

BANNARI AMMAN
Spinning Mills Ltd







22nd Annual Report 2012

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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

Sri S V Arumugam	-	Chairman & 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

COST AUDITOR

Sri M. Nagarajan
Cost Accountant
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 22nd Annual General Meeting of the Members of the Company will be held at Nani Kalai Arangam, Mani Higher Secondary School, Pappanickenpalayam, Coimbtore - 641 037 on the Monday the 24th day of September 2012 at 9.15 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 31st March, 2012 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 appoint a Director in the place of Sri K N V Ramani, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Sri K Sadhasivam, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

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 18.9.2012 to 24.9.2012 (both days inclusive).
4. 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.
5. Members are requested to bring their copy of the Annual Report along with them to the meeting.

BY ORDER OF THE BOARD
N KRISHNARAJ
Company Secretary

Coimbatore
30th May, 2012

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	:	**Sri K N V Ramani**
Age	:	80 years
Qualification	:	M.A., B.L.
Date of Appointment	:	25.07.2005
Experience	:	A renowned Corporate Lawyer, has more than 50 years of specialization in Companies Act, Taxation, Labour law etc.,
Other Directorships	:	Shiva Texyarn Limited Sri Kannapiran Mills Limited Sri Chamundeswari Sugars Limited K G Denim Limited L G B Forge Limited K P R Mill Limited Srinidhi Investment Advisors Private Limited Sree Shankara College Association
Member of Committees	:	Audit Committee - Member
Member of Committees in other Public Limited Companies	:	**Shiva Texyarn Limited** Audit Committee - Chairman **Sri Kannapiran Mills Limited** Audit Committee - Chairman **K G Denim Limited** Audit Committee - Member
Number of Shares held in the Company	:	Nil

Name	:	**Sri K Sadhasivam**
Age	:	65 years
Qualification	:	B.Sc.,
Date of Appointment	:	22.08.2006
Experience	:	He has more than 37 years of experience in Transport Business
Other Directorships	:	M S S Realtors Private Limited
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

N KRISHNARAJ

Company Secretary

Coimbatore

30th May, 2012

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 22nd Annual Report together with audited accounts of the Company for the year ended 31st March, 2012.

FINANCIAL RESULTS

(**Rs in Lakhs**)

	2011-2012	2010-2011
Profit before Depreciation	326.47	12,108.40
Less: Depreciation	3,722.63	3,720.03
Less : Taxes	-1,758.55	2,838.91
Less : Extra Ordinary Item (Net of Tax Expenses)	-	1,669.06
Profit after Tax	-1,637.61	3,880.40
Surplus brought forward from last year	1,026.36	513.37
Amount available for appropriation	**-611.25**	**4,393.77**
Appropriations:		
Provision for Equity Dividend	-	315.08
Provision for Tax on Dividend	-	52.33
Transfer to General Reserve	-	3,000.00
Surplus carried over to Balance Sheet	-	1,026.36
Total	**-**	**4,393.77**

DIVIDEND

Your Directors have not recommended any dividend for the financial year 2011-2012 considering the Losses suffered by the Company.

REVIEW OF OPERATIONS

Spinning Division

During the year under review, the Spinning Mills produced 14696.59 tonnes (22477.00 tonnes) inclusive of purchased quantity 56.68 tonnes (242.23 tonnes) of Yarn and sold 16136.67 tonnes (21015.25 tonnes) of Yarn. The sales include 8603.05 tonnes (7646.09 tonnes) by way of Export. The total sales of this division amounted to ₹34489.74 Lakhs (₹44329.66 Lakhs) of which export sales amounted to ₹18382.30 Lakhs (₹17989.34 Lakhs) constituting 53.30% (40.58%) of the total revenue.

Volatility in the price of raw material, acute power shortage, glut in the domestic and international markets, closure of dyeing units in textile clusters - particularly Tirupur in Tamilnadu due to environmental issues, have had adverse impact on the performance of the company.

Weaving Division

The Weaving Division specializes in manufacturing wide-width cotton fabric. During the year under review, 66.93 Lakh metres (86.33 Lakh Metres) of Fabric were produced and 70.21 Lakh Metres (76.13 Lakh metres) of Fabric were sold.

