BANNARI AMMAN
Spinning Mills Ltd.

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BANNARI AMMAN
Spinning Mills Ltd.

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
Dr K R Thillainathan	-	Director
Sri S Palaniswami	-	Director
Sri K Sadhasivam	-	Director

AUDITORS

M/s P. N. Raghavendra Rao & Co
Chartered Accountants
Coimbatore - 641 009

INTERNAL AUDITORS

Srivatsan & Gita
Chartered Accountants
Coimbatore - 641 018

COMPANY SECRETARY

Sri N Krishnaraj

BANKERS

The Karur Vysya Bank Limited
Corporation Bank
ICICI Bank Limited
Oriental Bank Of Commerce
Indian Overseas Bank
Bank Of Maharastra
Indian Bank

REGISTERED OFFICE

252, Mettupalayam Road,
Coimbatore 641 043, Tamilnadu
Ph No. : 0422 - 2435555
http://www.bannarimills.com

SPINNING DIVISION

UNIT I
Nadukandanur Pirivu,
Morepatty Post,
Vadamadurai, Dindigul 624 802,
Tamilnadu

UNIT II
Velvarkottai,
Dindigul Trichy National Highway 45,
Vedasandur Taluk,
Dindigul - 624 803, Tamilnadu

TECHNICAL TEXTILE DIVISION

Coimbatore - Sathy Road,
Kunnathur Village,
Ganesapuram (post), SS Kulam (via),
Coimbatore 641 107, Tamilnadu

WEAVING DIVISION

Karanampet - Paruvai Road
Paruvai Post, Coimbatore - 641 658,
Tamilnadu

WINDMILL DIVISION

UNIT I
Irukandurai & Dhanakarkulam
Villages, Radhapuram Taluk,
Tirunelveli District, Tamilnadu

UNIT II
Chinnapudur Village,
Dharapuram Taluk, Erode District,
Tamilnadu

UNIT III
Melkaraipatti & Kottathurai
Villages, Palani Taluk,
Dindigul District, Tamilnadu

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BANNARI AMMAN
Spinning Mills Ltd.

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **19th** Annual General Meeting of the Members of the Company will be held at Nani Kalai Arangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore 641037 on the 23rd day of September 2009 at 10.00 AM to transact the business set out in the agenda given below:

AGENDA

ORDINARY BUSINESSES

1. To receive and adopt the Balance Sheet as at 31st March, 2009 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.
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 a Director in the place of Sri C S K Prabhu, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Sri K Sadhasivam, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

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SPECIAL BUSINESSES

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

   RESOLVED that in supersession of the earlier Resolution passed in this regard and pursuant to Section 293 (1) (d) and other applicable provisions of the Companies Act, 1956, the consent of the members be and is hereby granted to the Board of Directors of the Company to borrow for the purposes of its business, apart from temporary loans obtained and or to be obtained from the Company's bankers in the ordinary course of business, a sum or sums of money not exceeding Rs.750 Crores (Rupees Seven Hundred and Fifty Crores Only), excluding the interest accrued thereon, notwithstanding that such aggregate amount of borrowing outstanding at any one time may exceed paid up capital and its free reserves, that is to say, reserves not set apart for any specific purpose, from the Company's bankers or from any person or persons, firms, bodies corporate or financial institutions and by way of public deposits, advances or other loans whether unsecured or secured by mortgage, charge, hypothecation or pledge of any or all of the Company's assets and properties existing and future, on such terms and conditions as the Board of Directors may from time to time, deem fit.

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies, in order to be effective, should be deposited with the Company, forty eight hours before the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed 17.09.2009 to 23.09.2009 (both days inclusive).

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4. The dividend, if declared, will be paid to those members whose names appear on the Register of Members of the Company as on 23.09.2009. 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 16.09.2009.

5. The dividend remaining unclaimed for a period of 7 years will be transferred to Investor Education and Protection Fund established under Section 205C of the Companies Act, 1956 on the respective due dates; upon such transfer, no claim shall lie against the company or the Central Government for such unclaimed dividend.

