

*15<sup>th</sup>*  
ANNUAL  
REPORT  
2005

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**BANNARI AMMAN**  
Spinning Mills Ltd.

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## **BANNARI AMMAN GROUP**

A multi-faceted corporate conglomerate based in Coimbatore, Tamil Nadu with a combined annual turnover in excess of 1200 crores and net worth of 450 crores.

The group functions under the able guidance of its founder Chairman, Sri.S.V.Balasubramaniam and has a presence in sugar, distillery, textiles, granite, power generation, education, health care, automobile service centers, IT services, food processing etc.,

In over two decades of operations the group has created a reputation for providing maximum value to all stakeholders.

**BANNARI AMMAN**  
Spinning Mills Ltd.

*A Bannari Amman Group Company*

## **BANNARI AMMAN** Spinning Mills Ltd.

### **OUR VISION**

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To achieve excellence in all sectors of the textile industry, from fiber to finished product, constantly striving to be at the forefront of our industry and to generate highest possible value to all stakeholders.

### **MISSION**

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- To manufacture international quality yarn and fabric, with the highest level of competitiveness on all parameters.
- To effectively harness and integrate all available technology across various elements of the textile chain.
- To cater to product innovation by mastering value added areas like processing and finishing.

## BANNARI AMMAN Spinning Mills Ltd.

### BANNARI AMMAN SPINNING MILLS LIMITED

<b>BOARD OF DIRECTORS</b>	:	Dr S V BALASUBRAMANIAM - CHAIRMAN SRI S V ALAGAPPAN - VICE CHAIRMAN and MANAGING DIRECTOR SRI S V KANDASAMI - DIRECTOR SRI S V ARUMUGAM - DIRECTOR SRI S V BALAKRISHNAN - DIRECTOR SRI S K SUNDARARAMAN - DIRECTOR SRI C SIVASWAMY - DIRECTOR
<b>REGISTERED OFFICE</b>	:	252, METTUPALAYAM ROAD, COIMBATORE 641 043 TAMILNADU
<b>PLANT LOCATIONS</b>		
<b>SPINNING DIVISION</b>	:	NADUKANDANUR PIRIVU, MOREPATTY POST, VADAMADURAI, DINDIGUL 624 802 TAMILNADU
<b>WEAVING DIVISION</b>	:	COIMBATORE - SATHY ROAD, KUNNATHUR VILLAGE, COIMBATORE 641 107 TAMILNADU
<b>WINDMILL DIVISION</b>	:	IDUKANDURAI VILLAGE, DHANAKARKULAM VILLAGE, RADHAPURAM TALUK, TIRUNELVELI DISTRICT TAMILNADU
<b>BANKERS</b>	:	THE KARUR VYSYA BANK LTD CORPORATION BANK ICICI BANK LIMITED
<b>AUDITORS</b>	:	M/s P.N.RAGHAVENDRA RAO & CO CHARTERED ACCOUNTANTS COIMBATORE

## INDUSTRY OUTLOOK AND PLANS FOR THE FUTURE

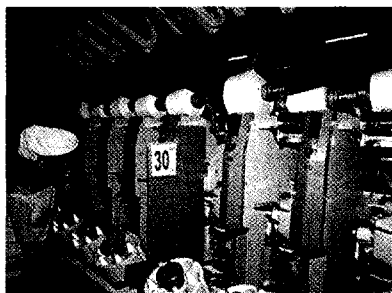
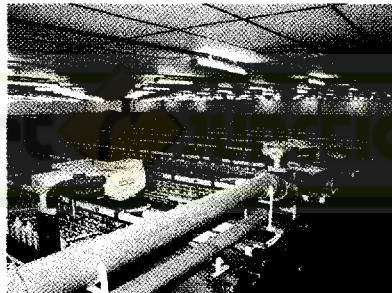
The post - quota regime has seen a global shrinkage of the number of preferred supplier nations, with India being one of the major beneficiaries. The Indian market is also growing rapidly, with an emerging middle class driving consumer spending. The opening of borders under the WTO also raises the possibility of having to compete with foreign imports in the domestic segment.

To successfully face these challenges and utilise the opportunities we need to optimise production parameters, by growing in size and scale as well as modernizing equipment. Integration across the value chain from yarn to finished product is necessary, so also the need to improve quality service and client interface operations.

In this context, we have planned a comprehensive expansion in

all current areas of operations, from Spinning and Weaving to captive power generation through wind mills. We have also planned for a significant investment in fabric processing and finished product manufacturing, especially in the Home Textiles Segment.

Our strengths over the years have been our operational efficiency which we have improved in a scientific manner, our investment is machinery upgradation on a constant basis, strategic raw material sourcing, a very strong management and executive team, a skilled and dedicated work force enjoying excellent labor relationships, proximity to major markets and clusters. These strengths, combined with the knowledge of industry we possess and the goodwill we enjoy in the market, make us confident of emerging as one of the leaders in the textile industry in India.



**BANNARI AMMAN**  
Spinning Mills Ltd.

— Spinning Division —

Established in 1995, the spinning unit with an installed capacity of 29,232 spindles produces 16 tonnes of cotton yarn per day. The mill is equipped with Chute Feed Cards, Auto leveler Draw Frames, Spinning Frames with Ring Data System and Automatic Waste Collection System in all departments and imported Schlafhorst Autoconers with SIRO Clearers to ensure the finest quality of yarn.

**24%**  
of  
production  
exported

The product range includes 20s, 30s & 40s combed and carded knitting cotton yarn and caters to Tirupur, Kolkata & Kanpur markets. The mill exports 24% of its production to Far East, Israel and Mauritius markets, and is a recognised export house.

