



# **21<sup>st</sup>** **Annual Report** 2011



**BANNARI AMMAN**  
Spinning Mills Ltd.

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## IMPORTANT COMMUNICATION

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued a circular clarifying that the companies would be in compliance of Section 219(1) of Companies Act 1956 in case copy of notice calling Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc is sent by electronic mail to its members. Hence, members who have not registered their e-mail addresses so far are requested to register their e-mail addresses with the depository through their Depository Participants to enable the company to send the notice calling Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc. through e-mail. Members who hold shares in physical form are requested to register their e-mail address with the Registrar and Share Transfer Agent viz. LINK INTIME INDIA PRIVATE LIMITED, COIMBTORE.

**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
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

**CHIEF EXECUTIVE OFFICER**

Sri A Senthil

**COMPANY SECRETARY**

Sri N Krishnaraj

**AUDITORS**

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

**INTERNAL AUDITORS**

M/s Srivatsan & Gita  
Chartered Accountants  
Coimbatore - 641 018

**REGISTERED OFFICE**

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

**BANKERS**

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



## **NOTICE TO SHAREHOLDERS**

**NOTICE** is hereby given that the **21<sup>st</sup>** 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 Thursday the 29<sup>th</sup> day of September 2011 at 10.00 AM to transact the business set out in the agenda given below:

You are requested to make it convenient to attend the Meeting.

### **AGENDA**

#### **ORDINARY BUSINESSES**

1. To receive and adopt the Balance Sheet as at 31<sup>st</sup> March, 2011 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 V Venkata Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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.
6. To appoint Auditors and fix their remuneration.

#### **SPECIAL BUSINESSES**

7. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:  
**RESOLVED** that Under Section 314(1)(b) and other applicable provisions of the Companies Act, 1956, approval of members be and is hereby accorded to the Board of Directors, for their appointment and payment of remuneration to Sri A Senthil as Chief Executive Officer of the Company on a remuneration of Rs.2,50,000/- per mensem (inclusive of perquisites) with effect from 23.05.2011 and to carry on the day-to-day operation and administration of the Company subject to the superintendence, control and direction of the Managing Director of the Company.

#### **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 23.09.2011 to 29.09.2011 (both days inclusive).
4. The dividend, if declared, will be paid to those members whose names appear on the Register of Members of the Company as on 29.09.2011. 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 22.09.2011.
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.

Coimbatore  
22<sup>nd</sup> July, 2011

BY ORDER OF THE BOARD  
**S V BALASUBRAMANIAM**  
Chairman



## EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 :

### Item No.7:

Sri A Senthil, was appointed, by the Board of Directors, as Chief Executive Officer of the Company with effect from 23.05.2011 to carry on the day-to-day operation and administration of the Company, subject to the superintendence, control and direction of the Managing Director of the Company on a monthly remuneration of Rs. 2,50,000/- with effect from 23.05.2011 subject to the approval of shareholders.

A suitable resolution for the approval of the aforesaid appointment and payment of remuneration is placed before the shareholders for their approval.

None of the Directors except Sri S V Arumugam, Managing Director is interested in the aforesaid resolution as a relative.

Coimbatore

22<sup>nd</sup> July, 2011

BY ORDER OF THE BOARD

**S V BALASUBRAMANIAM**

**Chairman**

## RE-APPOINTMENT OF DIRECTORS

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

Name	:	<b>Sri S V Alagappan</b>
Age	:	69 years
Qualification & Experience	:	B.Com., B.L - More than 37 year
Date of Appointment	:	10.07.1989
Other Directorships	:	Shiva Texyarn Limited Bannari Amman Sugars Limited Lalitha Agencies Limited Madras Sugars Limited Anamallais Agencies Private Limited Annamallai Retreading Company Private Limited Bannari Amman Automobiles Private Limited Shiva Automobiles Private Limited Vadivelan Enterprises Private Limited
Member of Committees	:	Nil
Member of Committees in other Public Limited Companies	:	Nil
Number of Shares held in the Company	:	Nil



Name	:	<b>Sri C S K Prabhu</b>
Age	:	56 years
Qualification & Experience	:	B.Com., FCA - More than 32 years of experience in profession
Date of Appointment	:	25.07.2005
Other Directorships	:	Shiva Texyarn Limited Super Spinning Mills Limited Kakatiya Textiles Limited 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	:	<b>Shiva Texyarn Limited :</b> Audit Committee - Member  <b>Super Spinning Mills Limited :</b> Audit Committee - Chairman Remuneration Committee - Chairman Shareholders Committee - Member  <b>Kakatiya Textiles Limited :</b> Audit Committee - Member Remuneration Committee - Member Shareholders Committee - Member
Number of Shares held in the Company	:	Nil

Coimbatore  
22<sup>nd</sup> July, 2011



## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 21<sup>st</sup> Annual Report together with audited accounts of the Company for the year ended 31<sup>st</sup> March, 2011.

## FINANCIAL RESULTS

(Rs in Lakhs)

	2010-2011	2009-2010
Profit before Depreciation	12,108.40	4,799.92
Less: Depreciation	3,720.03	2,565.30
Less : Taxes	2,838.91	729.02
Less : Extra Ordinary Item (Net of Tax Expenses)	1,669.06	--
Profit after Tax	3,880.40	1,505.60
Surplus brought forward from last year	513.37	784.25
Amount available for appropriation	<b>4,393.77</b>	<b>2,289.85</b>
<b>Appropriations:</b>		
Provision for Equity Dividend	315.08	236.31
Provision for Tax on Dividend	52.33	40.16
Transfer to General Reserve	3,000.00	1,500.00
Surplus carried over to Balance Sheet	1,026.36	513.37
Total	<b>4,393.77</b>	<b>2,289.85</b>

## DIVIDEND

Your Directors are glad to recommend payment of dividend of Rs.2/- per equity share of Rs.10/- each to the equity shareholders (Last year Rs.1.50/- per share of Rs.10/- each). The dividend is free from income tax in the hands of shareholders.