Wind Mill Division

The company has 4 windmills of 1250 KW each totaling 5MW in Radhapuram Taluk, Tirunelveli District, Tamilnadu, 25 Nos windmills, each of 800 KW capacity totaling 20 MW capacity in Dharapuram Taluk, Tirupur District and Palani Taluk, Dindigul District, Tamilnadu and 3 Windmills of 1650 KW 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 528.55 Lakh units of wind energy as against 563.67 lakh units produced in the last year.

Processing and Technical Textiles Division

During the year under review,16.03 Lakh Metres (18.84 Lakh Metres) of Coated Fabric were produced and 16.52 Lakh metres (18.82 Lakh Metres) of Coated Fabric were sold. During the year under review 2.53 Lakh metres of Canvas were produced and 2.50 Lakh metres 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, 3.35 Lakh Metres (2.12 Lakh Metres) of Breathable water proof Fabric were produced and 3.46 Lakh metres (1.75 Lakh metres) were sold under the Brand name Quick dry.

Prospects for the Current Year

The full year operation of garment division is expected to add favourable revenue. Power availability as well as market conditions are expected to improve. Steps have been taken to increase export sales. The working results are expected to be satisfactory.

PUBLIC DEPOSITS

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

DIRECTORS

Sri K N V Ramani and Sri K Sadhasivam, 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 not furnished as none of the employees were drawing remuneration in excess of limits specified therein.

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 - I.

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 2011-2012 and of the loss of the company for the year under review.

(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.

COST AUDITOR

Sri M Nagarajan, Cost Accountant, Coimbatore has been appointed as Cost Auditor to conduct Cost Audit of the Company for the financial year 2012 onwards, subject to 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 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.

BY ORDER OF THE BOARD

S V ARUMUGAM

Chairman & Managing Director

Coimbatore

30th May, 2012

ANNEXURE I

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 80 cardings and 7 blow room line machinery.

ii. Comber waste suction fan (Energy efficient) replaced without increasing additional motor capacity for 11 combers.

b. Additional Investments and Proposals, if any, being implemented for reduction of consumption of energy:

The Company has plans to install latest energy saving machineries for reduction of consumption of power in the process of production in the spinning units.

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

The above measures already implemented have resulted in reduction of power consumption and consequent reduction in cost of production of finished goods.

FORM A-PARTICULARS WITH RESPECT OF ENERGY CONSERVATION

PARTICULARS	Current Year	Previous Year
I. POWER AND FUEL CONSUMPTIONS		
1. Electricity		
a) Purchased (includes power availed from Wind Mills)	768.30	812.63
Amount spent (Rs in Lakhs)	3,605.47	3,475.63
Rate per unit (Rs)	4.69	4.28
b) Own Generation		
i) Through Diesel Generator		
Total Units produced (in Lakhs)	40.25	74.14
Units produced per litre of diesel (Units)	3.32	3.39
Amount spent (Rs in lakhs)	441.30	760.33
Cost per unit (Rs)	10.96	10.25
ii) Through steam turbine/generator	Nil	Nil
2. Coal	Nil	Nil
3. Furnace oil	Nil	Nil
4. Others /Internal Generation	Nil	Nil
II. CONSUMPTION PER UNIT OF PRODUCTION	**Current Year**	**Previous Year**
Product : COTTON YARN		
Production in MT	14,639.91	22,234.77
Electricity consumed in units (in Lakhs)	739.02	786.07
Electricity consumed per Kg of yarn (Units)	5.05	3.54

B) TECHNOLOGY ABSORPTION RESEARCH AND DEVELOPMENT (R&D)

1.	Specific areas in which R&D carried out by the Company	:	Nil
2.	Benefits derived as a result of above R&D	:	Nil
3.	Future Plan of Action	:	Nil
4.	Expenditure on R&D	:	Nil
5.	Technology absorption, adaptation and innovation	:	Nil
	i) Efforts in brief, made towards technology absorption Adaptation and innovation	:	Nil
	ii) Benefits derived as a result of above effects	:	Nil
	iii) Imported Technology	:	Nil

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

i) Total Foreign Exchange used Remittance in Foreign Currency on account of :

Travelling	:	₹ 55,48,026/-
Commission	:	₹ 2,56,61,263/-
Interest	:	₹ 2,03,69,067/-
Purchase of Spares and Capital Goods	:	₹ 4,43,36,109/-
Purchase of Raw Materials	:	₹ 18,22,00,454/-

ii) Foreign Exchange earned : ₹ 1,82,50,83,383/-

BY ORDER OF THE BOARD
S V ARUMUGAM
Chairman & Managing Director

Coimbatore
30th May, 2012