6. The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the special business under Item 7 is annexed.

7. Members are requested to bring their copy of the Annual Report along with them to the meeting.

BY ORDER OF THE BOARD
S V BALASUBRAMANIAM
Chairman

Coimbatore
30th June 2009

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EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956:
Item No. 7 :

As per Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of the Company can borrow money (other than temporary borrowings from Company's Bankers) in excess of the paid up share capital and free reserves only with the prior consent of the shareholders. Considering future modernisation and expansion plans of the business, the existing limit of Rs. 250 Crores approved by the shareholders at their meeting held on 04.07.2005 is likely become inadequate. Therefore, the borrowing powers of the Board is proposed to be suitably revised from Rs.250 Crores to Rs.750 Crores. Necessary resolution is placed before the shareholders for their approval.

None of the Directors of the Company is interested in the above item of Agenda.

BY ORDER OF THE BOARD
S V BALASUBRAMANIAM
Chairman

Coimbatore
30th June 2009

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RE-APPOINTMENT OF DIRECTORS

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

Name	:	**Sri S V Alagappan**
Age	:	67 years
Qualification	:	B.Com., B.L
Date of Appointment	:	10.07.1989
Experience	:	He has more than 35 years of experience in Industry Business
Other Directorships	:	Annamallai Infrastructures Limited Bannari Amman Enterprises Limited Bannari Amman Exports Limited Bannari Amman Sugars Limited Bannariamman Finance Limited Bannari Amman Flour Mill Limited Kerala Alcoholic Products Limited Shiva Cargo Movers Limited Shiva Distilleries Limited Shiva Texyarn Limited Anamallais Agencies Private Limited Anamallais Automobiles Private Limited Annamallai Enterprise Private Limited Annamallai Estates Private Limited Annamallai Retreading Company Private Limited AA Tyre Retreading Company Private Limited Bannari Amman Apparel Private Limited Bannari Amman Infrastructures Private Limited Bannari Techno Park Private Limited Kwality Clothes Private Limited Sakthi Murugan Transports Private Limited Shiva Automobiles Private Limited Vadivelan Enterprises Private Limited Vedanayagam Hospital Private Limited
Member of Committees	:	Nil
Member of Committees in other Public Limited Companies	:	Nil
Number of Shares held in the Company	:	2,502

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Name	:	**Sri C S K Prabhu**
Age	:	54 years
Qualification	:	B.Com., FCA
Date of Appointment	:	25.07.2005
Experience	:	He has more than 30 years of experience in Audit Profession
Other Directorships	:	Shiva Texyarn Limited Super Spinning Mills Limited Kakatiya Textiles Limited The Scientific Fertilizer Company Private Limited
Member of Committees	:	Audit Committee – Chairman Remuneration Committee – Member Investor's Grievance Committee - Chairman
Member of Committees in other Public Limited Companies	:	**Shiva Texyarn Limited:** Audit Committee - Member **Super Spinning Mills Limited:** Audit Committee – Chairman Remuneration Committee – Chairman Investor's Grievance Committee – Member **Kakatiya Textiles Limited:** Audit Committee – Member Remuneration Committee – Member Investor's Grievance Committee - Member
Number of Shares held in the Company	:	Nil

Name	:	**Sri K Sadhasivam**
Age	:	62 years
Qualification	:	B.Sc.,
Date of Appointment	:	22.08.2006
Experience	:	He has more than 35 years of experience in Transport Business
Other Directorships	:	Nil
Member of Committees	:	Nil
Member of Committees in other Public Limited Companies	:	Nil
Number of Shares held in the Company	:	Nil

BY ORDER OF THE BOARD
S V BALASUBRAMANIAM
Chairman

Coimbatore
30th June 2009

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CHAIRMAN'S LETTER

Dear Shareholders,

The Indian textile Industry is facing a challenging environment in the face of global recession, increasing raw material prices and the drastic curtailment of power supply. While recession has caused a significant dip in exports in the last two quarters of 2008 and a consequent decrease in demand for textile products across the world, the more serious challenge facing us is the unavailability of power in the medium term, a critical factor for our power intensive industry.

