



BANNARI AMMAN
Spinning Mills Ltd.



23rd
Annual Report
2013

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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, COIMBATORE.

**BOARD OF DIRECTORS**

Sri S V Arumugam	-	Chairman & Managing 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 Maharashtra
Indian Bank
IDBI Bank
Allahabad Bank



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 23rd 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 the Monday the 23rd day of September 2013 at 9.15 A.M 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, 2013 and the Statement of Profit and Loss 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 Palaniswami, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Dr K R Thillainathan, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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 17.9.2013 to 23.9.2013 (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.

Coimbatore
18th May, 2013

BY ORDER OF THE BOARD
N KRISHNARAJ
Company Secretary



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 S Palaniswami
Age	:	69 years
Qualification	:	B.E., Electrical Engineering
Date of Appointment	:	26.5.2008
Experience	:	He has more than 33 years of experience in the field of Vertical Transportation Elevators, Escalators and allied products.
Other Directorships	:	Shiva Taxyarn Limited
Member of Committees	:	Audit Committee - Member
Member of Committees in other Public Limited Companies	:	Shiva Taxyarn Limited Audit Committee - Member Remuneration Committee - Member
Number of Shares held in the Company	:	172

Name	:	Dr K R Thillainathan
Age	:	59 years
Qualification	:	M B B S
Date of Appointment	:	26.5.2008
Experience	:	He has more than 33 years of experience in Medical Profession
Other Directorships	:	Shiva Taxyarn Limited
Member of Committee	:	Nil
Member of Committees in other Public Limited Companies	:	Shiva Taxyarn Limited Remuneration Committee - Member
Number of Shares held in the Company	:	Nil

BY ORDER OF THE BOARD

N KRISHNARAJ

Company Secretary

Coimbatore

18th May, 2013

**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the 23rd Annual Report together with audited accounts of the Company for the year ended 31st March, 2013.

FINANCIAL RESULTS :**(Rs in Lakhs)**

	2012-2013	2011-2012
Profit before Depreciation	7,648.08	326.47
Less: Depreciation	3,575.65	3,722.63
Less : Taxes	1,340.61	-1,758.55
Less : Extra Ordinary Item (Net of Tax Expenses)	-	-
Profit after Tax	2,731.81	-1,637.61
Surplus brought forward from last year	-611.25	1,026.36
Amount available for appropriation	<u>2,120.56</u>	<u>-611.25</u>
Appropriations:		
Provision for Equity Dividend	315.09	-
Provision for Tax on Dividend	53.55	-
Transfer to General Reserve	1,000.00	-
Surplus carried over to Balance Sheet	751.92	-
Total	<u>2,120.56</u>	<u>-</u>

DIVIDEND

Your Directors are glad to recommend payment of dividend of ₹ 2 per equity share of ₹ 10/- each to the equity shareholders (Last year Nil per share of ₹ 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 17790.26 tonnes (14696.59 tonnes) inclusive of purchased quantity 226.97 tonnes (56.68 tonnes) of Yarn and sold 17286.64 tonnes (16136.67 tonnes) of Yarn. The sales include 9337.58 tonnes (8603.05 tonnes) by way of Export. The total sales of this division amounted to ₹ 40210.94 Lakhs (₹ 34489.74 Lakhs) of which export sales amounted to ₹ 20499.79 Lakhs (₹ 18382.30 Lakhs) constituting 50.98% (53.30%) of the total revenue.



Weaving Division

The Weaving Division specializes in manufacturing wider-width cotton fabric. During the year under review, 61.28 Lakh metres (66.93 Lakh Metres) of Fabric were produced and 69.58 Lakh Metres (70.21 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 618.25 Lakh units of wind energy as against 528.55 lakh units produced in the last year.

Processing and Technical Textiles Division

During the year under review, 7.74 Lakh Metres (16.03 Lakh Metres) of Coated Fabric were produced and 8.81 Lakh metres (16.52 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, 0.37 Lakh Metres (3.35 Lakh Metres) of Breathable water proof Fabric were produced and 0.74 Lakh metres (3.46 Lakh metres) were sold under the Brand name Quick dry.

Garment Division

During the year under review, 5.32 lakh pieces of Garments were produced inclusive of purchased quantity 0.47 lakhs pieces and sold 5.14 lakh pieces. The total sales of this division amounts to ₹ 1934.63 lakhs of which export sales amounted to ₹ 1894.35 lakhs.

Prospects for the Current Year

The revival of Dying units in Tirupur, Tamilnadu, improvements in Garments Export coupled with stability in cotton prices is expected to contribute favorably to the working results of the company. In the current year also the power supply situation in the state of Tamilnadu remains severely affected. However the company has identified alternate sources of power to overcome power shortage. Barring unforeseen circumstances the overall performance of the company expected to be satisfactory.

PUBLIC DEPOSITS

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



DIRECTORS

Sri S Palaniswami and Dr K R Thillainathan, Directors will retire by rotation at the ensuing annual general meeting and they are eligible for re-appointment.

Sri S K Sundararaman ceased to be a Director of the Company by resignation with effect from 31.5.2012. The Board wishes to place on record its appreciation for the valuable services rendered by Sri S K Sundararaman during his tenure of office as Director and Executive Director in the growth of the Company.

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

None of the Employee is drawing remuneration in excess of the limits specified under Section 217(2A) of the Companies Act, 1956. Hence 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.

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.

DIRECTOR'S 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 2012-2013 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.

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 – 2013 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 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

18th May, 2013

BY ORDER OF THE BOARD

S V ARUMUGAM

Chairman & Managing Director



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) Humidification plant fans blade angle optimized according to the outside climate conditions.

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)	828.60	768.30
Amount spent (₹ in Lakhs)	5,825.30	3,605.47
Rate per unit (₹)	7.03	4.69
b) Own Generation		
i) Through Diesel Generator		
Total Units produced (in Lakhs)	56.55	40.25
Units produced per litre of diesel (Units)	3.14	3.32
Amount spent (₹ in lakhs)	673.53	441.30
Cost per unit (₹)	11.91	10.96
ii) Through steam turbine/generator	Nil	Nil