## REVIEW OF OPERATIONS

### Spinning Division

During the year under review, the Spinning Mills produced 22477.00 tonnes – inclusive of purchased quantity (242.23 tonnes) of Yarn and sold 21015.25 tonnes (19294.03 tonnes) of Yarn. The sales include 7646.09 tonnes (5413.49 tonnes) by way of Export. The total sales of this division amounted to 44329.66 (Rs.26798.24 Lakhs) of which export sales amounted to Rs.17989.34 (Rs.7507.00 Lakhs) constituting 40.58% (28.01%) 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, 86.33 Lakh Metres (60.84 Lakh Metres) of Fabric were produced and 76.13 Lakh metres (64.78 Lakh metres) of Fabric were sold.

### Wind Mill Division

The company has 4 windmills of 1250 KW each totalling 5 MW in Radhapuram Taluk, Tirunelveli District, Tamilnadu, 25Nos Windmills, each of 800 KW capacity totaling 20 MW capacity in Dharapuram Taluk, Tiruppur District and Palani Taluk,



Dindigul District, Tamilnadu and 3 Windmills of 1650KW each in Kongalnagaram, Udumalpet Taluk, Tirupur District, Tamilnadu. The total installed capacity of Windmills is 29.95 MW and the whole of the power generated is captively consumed by the Spinning Units.

The windmills produced 563.67Lakh units of wind energy as against 522.26lakh units produced in the last year.

## Processing and Technical Textiles Division

During the year under review, 18.84 Lakh Metres (17.42) of Coated Fabric were produced and 18.82 Lakh metres (17.12) of Coated Fabric were sold. During the year under review 0.80 Lakh meters of Canvas were produced and 0.36 Lakh meters of Canvas were sold. The end products/applications of these fabrics include Home Textiles, upholstery, apparel fabric, performance and industrial fabric.

During the year under review, 2.12 Lakh Metres (1.10Lakh Metres) of Breathable water proof Fabric were produced and 1.75 Lakh metres (1.05 Lakh metres) were sold under the Brand name Quick dry.

## Prospects for the current year and Expansions

The Controls and restriction on Export of Cotton, yarn and the Court order on Dyeing units in Tirupur have adversely affected the textile industry. The Company has taken steps to enlarge the product range and sell the products in the upcountry markets and to corporate buyers to tide over the crises.

## PUBLIC DEPOSITS

During the year under review, the Company has not accepted any deposits from the Public.

## DIRECTORS

Sri S V Alagappan, Sri V Venkata Reddy and Sri C S K Prabhu Directors will retire by rotation at the ensuing annual general meeting and they are eligible for reappointment.

## AUDIT COMMITTEE

The Audit Committee comprises of

1. Sri C S K Prabhu - Chairman (Non-Executive Independent Director)
2. Sri K N V Ramani - Member (Non-Executive Independent Director) and
3. Sri S Palaniswami - Member (Non-Executive Independent Director)

## PARTICULARS OF EMPLOYEES

The information required under section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Director's report is furnished in Annexure-I.

## 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.

## DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 217 (2AA) of the Companies Act, 1956 your Directors confirm that:

- (i) Your Directors have followed the applicable accounting standards in the preparation of annual accounts;



- (ii) Your Directors 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 2010-2011 and of the profit of the company for that period;
- (iii) Your Directors 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) Your Directors 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 Annual Report.

### **AUDITORS**

The present Auditors of the Company M/s P.N.Raghavendra Rao & Co, Chartered Accountants, Coimbatore, are retiring at the ensuing Annual General Meeting and are eligible for re-appointment.

### **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 Bankers for having provided the required bank facilities. Your Directors wish to place on record their appreciation of the contributions made by the employees at all levels for the excellent performance of your company.

Coimbatore  
23<sup>rd</sup> May, 2011

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**

<b>Name</b>	<b>Designation</b>	<b>Remuneration Received Rs.</b>	<b>Qualification</b>	<b>Age in years as on 31.03.11</b>	<b>Experience in years</b>	<b>Date of commencement of Employment</b>	<b>Particulars of last Employment</b>
Sri S V Arumugam	Managing Director	1,90,95,883	B.Sc., ACA	62	31	27.06.2005	Managing Director, Shiva Texyarn Ltd
Sri S K Sundararaman	Executive Director	1,24,95,820	MBA	37	12	27.06.2005	Managing Director, Bannari InfoTech Private Limited

**Note :**

1. The nature of employment is contractual.
2. Sri S V Arumugam, Managing Director is related to Dr S V Balasubramaniam – Chairman and Sri S V Alagappan, Vice Chairman.
3. Remuneration comprises of salary, commission, allowances and monetary value of perquisites.

BY ORDER OF THE BOARD

Coimbatore  
23<sup>rd</sup> May, 2011

**S V BALASUBRAMANIAM**  
**Chairman**

**ANNEXURE II**

**Information pursuant to Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988**

**A. CONSERVATION OF ENERGY**

Energy conservation continues to be the top priority of the Company and efforts are being made to benchmark it with global standards. Various studies are being conducted for reduction of consumption of energy on a continuous basis.

**a. Energy Conservation Measures taken:**

- i. Carding waste suction fan (energy efficient) replaced without increasing additional motor capacity for the increase of 44 cardings and 3 blow room line machinery.
- ii. In Preparatory, spinning & Autoconer instead of utilizing Humidification plant energy efficient Humifog is installed to reduce the energy consumption.
- iii. In Humidification plant all fan blade angles are optimized according to the outside climate conditions.