Our company has implemented a slew of cost optimizing and efficiency boosting measures in this period, shielding us to an extent from the full brunt of the negative factors affecting our sector. Our increased capacities have come into utilization as can be seen from the financial results. Our efforts to create more visibility for our products and to value add across product categories will stand us in good stead in the years to come. We have increased our market outreach activities and are confident of an improved scenario in the coming years.

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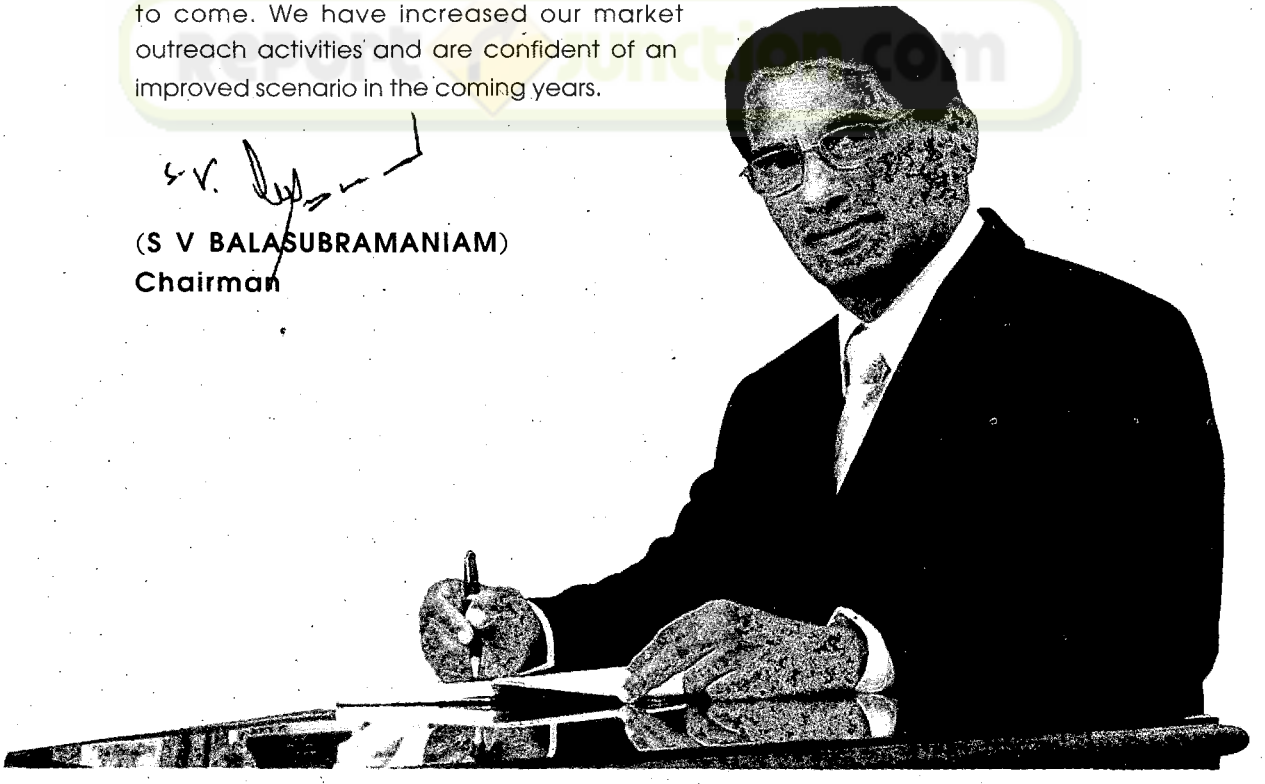
S.V. Balasubramaniam

(S V BALASUBRAMANIAM)
Chairman



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BANNARI AMMAN
Spinning Mills Ltd.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Nineteenth Annual Report together with audited accounts of the Company for the year ended 31st March, 2009.