*'Every customer feedback is our performance tracker'.*



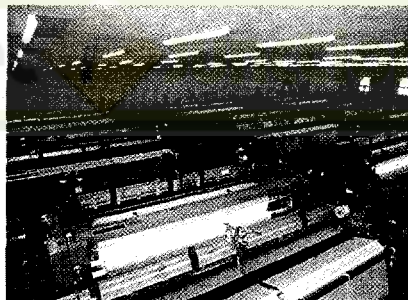


### — Weaving Division —

The Weaving Division of the company was set up in the year 2004 near Coimbatore and has an installation of 28 Sulzer 7100 projectile machines. The unit is equipped with humidification plant, power house, standby generators and hostel facility for the workers. In the short time of its existence the unit has already established a reputation for manufacturing very high end wide width cotton fabric in challenging constructions.

Our weaving unit specializes in manufacturing wide-width cotton fabric in the 500-1000 TC (thread count) range. The Sulzer projectile looms in our weaving division are very versatile machines, with the capability to weave across a range of fibres and counts in an economic manner.

The weaving unit is to be expanded with sophisticated sizing and warping facilities. The focus will be on creating specialized capacity that is in high demand and which would accommodate the trends of the market in terms of product quality and range for a few years to come.



### — Wind Mills Division —

To enhance our global competitiveness and rationalize our power costs, we have invested in power generation from wind turbines. These four turbines, located at Sangneri near Kanyakumari, Tamil Nadu, have an installed capacity of 5 MW (1250KWx4) and expect to produce 14.9 million units of power per annum.

The infrastructure is maintained by Suzlon Energy Limited and the power produced is transferred to the State Electricity Board. Our spinning unit receives credit for the power generated by these wind turbines after deduction of the wheeling charges. Suzlon Energy Limited has guaranteed a production of 29.6 million units over a period of two years starting from the 30<sup>th</sup> day of commissioning, failing which compensation calculated on a unit rate basis as per the applicable tariff of the state electricity board will be payable at the end of the two year period. The two year period expires in October 2006.



**BANNARI AMMAN**  
Spinning Mills Ltd.

## Chairman's Letter

Dear Members,

We commenced our commercial operations in the year 1995 and after successful completion of 10 years of operations, we have evolved to be a significant player in cotton yarn spinning in India, commanding a premium for our products. We have been awarded Export House status by the Government of India in recognition of our export performance.

According to various studies, the Indian Textile Industry, especially the textile exports is expected to receive unprecedented demand for the products since the quota regime stands dismantled. Top textile importing countries like USA and EU are looking forward to India to meet their import requirements.

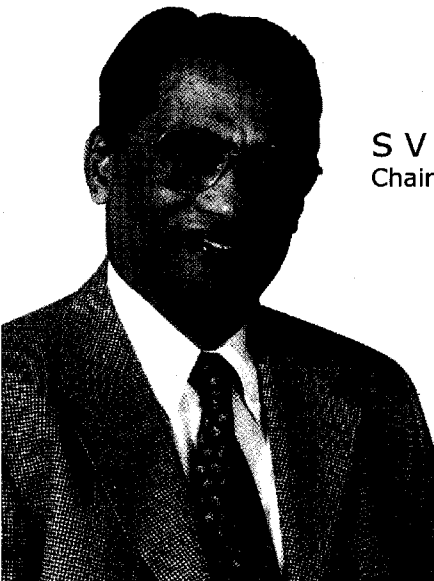
According to a recent study by CRISIL, the Indian Textile and Apparel Industry can achieve a business of US \$ 85 billion by 2010 of which the share of domestic market would be US \$ 45 billion and the exports would be US \$ 40 billion.

The opening up of enormous challenges and opportunities for the Indian Textile sector can be met by the companies who can plan and rise up to the standards and expectations and such of those companies will be the market leaders in the years to come.

Our strategy is to expand our existing capacity in spinning and weaving as well as enter other areas including processing and garmenting / home textiles. This would enable us to be an important player in the textile field with vertically integrated operations.

We have an installed capacity of 5 MW wind mills which caters to our power requirement. Our proposed acquisition of more wind mills will give us further cost advantage.

I'm confident that our cost effective processes, strong relationship with our buyers, global sourcing practices, prudent financial management and our network and goodwill in the market will provide us with enough impetus to achieve our growth plans.



**S V Balasubramaniam**  
Chairman

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

**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the **FIFTEENTH ANNUAL GENERAL MEETING** of the Members of Bannari Amman Spinning Mills Limited will be held at its Registered Office at 252, Mettupalayam Road, Coimbatore 641 043, on Wednesday, the 25<sup>th</sup> day of July 2005 at 10.00 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 BUSINESS**

1. To consider and adopt the Audited Balance Sheet as at 31st March 2005, the Profit and Loss Account for the year ended on that date together with the reports of the Directors' and Auditors' thereon.
2. To declare a Dividend.
3. To appoint a Director in the place of Sri.S.V.Balakrishnan, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Sri C Sivasamy, who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and fix their remuneration.

**SPECIAL BUSINESS**

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

"RESOLVED that the appointment of Sri S V Arumugam as Managing Director of the Company for a period of five years with effect from 27.06.2005 and the remuneration payable to him as detailed below, be and are hereby approved".

**SALARY**

Rs 75,000/- per month (Rupees Seventy Five Thousand only).

**PERQUISITES**

- (A) Contribution to Provident Fund to the extent not taxable under the Income Tax Act.
- (B) Gratuity at the rate of half a month's salary for each completed year of service.
- (C) Encashment of leave at the end of the tenure as per the rules of the Company.

**OTHER PERQUISITES**

As may be decided by the Board of Directors of a value not exceeding annual salary.

The above salary and perquisites may be paid as minimum remuneration even in the event of loss or inadequacy of profits in any year.