



BANNARI AMMAN SPINNING MILLS LTD



25th
ANNUAL REPORT
2015

CONTENTS

Board of Directors	1
Notice to Shareholders	2
Directors' Report	12
Annexure to Directors' Report	20
Corporate Governance	38
Management Discussion and Analysis	51
Auditors' Certificate on Corporate Governance	54
Independent Auditors' Report	55
Balance Sheet	60
Statement of Profit and Loss Account	61
Notes to Financial Statement	62
Cash Flow Statement	92
Financial Performance - Year wise	94

**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
Smt S Sihamani	-	Director

CHIEF EXECUTIVE OFFICER

Sri A Senthil

COMPANY SECRETARY

Sri N Krishnaraj

CHIEF FINANCIAL OFFICER

Sri C S Balakumar

AUDITORS

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

INTERNAL AUDITORS

M/s B M & Associates
Chartered Accountants
Coimbatore - 641 014

COST AUDITOR

Sri M Nagarajan
Cost Accountant
Coimbatore - 641 018

REGISTERED OFFICE

252, Mettupalayam Road
Coimbatore - 641 043 Tamilnadu
Ph No : 0422 - 2435555
www.bannarimills.com
CIN : L17111TZ1989PLC002476

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 25th Annual General Meeting of the Members of the Company will be held at Nani Kalaiaragam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641037 on Monday, 28th day of September, 2015 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 BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2015, the reports of the Board of Directors and the Auditors thereon;
2. To declare dividend on equity shares
3. To appoint a Director in the place of Sri S V Arumugam, (DIN 00002458) who retires by rotation and being eligible, offers himself for re-appointment
4. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

RESOLVED that pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder and pursuant to the recommendations of the Audit Committee of the Board, the appointment of the auditors of the Company viz., M/s P N Raghavendra Rao and Co., Chartered Accountants, Coimbatore (Firm Registration No.003328S), to hold office from the conclusion of this 25th Annual General Meeting and untill the conclusion of 26th Annual General Meeting be and is hereby ratified and that the Board of Directors be and are hereby authorised to fix their remuneration for the Financial Year 2015-16, on the recommendation of Audit Committee.

SPECIAL BUSINESS

5. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

RESOLVED that :

- I. Smt S Sihamani, (DIN 06945399), who was appointed as an additional Director of the Company by the Board of Directors w.e.f 1.9.2014 to hold office up to the date of the ensuing 25th Annual General Meeting, be and is hereby appointed as Director of the company and
- II. Pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s)



or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges, Smt S Sihamani, (DIN 06945399), who fulfills the criteria required for appointment as independent Director, be and is hereby appointed as an Independent Director to hold office for a term of five consecutive years, i.e., from the date of the ensuing 25th Annual General Meeting and she is not liable to retire by rotation.

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

RESOLVED that pursuant to Sections 196, 197, 198, 199 and 203 read with Schedule V and any other applicable provisions of the Companies Act, 2013, the approval of the shareholders be and is hereby accorded for appointment and payment of remuneration to Sri S V Arumugam, as Managing Director (DIN 00002458) of the Company for a further period of 3 years w.e.f. 27.6.2015 and that Sri S V Arumugam, Managing Director, be paid the following remuneration as recommended by the Nomination and Remuneration Committee:

1. REMUNERATION: 10% (Ten percent) of the Net Profits of the Company computed under the relevant provisions of the Companies Act, 2013, as overall remuneration, paid in the following manner:

- a. Salary:** ₹ 5,00,000/- (Rupees Five Lakhs only) per month.
- b. Perquisites:** As may be decided by the Board of Directors, an amount not exceeding annual Salary.
- c. Commission:** Balance of overall remuneration remaining after payment of the above Salary and Perquisites at the end of each financial Year.

2. PERQUISITES NOT INCLUDED IN THE ABOVE REMUNERATION:

- I) Contribution to Provident Fund as per rules of the Company, to the extent the same is not taxable under the Income Tax Act, 1961.
- II) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- III) Encashment of leave as per rules of the Company.

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

RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendation of Audit Committee the remuneration of ₹ 1,00,000 (Rupees One Lakh only)



(besides reimbursement of out of pocket expenses incurred by him for the purpose of Audit) payable to Sri M Nagarajan, Cost Accountant (Firm Registration No. 102133), as approved by the Board of Directors for conducting the audit of the Cost Records of the Company for the Financial Year ending 31st March 2016 be and is hereby ratified and confirmed.