FINANCIAL RESULTS

	(Rs in Lakhs)	
	2008-2009	**2007-2008**
Profit before Depreciation	3,139.28	3,122.39
Less: Depreciation	2,180.84	1,493.26
Less : Fringe Benefit Tax & Other Taxes	153.60	523.81
Profit after Tax	804.83	1,105.32
Surplus brought forward from last year	238.73	252.05
Amount available for appropriation	**1,043.56**	**1,357.37**
Appropriations:		
Provision for Equity Dividend	157.54	315.09
Provision for Tax on Dividend	26.77	53.54
Transfer to General Reserve	75.00	750.00
Surplus carried over to Balance Sheet	784.25	238.74
	1,043.56	**1,357.37**

DIVIDEND

Your Directors are glad to recommend payment of dividend of Re.1/- per Equity share of Rs. 10/- each (i.e 10% on the Equity Capital) to the equity shareholders. The dividend on equity shares, together with distribution tax on corporate dividend, absorbs Rs.184.31 Lakhs. The dividend will be free from income tax in the hands of shareholders.

REVIEW OF OPERATIONS

The overall performance of the company during the year under review was affected by the unfavorable economic conditions and the recessionary trends prevailing world wide. The fall in consumption of textile products in USA and other European Countries has severally affected the exports resulting in lower export earnings.

The performance of Spinning and Weaving Divisions were further affected by lower capacity utilization due to intense power cut and intermittent power shutdowns prevailing in Tamilnadu and unfavorable cotton prices for most part of the year. Hence the profitability from the Spinning and Weaving Divisions were lower when compared to the last year. With the anticipated revival of economy, improvement in power supply situation, favorable cotton and yarn prices, Directors are hopeful of better performance in the current financial year. The Division-wise performance of the company is as follows:

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Spinning Division

During the year under review, the Textile Mill produced 18365.843 tonnes – inclusive of purchased quantity (557.58 tonnes) of Yarn and sold 18572.42 tonnes (14103.56 tonnes) of Yarn. The sales include 5163.25 tonnes (5515.90 tonnes) by way of Export. The total sales of this division amounted to Rs.24600.73 Lakhs (Rs.15952.62 Lakhs) of which export sales amounted to Rs.6249.93 Lakhs (Rs.6449.21 Lakhs) constituting 25.41% (40.37%) of the total revenue. The demand and realizations of finished products in Spinning Division were encouraging.

Weaving Division

The Weaving Division specializes in manufacturing wide-width cotton fabric. During the year under review, 42.98 Lakh Metres (14.97 Lakh Metres) of Fabric were produced and 38.29 Lakh metres (12.68 Lakh metres) of Fabric were sold.

Wind Mill Division

The company has 4 windmills of 1250 KVA each totalling 5 MW in Tirunelveli District, Tamilnadu (Windmill Unit 1) and 14 Nos Windmills, each of 800 KW capacity totaling 11.20 MW capacity at Dharapuram Taluk, Erode District, Tamilnadu (Windmill Unit 2). The total installed capacity of Windmills is 16.20 MW.

The windmills produced 298.75 Lakh units of wind energy as against 321.64 lakh units produced in the last year. The whole of the Wind energy produced is captively consumed by the Spinning Units.

Processing and Technical Textiles Division

During the year under review, 11.52 Lakh Metres (Nil) of Coated Fabric were produced and 10.66 Lakh metres (Nil) of Coated Fabric were sold. The end products/applications of these fabrics include Home Textiles, upholstery, apparel fabric, performance and industrial fabric.

During the year under review, 5.83 Lakh Metres (1.49 Lakh Metres) of Breathable water proof Fabric were produced and 5.14 Lakh metres (1.93 Lakh metres) of were sold under the Brand name Quick dry.

Prospects for the current year and Expansions

The expansion of Spinning units and weaving units were completed and commercial sale to both domestic as well as international markets has been well received. The results of the same will be reflected in the forthcoming years.

To meet the power requirements of the Spinning Divisions, additional 9 Windmills each of 800 KW capacity totaling 7.20 MW capacity is being installed near Pushpathur, Dindigul District, Tamilnadu and will be fully operational in the next year.

Initial Public Offer proceeds of Rs.94.50 Crores have been fully utilized in the implementation of expansion of Spinning units, establishment of Weaving and Processing units.

PUBLIC DEPOSITS

The Company has not accepted any deposits from the Public.

DIRECTORS

Sri S V Alagappan, Sri C S K Prabhu and Sri K Sadhasivam Directors will retire by rotation at the ensuing Annual General Meeting and they are eligible for reappointment.

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