



**BANNARI AMMAN**  
Spinning Mills Ltd.



*20<sup>th</sup>*  
Annual Report  
*2010*

**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**

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

**COMPANY SECRETARY**

Sri N Krishnaraj

**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

**SPINNING DIVISION**

Nadukandanur Pirivu  
Morepatty Post  
Vadamadurai, Dindigul - 624 802  
Tamilnadu

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**

Irukandurai & Dhanakarkulam  
Villages, Radhapuram Taluk  
Tirunelveli District, Tamilnadu

Chinnapudur Village  
Dharapuram Taluk, Erode District  
Tamilnadu

Melkaraipatti & Kottathurai  
Villages, Palani Taluk  
Dindigul District, Tamilnadu



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## **NOTICE TO SHAREHOLDERS**

**NOTICE** is hereby given that the 20<sup>th</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 the 20<sup>th</sup> day of September 2010 at 10.15 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 31<sup>st</sup> March, 2010 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 K N V Ramani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri S Palaniswami, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Dr K R Thillainathan, 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 an Ordinary Resolution:

**RESOLVED** that pursuant to Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the approval of the shareholders be and is hereby accorded to the Board of Directors for appointment and payment of remuneration to Sri S V Arumugam, Managing Director with effect from 27.06.2010 for a further period of 5 years, as detailed below:

**SALARY** : Rs.3,00,000/- per month (Rupees Three Lakhs only).

#### **PERQUISITES :**

- (A) Contribution to Provident Fund to the extent not taxable under the Income Tax Act, 1961.
- (B) Gratuity at the rate of half a month's salary for each completed year of service, payable from the tenure of his first appointment.
- (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 payable in cash or kind for aggregate value not exceeding annual salary.

If in any Financial Year, the perquisites stated above are not availed in full, the unavailed portion thereof may be encashed at the end of the year or carried over to be availed in any subsequent year or at the end of the term, either by encashment or by availing of the perquisite.

#### **COMMISSION :**

3% of the Net Profits of the Company, subject to the maximum ceiling specified in Section I of Part II of Schedule XIII to the Companies Act, 1956.



**MINIMUM REMUNERATION:**

Where in any financial year, during the tenure of appointment of the Managing Director, the Company has no profits or if profits are inadequate it may pay him remuneration by way of salary and perquisites up to the amounts listed above, subject to the limit as per scale of remuneration prescribed in Clause 1 (A) of Section II of Part II in Schedule XIII of the Companies Act, 1956.

8. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
- RESOLVED that pursuant to Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the approval of the shareholders be and is hereby accorded to the Board of Directors for appointment and payment of remuneration to Sri S K Sundararaman, Executive Director with effect from 27.06.2010 for a further period of 5 years, as detailed below:

**SALARY :** Rs.2,00,000/- per month (Rupees Two Lakhs only).

**PERQUISITES :**

- (A) Contribution to Provident Fund to the extent not taxable under the Income Tax Act, 1961.
- (B) Gratuity at the rate of half a month's salary for each completed year of service, payable from the tenure of his first appointment.
- (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 payable in cash or kind for aggregate value not exceeding annual salary.

If in any Financial Year, the perquisites stated above are not availed in full, the unavailed portion thereof may be encashed at the end of the year or carried over to be availed in any subsequent year or at the end of the term, either by encashment or by availing of the perquisite.

**COMMISSION :**

2% of the Net Profits of the Company, subject to the maximum ceiling specified in Section I of Part II of Schedule XIII to the Companies Act, 1956.

**MINIMUM REMUNERATION**

Where in any financial year, during the tenure of appointment of the Executive Director, the Company has no profits or if profits are inadequate it may pay him remuneration by way of salary and perquisites up to the amounts listed above, subject to the limit as per scale of remuneration prescribed in Clause 1 (A) of Section II of Part II in Schedule XIII of the Companies Act, 1956.

**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 15.09.2010 to 20.09.2010 (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 20.09.2010. 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 14.09.2010.



