

16th

Annual Report 2006



BANNARI AMMAN
Spinning Mills Ltd.

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BANNARI AMMAN
Spinning Mills Ltd.

BANNARI AMMAN SPINNING MILLS LIMITED

BOARD OF DIRECTORS : Dr S V BALASUBRAMANIAM - CHAIRMAN
SRI S V ALAGAPPAN - VICE CHAIRMAN
SRI S V ARUMUGAM - MANAGING DIRECTOR
SRI S K SUNDARARAMAN - EXECUTIVE DIRECTOR
Dr S V KANDASAMI - DIRECTOR
SRI A SENTHIL - DIRECTOR
SRI V VENKATA REDDY - DIRECTOR
SRI K N V RAMANI - DIRECTOR
SRI C S K PRABHU - DIRECTOR

REGISTERED OFFICE : 252, METTUPALAYAM ROAD,
COIMBATORE 641 043
TAMILNADU

PLANT LOCATIONS

SPINNING DIVISION : UNIT I
NADUKANDANUR PIRIVU, MOREPATTY POST,
VADAMADURAI, DINDIGUL 624 802, TAMILNADU
UNIT II
VELVARKOTTAI,
DINDIGUL TRICHY NATIONAL HIGHWAY 45,
VEDASANTHUR TALUK, DINDIGUL - 624 803, TAMILNADU

WEAVING DIVISION : COIMBATORE - SATHY ROAD,
KUNNATHUR VILLAGE, GANESAPURAM (POST)
SS KULAM (VIA), COIMBATORE 641 107, TAMILNADU

WINDMILL DIVISION : UNIT I
IDUKANDURAI VILLAGE, DHANAKARKULAM
VILLAGE, RADHAPURAM TALUK,
TIRUNELVELI DISTRICT, TAMILNADU
UNIT II
CHINNAPUDUR VILLAGE,
DHARAPURAM TALUK, ERODE DISTRICT, TAMILNADU

BANKERS : THE KARUR VYSYA BANK LTD
CORPORATION BANK
ICICI BANK LIMITED

AUDITORS : M/s P.N.RAGHAVENDRA RAO & CO
CHARTERED ACCOUNTANTS
COIMBATORE

BANNARI AMMAN SPINNING MILLS LIMITED
Registered Office : 252, Mettupalayam Road, Coimbatore 641 043

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 16th Annual General Meeting of the Members of the Company will be held at Nani Kalai Arangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore-641 037 on **Monday, the 21st day of August, 2006 at 5.00 P M** to transact the business set out in the agenda given below:

AGENDA

ORDINARY BUSINESS

1. To receive and adopt the Balance Sheet as at 31st March, 2006 and the Profit and Loss Account for the year ended on that date together with the reports of the Directors' and the Auditors' thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in the place of Sri S. V. Alagappan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:
 "RESOLVED THAT **Sri K.N.V.Ramani** who was appointed on 25.07.2005 as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and who will cease to hold his office at the ensuing Annual General Meeting and in respect of whom the Company has received a notice proposing his candidature for the office of Director as per the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation".
6. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:
 "RESOLVED THAT **Sri C.S.K.Prabhu** who was appointed on 25.07.2005 as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and who will cease to hold his office at the ensuing Annual General Meeting and in respect of whom the Company has received a notice proposing his candidature for the office of Director as per the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation".
7. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:
 "RESOLVED THAT **Dr S.V.Kandasami** who was appointed on 15.05.2006 as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and who will cease to hold his office at the ensuing Annual General Meeting and in respect of whom the Company has received a notice proposing his candidature for the office of Director as per the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation".



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8. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:
 "RESOLVED THAT **Sri A. Senthil** who was appointed on 15.05.2006 as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and who will cease to hold his office at the ensuing Annual General Meeting and in respect of whom the Company has received a notice proposing his candidature for the office of Director as per the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation".
9. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.
 "RESOLVED THAT **Sri V.Venkata Reddy** who was appointed on 15.05.2006 as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and who will cease to hold his office at the ensuing Annual General Meeting and in respect of whom the Company has received a notice proposing his candidature for the office of Director as per the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

Coimbatore
15th May, 2006

By Order of the Board
S V BALASUBRAMANIAM
CHAIRMAN

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NOTES:

- 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.**
- Proxies, in order to be effective, should be deposited with the Company, forty eight hours before the meeting.
- The Register of Members and the Share Transfer Books of the Company will remain closed from 14.08.2006 to 21.08.2006 (both days inclusive).
- The dividend, if declared, will be paid to those members whose names appear on the Register of Members of the Company as on 21.08.2006. In respect of dematerialized shares, dividend will be paid on the basis of the beneficial ownership furnished by the National Security Depository Limited and Central Depository Services (India) Limited at the end of the business hours on 13.08.2006.
- Members are requested to bring their copy of the Annual Report along with them to the meeting.
- The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business under item number 5, 6, 7, 8 and 9 is annexed.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 5**

