007-2008	1143.97	43825.26	73468.34	7397.92	3481.86	3916.06	70

Turnover = Net sales + Closing Stock – Opening Stock

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****Registration Details**

Registration No	L 1 5 4 2 1 T Z 1 9 8 3 P L C 0 0 1 3 5 8	State Code.	1 8 1
Balance Sheet Date	3 1 3 2 0 0 8		
	Date Month Year		

Capital raised during the year (Amount in Rs Thousands)

Public Issue	N i l	Right Issue	N i l
Bonus Issue	N i l	Private Placement	N i l

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

Total Liabilities	1 0 6 0 8 5 1 6	Total Assets	1 0 6 0 8 5 1 6
Sources of Funds			
Paid-up Capital	2 9 8 9 9 7	Reserves & Surplus	4 3 8 2 5 2 6
Secured Loans	2 1 4 2 5 2 3	Unsecured Loans	1 4 7 7 8 0 7
Application of Funds			
Net Fixed Assets	4 3 6 6 8 3 5	Investments	1 7 5 0 7 5
Net Current Assets	4 3 0 8 0 1 0	Misc. Expenditure	N i l
Accumulated Losses	N i l		

Performance of the Company (Amount in Rs Thousands)

Turnover	6 7 9 4 5 1 0	Total Expenditure	7 1 7 2 5 2 9
Profit before tax	3 9 1 6 0 6	Profit after Tax	4 2 3 4 2 6
Earning per Share in Rs.	3 5 . 3 1	Dividend rate (%) Preference	9
		Equity	7 0

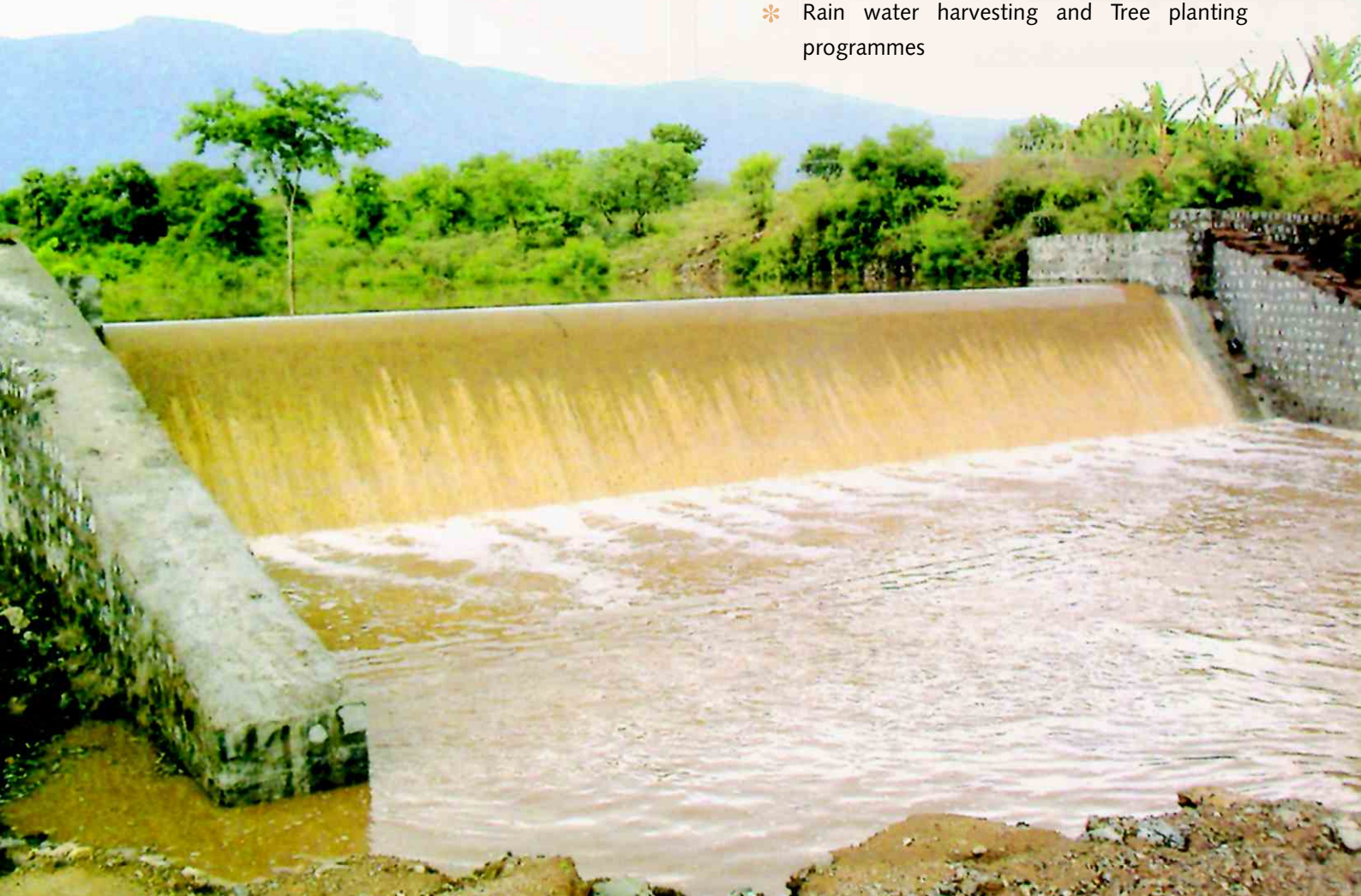
Generic Names of Four Principal Products / Services of the Company (as per monetary terms)

Item Code No.	1 7 0 1 9 9 0 2
Product Description	W H I T E C R Y S T A L S U G A R
Item Code No.	N O T A P P L I C A B L E
Product Description	P O W E R - C O G E N E R A T I O N
Item Code No.	2 2 0 7 2 0 0
Product Description	A L C O H O L
Item Code No.	6 8 0 2 2 3 0 1
Product Description	G R A N I T E B L O C K S & S L A B S

Corporate Social Responsibility ...

*B*annari has provided resources, infrastructure, motivation and direction in the establishment of the following facilities benefiting the rural public in the command area. The social responsibility activities that are executed by Bannari Rural Foundation with the assistance provided by the Company are as under :

- * 65 eye camps benefiting 2520 patients
- * Special medical camps for physically challenged in rural areas
- * Construction of building and providing equipment at hospitals and rehabilitation centers
- * Providing toilet facilities in schools and rural householdings
- * Supply of furniture and other essentials to schools in rural areas
- * Rain water harvesting and Tree planting programmes





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