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 businesses under Items 7 and 8 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

27<sup>th</sup> May, 2010

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

**Item No.7:**

The term of office of Sri S V Arumugam, Managing Director of the Company will expire on 26.06.2010. He is associated with the Textile Industry about 25 years. Under his stewardship, the Company has grown from strength to strength and has achieved the status of one of the most reputed Companies in the textile industry. Considering the increase in the volume of business, duties and responsibilities on account of the implementation of the expansion and modernisation projects and the commendable performance achieved by the Company during his tenure of office, the Board of Directors have proposed to re-appoint Sri S V Arumugam as Managing Director and to increase the remuneration payable to him, with effect from 27.06.2010 for further period of 5 years. The aforesaid re-appointment and increase in remuneration was approved by the Remuneration committee at its meeting held on 25.05.2010.

The terms and conditions of appointment are set out in the text of the resolution contained in the Notice of the Annual General Meeting, which may also be treated the Notice required under Section 302 of the Companies Act, 1956.

The remuneration proposed is within the limits prescribed in Schedule XIII of the Companies Act, 1956.

Necessary resolutions are placed before the Members for their approval.

None of the Directors except Sri S V Balasubramaniam, Sri S V Alagappan, Dr S V Kandasami, Sri S V Arumugam (the appointee) and Sri A Senthil is interested in this item of the Agenda.

**Item No.8:**

The term of office of Sri S K Sundararaman, Executive Director of the Company will expire on 26.06.2010. He is associated with the Textile Industry about 10 years. Considering the increase in the volume of business, duties and responsibilities on account of the implementation of the expansion and modernisation projects, the Board of Directors have proposed to re-appoint Sri S K Sundararaman as Executive Director and to increase the remuneration payable to him, with effect from 27.06.2010 for a further period of 5 years. The aforesaid re-appointment and increase in remuneration was approved by the Remuneration committee at its meeting held on 25.05.2010.

The terms and conditions of appointment are set out in the text of the resolution contained in the Notice of the Annual General Meeting, which may also be treated the Notice required under Section 302 of the Companies Act, 1956.

The remuneration proposed is within the limits prescribed in Schedule XIII of the Companies Act, 1956.

Necessary resolutions are placed before the Members for their approval.

None of the Directors except Sri S V Kandasami and Sri S K Sundararaman (the appointee) is interested in this item of the Agenda.

BY ORDER OF THE BOARD

**S V BALASUBRAMANIAM**

**Chairman**

Coimbatore

27<sup>th</sup> May, 2010





## 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 Arumugam</b>
Age	: 61 years
Qualification	: B.Sc., ACA
Date of Appointment	: 27.05.2005
Experience	: He has more than 25 years of experience in Textile Industry
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 Madras Sugars Limited Shiva Cargo Movers Limited Shiva Distilleries Limited Shiva Texyarn Limited SIMA Textile Processing Center Limited Confederation of Indian Textile Industry Anamallais Agencies Private Limited Anamallais Automobiles Private Limited Annamallal Enterprise Private Limited Annamallai Estates Private Limited Annamallai 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 Senthil Infrastructure Private Limited Shiva Automobiles Private Limited Vedanayagam Hospital Private Limited
Member of Committee	: Nil
Member of Committees in other Public Limited Companies	: <b>Bannari Amman Sugars Limited</b> Audit Committee - Member Shareholders Committee - Chairman <b>Shiva Texyarn Limited</b> Investors Grievance Committee - Member
Number of Shares held in the Company	: 1,253



Name : **Sri S K Sundararaman**  
 Age : 37 years  
 Qualification : MBA  
 Date of Appointment : 27.05.2005  
 Experience : He has more than 10 years of experience in the field of Information Technology and Technical Education, especially in the textile Technology  
 Other Directorships : Shiva Texyarn Limited  
 Bannari Infotech Private Limited  
 Member of Committee : Investor's Grievance Committee - Member  
 Member of Committees in other Public Limited Companies : **Shiva Texyarn Limited** - Audit Committee - Member  
 Number of Shares held in the Company : Nil