Sri K.N.V. Ramani was appointed by the Board of Directors as an Additional Director of the Company with effect from 25-07-2005. Pursuant to Section 260 of the Companies Act, 1956, Sri K.N.V.Ramani will hold his office upto the date of the ensuing Annual General Meeting and is eligible for appointment as a Director. The Company has received a notice in writing from a shareholder proposing the candidature of Sri K.N.V.Ramani for the office of Director under the provisions of Section 257 of the Companies Act, 1956 along with the required deposit amount. Information such as brief resume, nature of expertise in specific functional areas and details of Directorship etc., as required to be furnished under clause 49 of the Listing Agreement with the Stock Exchanges are annexed.

Your Directors recommend this resolution for your approval.

None of the Directors are interested in this resolution.

Item No. 6

Sri C.S.K.Prabhu was appointed by the Board of Directors as an Additional Director of the Company with effect from 25-07-2005. Pursuant to Section 260 of the Companies Act, 1956, Sri C.S.K.Prabhu will hold his office upto the date of the ensuing Annual General Meeting and is eligible for appointment as a Director. The Company has received a notice in writing from a shareholder proposing the candidature of Sri C.S.K.Prabhu for the office of Director under the provisions of Section 257 of the Companies Act, 1956 along with the required deposit amount. Information such as brief resume, nature of expertise in specific functional areas and details of Directorship etc., as required to be furnished under clause 49 of the Listing Agreement with the Stock Exchanges are annexed.

Your Directors recommend this resolution for your approval.

None of the Directors are interested in this resolution.

Item No. 7

Dr S.V. Kandasami was appointed by the Board of Directors as an Additional Director of the Company with effect from 15-05-2006. Pursuant to Section 260 of the Companies Act, 1956, Dr S.V.Kandasami will hold his office upto the date of the ensuing Annual General Meeting and is eligible for appointment as a Director. The Company has received a notice in writing from a shareholder proposing the candidature of Dr S.V.Kandasami for the office of Director under the provisions of Section 257 of the Companies Act, 1956 along with the required deposit amount. Information such as brief resume, nature of expertise in specific functional areas and details of Directorship etc., as required to be furnished under clause 49 of the Listing Agreement with the Stock Exchanges are annexed.

Your Directors recommend this resolution for your approval.

Sri S. V. Balasubramaniam, Chairman, Sri S. V. Alagappan, Vice Chairman, Sri S. V. Arumugam, Managing Director and Sri S.K.Sundararaman, Executive Director being relatives are interested in this resolution.

Item No. 8

Sri A. Senthil was appointed by the Board of Directors as an Additional Director of the Company with effect from 15-05-2006. Pursuant to Section 260 of the Companies Act, 1956, Sri A. Senthil will hold his office upto the date of the ensuing Annual General Meeting and is eligible for appointment as a Director. The Company has received a notice in writing from a



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shareholder proposing the candidature of Sri A. Senthil for the office of Director under the provisions of Section 257 of the Companies Act, 1956 along with the required deposit amount. Information such as brief resume, nature of expertise in specific functional areas and details of Directorship etc., as required to be furnished under clause 49 of the Listing Agreement with the Stock Exchanges are annexed.

Your Directors recommend this resolution for your approval.

Sri S. V. Arumugam, Managing Director being a relative is interested in this resolution.

Item No. 9

Sri V.Venkata Reddy was appointed by the Board of Directors as an Additional Director of the Company with effect from 15-05-2006. Pursuant to Section 260 of the Companies Act, 1956, Sri V.Venkata Reddy will hold his office upto the date of the ensuing Annual General Meeting and is eligible for appointment as a Director. The Company has received a notice in writing from a shareholder proposing the candidature of Sri V.Venkata Reddy for the office of Director under the provisions of Section 257 of the Companies Act, 1956 along with the required deposit amount. Information such as brief resume, nature of expertise in specific functional areas and details of Directorship etc., as required to be furnished under clause 49 of the Listing Agreement with the Stock Exchanges are annexed.

Your Directors recommend this resolution for your approval.

None of the Directors are interested in this resolution.

Coimbatore
15th May, 2006

By Order of the Board
S V BALASUBRAMANIAM
CHAIRMAN

ANNEXURE**APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS**

A brief resume in respect of the proposed appointment and re-appointment of Directors is given below in terms of Clause 49 of the Listing Agreement.