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

RESOLVED that Article 106.b) and Article 111 of the Articles of Association of the Company be deleted.

Coimbatore

30th May, 2015

By Order of the Board

S V ARUMUGAM

Chairman & Managing Director

Notes:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10% of the total share capital of the Company. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote at the meeting.
2. Proxies, in order to be effective, should be deposited with the Company, forty eight hours before the commencement of the meeting.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business in respect of items 5 to 8 of the Agenda are annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 22.9.2015 to 28.9.2015 (both the days are inclusive).
5. The dividend, if declared, will be paid to those members whose names appear on the Register of Members of the Company as on 28.9.2015. 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 21.09.2015.
6. 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 be lie against the Company or the Central Government for such unclaimed dividend.

7. Members are requested to bring their copy of the Annual Report along with them to the meeting.
8. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and clause 35B of the Listing Agreement, the Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its Members to enable them to cast their votes electronically instead of casting their vote at a meeting. Please note that the voting through electronic means is optional for the members.
9. The voting through electronic means will commence on 25.9.2015 at 10:00 a.m and will end on 27.9.2015 at 5:00 p.m. The Members will not be able to cast their vote electronically beyond the date and time mentioned above and the e-voting system shall be disabled for voting thereafter.
10. The Company has appointed Mr R Dhanasekaran, Practicing Company Secretary, to act as the Scrutinizer for conducting the voting process in a fair and transparent manner.
11. **The instructions for shareholders voting electronically are as under :**
 - i. The voting period begins on 25.9.2015 at 10.00 AM and ends on 27.9.2015 at 5.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21.9.2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - ii. The shareholders should log on to the e-voting website www.evotingindia.com.
 - iii. Click on Shareholders.
 - iv. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - v. Next enter the Image Verification as displayed and Click on Login.
 - vi. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - vii. If you are a first time user follow the steps given below:



	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Ballot / Attendance Slip indicated in the PAN field.
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi. Click on the EVSN for BANNARI AMMAN SPINNING MILLS LIMITED on which you choose to vote.
- xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii. Click on "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.



- xvi. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvii. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii. Note for Non - Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

12. Kindly note that members can opt for only one mode of voting i.e., either by voting at the venue or through remote e-voting. The Members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their votes again at the venue.
13. In support of the "Green Initiative" announced by the Government of India, electronic copy of the Annual Report and Notice *inter alia* indicating the process and manner of e-voting along with attendance slip and proxy form are being sent by e-mail to those shareholders whose e-mail addresses have been made available to the Company / Depository Participants unless member has requested for a hard copy of the same.

Coimbatore

30th May, 2015

By Order of the Board

S V ARUMUGAM

Chairman & Managing Director



EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM 5

Smt S Sihamani was appointed by the Board of Directors as an Additional Director (Woman Director) of the Company with effect from 1.9.2014 in compliance of section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. Smt S Sihamani will hold her office upto the date of ensuing 25th Annual General Meeting pursuant to Section 161 of the Companies Act, 2013 and is eligible and seeks appointment as a Director.

Further, In terms of Section 149, 150 and 152 and other applicable provisions of the Companies Act, 2013, it is proposed to appoint Smt S Sihamani, as an Independent Director for a term of five consecutive years from the date of the ensuing 25th Annual General Meeting.

The company has received from her the consent to act as Independent Director and a Declaration stating that she meets the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 and Under Clause 49 of the Listing Agreement.

In the opinion of the Board, Smt S Sihamani fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director (Woman Director) of the Company and is independent of the management. She does not hold by herself or for any other person on a beneficial basis, any shares in the Company. Copy of the draft letter for appointment of Smt S Sihamani as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day. The Company has received a notice under Section 160 of the Companies Act, 2013 from a member proposing her candidature for being appointed as an Independent Director together with the requisite deposit.

The Board considers that her association would be of beneficial to the Company and it is desirable to avail services of Smt S Sihamani as an Independent Director. Further information about the appointee, as required to be furnished under Clause 49 of the Listing Agreement with the Stock Exchanges, is annexed.

The Board of Directors recommend the Ordinary Resolution set out in this item of the notice for approval of members.

Except Smt S Sihamani, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested.

ITEM 6

The term of office of Sri S V Arumugam, Managing Director of the Company expires on 26.6.2015. He is associated with the Textile Industry for about 30 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 duties and responsibilities entrusted to him 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 also to fix the remuneration payable to him, for a further period of 3 years with effect from 27.6.2015.