Name : **Sri K N V Ramani**  
 Age : 78 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  
 Member of Committee : Audit Committee - Member  
 Remuneration Committee - Chairman  
 Member of Committees in other Public Limited Companies : **Shiva Texyarn Limited :**  
 Audit Committee - Chairman  
**Sri Chamundeswari Sugars Limited :**  
 Remuneration Committee - Chairman  
**Sri Kannapiran Mills Limited:**  
 Audit Committee - Chairman  
 Remuneration Committee - Chairman  
**K G Denim Limited :**  
 Audit Committee - Member  
 Remuneration Committee - Chairman  
**L G B Forge Limited :**  
 Remuneration Committee - Chairman  
 Number of Shares held in the Company : Nil





Name : **Sri S Palaniswami**  
Age : 66 years  
Qualification : B.E Electrical Engineering  
Date of Appointment : 26.05.2008  
Experience : He has more than 30 years of experience in the field of Vertical Transportation Elevators, Escalators and allied products.  
Other Directorships : Shiva Texyarn Limited  
Member of Committee : Audit Committee - Member  
Member of Committees in other Public Limited Companies : **Shiva Texyarn Limited :**  
Audit Committee - Member  
Number of Shares held in the Company : 172

Name : **Dr K R Thillainathan**  
Age : 56 years  
Qualification : MBBS  
Date of Appointment : 26.05.2008  
Experience : He has more than 30 years of experience in Medical Profession  
Other Directorships : Shiva Texyarn Limited  
Member of Committee : Nil  
Member of Committees in other Public Limited Companies : **Shiva Texyarn Limited :**  
Remuneration Committee - Member  
Number of Shares held in the Company : Nil

Coimbatore  
27<sup>th</sup> May, 2010

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



## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 20<sup>th</sup> Annual Report together with audited accounts of the Company for the year ended 31<sup>st</sup> March, 2010.

## FINANCIAL RESULTS

(Rs in Lakhs)

	2009-2010	2008-2009
Profit before Depreciation	4,799.92	3,139.28
Less: Depreciation	2,565.30	2,180.84
Less : Taxes	729.02	153.60
Profit after Tax	1,505.60	804.83
Surplus brought forward from last year	784.25	238.73
Amount available for appropriation	<u>2,289.85</u>	<u>1,043.56</u>
<b>Appropriations:</b>		
Provision for Equity Dividend	236.31	157.54
Provision for Tax on Dividend	40.16	26.77
Transfer to General Reserve	1,500.00	75.00
Surplus carried over to Balance Sheet	513.37	784.25
Total	<u>2,289.85</u>	<u>1,043.56</u>

## DIVIDEND

Your Directors are glad to recommend payment of dividend of Rs.1.50/- per equity share of Rs.10/- each to the equity shareholders (15% on the Equity Capital). The dividend is free from income tax in the hands of shareholders.

## REVIEW OF OPERATIONS

The performance of the company during the year under review was encouraging. The improvement in demand for textile products in both Domestic and Export Markets and consequent better off take for the products of the Company, in the second half of the financial year has resulted in improved performance when compared to the last year. Having put to use all the production facilities last year itself, the company could achieve Optimum Capacity Utilization during the year under review.

The performance of Spinning & Weaving Divisions is satisfactory, despite the high cotton price for major part of the year and intense power cut and intermittent power shutdowns prevailing in Tamilnadu. The Directors are optimistic of better performance in the current financial year.

### Spinning Division

During the year under review, the Spinning Mills produced 19318.86 tonnes – inclusive of purchased quantity (58.39 tonnes) of Yarn and sold 19294.03 tonnes (18572.42 tonnes) of Yarn. The sales include 5413.49 tonnes (5163.25 tonnes) by way of Export. The total sales of this division amounted to Rs. 26798.24 Lakhs (Rs.24600.73 Lakhs) of which export sales amounted to Rs.7507.00 Lakhs (6249.93 Lakhs) constituting 28.01% (25.41%) of the total revenue. The demand and realizations of finished products in Spinning Division were encouraging.