Sri S.V. Alagappan, aged 64 years is the Vice-Chairman and Promoter of the Company. He is a qualified Law graduate and has experience in the field of textile for more than two decades. As Vice-Chairman, he assists the Chairman of the Company on policy matters, project expansions, finance outlays and investments.

Other Directorships

Annamallai Industries Limited
 Annamallai Infrastructures Limited
 Bannari Amman Sugars Limited
 Bannari Amman Exports Limited
 Bannariamman Finance Limited
 Bannari Amman Enterprises Limited
 Coimbatore Agro Industries Limited
 Cream Investment & Trading Company Limited
 Kerala Alcoholic Products Limited
 Shiva Cargo Movers Limited
 Shiva Distilleries Limited
 Shiva Texyarn Limited
 Annamallai Retreading Company Private Limited
 Anamallais Agencies Private Limited
 Annamallai Enterprise Private Limited
 Annamallai Estates Private Limited
 Sakthi Murugan Transports Private Limited
 Sangameswar Agencies Private Limited
 Shiva Automobiles Private Limited
 Vadivelan Enterprises Private Limited
 Vedanayagam Hospital Private Limited
 Murugan Infrastructures Private Limited

Number of Shares held in the Company 2,502 Equity Shares of Rs. 10/- each

Member of Committees
 Audit Committee
 Remuneration Committee

Member of Committees in other
 Public Companies

Annamallai Industries Limited
 Remuneration Committee

Sri K.N.V. Ramani, aged 73 years is a Corporate Lawyer with more than 45 years of active practice specializing in legislations like The Companies Act, Taxation and Labour Laws. He is the Legal Advisor for many Companies, PSUs, Banks and Financial Institutions etc. He is presently the senior partner of the law firm M/s Ramani & Shankar, Advocates, Coimbatore.



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Other Directorships Sri Kannapiran Mills Limited
Sri Chamundeswari Sugars Limited
K G Denim Limited

Number of Shares held in the Company Nil

Member of Committees in other
Public Companies **Sri Kannapiran Mills Limited**
Audit Committee
Remuneration Committee
K G Denim Limited
Audit Committee
Remuneration Committee

Sri C.S.K.Prabhu, aged 50 years, is a qualified Chartered Accountant having 26 years of independent practice and is the senior partner of M/s.CSK Prabhu & Co., Chartered Accountants. He is a member of the Committee on Taxes and Budget of Indian Chamber of Commerce and Industry, Coimbatore.

Other Directorships Super Spinning Mills Limited
The Scientific Fertiliser Company Private Limited

Number of Shares held in the Company Nil

Member of Committees in other
Public Companies **Super Spinning Mills Limited**
Audit Committee
Remuneration Committee

Dr S.V. Kandasami, aged 63 years is MS (General Surgery) from Madras Medical College and has specialized in M.Ch (Urology) and has been practicing Urology since 1979. He is a member of Indian Medical Association, World Endo Urology Society, USA.

Other Directorships Annamallai Infrastructures Limited
Bannariamman Finance Limited
Coimbatore Agro Industries Limited
Kerala Alcoholic Products Limited
Shiva Cargo Movers Limited
Annamallai Retreading Company Private Limited
Anamallais Agencies Private Limited
Annamallai Estates Private Limited
Sangameswar Agencies Private Limited
Bannari Amman Automobiles Private Limited
Bannari Infotech Private Limited
Sundar Ram Enterprise Private Limited
Vedanayagam Hospital Private Limited
Shiva Automobiles Private Limited
Murugan Infrastructures Private Limited

Number of Shares held in the Company 1,252 Equity Shares of Rs. 10/- each.

Member of Committees in other
Public Companies Nil

Sri A. Senthil, aged 30 years is B.Com, MBA and has about three years of managerial experience in business.

Other Directorships Shiva Texyarn Limited
Anamallias Agencies Private Limited
Bannari Amman Automobiles Private Limited
Murugan Enterprise Private Limited
Sakthi Murugan Transports Private Limited

Number of Shares held in the Company Nil

Member of Committees in other
Public Companies Nil

Sri V. Venkata Reddy, aged 67 years, is a MBA and has more than 38 years of experience in sugar industry.

Other Directorships Abirami Sugars Limited
Shiva Texyarn Limited
Bannari Amman Sugars Limited
Sri Balaji Pilgrim Comforts Private Limited
Sri Kollapuri Amma Agro Industries Private Limited
Sri Kollapuri Amma Enterprises Private Limited

Number of Shares held in the Company Nil

Member of Committees in other
Public Companies

Bannari Amman Sugars Ltd

Audit Committee – Chairman
Remuneration Committee – Member
Shareholders Committee – Member

Shiva Texyarn Limited

Audit Committee – Chairman
Remuneration Committee – Member
Shareholders Committee – Member