succeed









18th Annual Report 2008





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** Dr K R THILLAINATHAN DIRECTOR SRI S PALANISWAMI **DIRECTOR** SRIKN V RAMANI **DIRECTOR** SRI C S K PRABHU **DIRECTOR** SRIK SADHASIVAM **DIRECTOR**

COMPANY SECRETARY : SRIN KRISHNARAJ

AUDITORS : M/s P. N. RAGHAVENDRA RAO & CO

CHARTERED ACCOUNTANTS COIMBATORE - 641 009

BANKERS: THE KARUR VYSYA BANK LIMITED

CORPORATION BANK ICICI BANK LIMITED

ORIENTAL BANK OF COMMERCE

INDIAN OVERSEAS BANK BANK OF MAHARASTRA

INDIAN BANK

REGISTERED OFFICE: 252, METTUPALAYAM ROAD,

COIMBATORE 641 043

TAMILNADU

SPINNING DIVISION : UNIT I

NADUKANDANUR PIRIVU, MOREPATTY POST, VADAMADURAI, DINDIGUL 624 802, TAMILNADU

: UNIT II

VELVARKOTTAI,

DINDIGULTRICHY NATIONAL HIGHWAY 45,

VEDASANDUR TALUK, DINDIGUL - 624 803, TAMILNADU

WEAVING DIVISION : COIMBATORE - SATHY ROAD,

KUNNATHUR VILLAGE, GANESAPURAM (POST) SS KULAM (VIA), COIMBATORE 641 107, TAMILNADU

KARANAMPET - PARUVAI ROAD

PARUVAI POST, COIMBATORE - 641 658, TAMILNADU

WINDMILL DIVISION : UNIT |

IRUKANDURAI VILLAGE, DHANAKARKULAM

VILLAGE, RADHAPURAM TALUK, TIRUNELVELI DISTRICT, TAMILNADU

UNITII

CHINNAPUDUR VILLAGE,

DHARAPURAM TALUK, ERODE DISTRICT, TAMILNADU



CONTENTS

Notice to Shareholders
Chairman's Letter
Director's Report
Annexure to Director's Report
Coporate Governance
Management Discussion and Analysis23
Auditors' Certificate on Corporate Governance
Auditor's Report
Balance Sheet
Profit and Loss Account
Schedules31
Cash Flow Statement
Balance Sheet Abstract 51



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **18**th Annual General Meeting of the Members of Bannari Amman Spinning Mills Limited will be held at Nani Kalai Arangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore 641037 on the 29th day of September 2008 at 10.15 AM to transact the business set out in the agenda given below:

AGENDA

ORDINARY BUSINESSES

- 1. To receive and adopt the Balance Sheet as at 31st March, 2008 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 Dr S V Kandasami, who retires by rotation and being eligible, offers himself for reappointment.
- 4. To appoint a Director in the place of Sri A Senthil, who retires by rotation and being eligible, offers himself for reappointment.
- 5. To appoint a Director in the place of Sri V Venkata Reddy, who retires by rotation and being eligible, offers himself for reappointment.
- 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 Dr K R Thillainathan, who was co-opted as an additional Director of the Company on 26.05.2008 and who holds office upto to the date of the ensuing 18th Annual General Meeting, be and is hereby appointed as a Director of the Company.
- 8. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

 RESOLVED THAT Sri S Palaniswami, who was co-opted as an additional Director of the Company on 26.05.2008 and who holds office upto to the date of the ensuing 18th Annual General Meeting, be and is hereby appointed as a Director of the Company.
- 9. 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 for the increase in the remuneration payable to Sri S.V.Arumugam, Managing Director with effect from 1.4.2008 for the remaining tenure of his appointment (i.e, upto 26.6.2010), 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.
- (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.

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 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 Section II of Part II in Schedule XIII of the Companies Act, 1956.

10. 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 for the increase in the remuneration payable to Sri S K Sundararaman, Executive Director with effect from 1.4.2008 for the remaining tenure of his appointment (i.e, upto 26.6.2010):

SALARY: Rs 1,25,000/- per month (Rupees One Lakh twenty five thousand 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.
- (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.

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:

1% 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 Section II of Part II in Schedule XIII of the Companies Act, 1956.

Notes:

- 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 from 25.9.2008 to 29.9.2008 (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 29.9.2008. 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 24.9.2008.
- 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 to 10 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 30th June 2008



EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956: Item No. 7:

Dr K R Thillainathan was appointed as an Additional Director of the company with effect from 26.05.2008, to hold office upto the date of the ensuing Annual General Meeting. He is eligible for appointment as a Director. The company has received a notice in terms of Section 257 of the Companies Act, 1956 alongwith the required deposit amount proposing his candidatures. Further information about the appointee as required to be furnished under Clause 49 of the Listing Agreement with the Stock Exchanges is also annexed.

None of the Directors except Dr K R Thillainathan, the appointee, is interested in the above resolution.

Item No. 8:

Sri S Palaniswami was appointed as an Additional Director of the company with effect from 26.05.2008, to hold office upto the date of the ensuing Annual General Meeting. He is eligible for appointment as a Director. The company has received a notice in terms of Section 257 of the Companies Act, 1956 alongwith the required deposit amount proposing his candidatures. Further information about the appointee as required to be furnished under Clause 49 of the Listing Agreement with the Stock Exchanges is also annexed.

None of the Directors except Sri S Palaniswami, the appointee, is interested in the above resolution.

Item No. 9:

Considering the increase in volume of business, duties and responsibilities on account of the implementation of the ongoing expansion and modernisation projects, the Board of Directors have proposed to increase the remuneration payable to Sri S.V.Arumugam, Managing Director, with effect from 1.4.2008 for the remaining tenure of his appointment (i.e, upto 26.6.2010). The aforesaid increase in remuneration was also approved by the Remuneration committee.

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. 10:

Considering the increase in volume of business, duties and responsibilities on account of the implementation of the ongoing expansion and modernisation projects, the Board of Directors have proposed to increase the remuneration payable to Sri S K Sundararaman, Executive Director, with effect from 1.4.2008 for the remaining tenure of his appointment (i. e, upto 26.6.2010). The aforesaid increase in remuneration was also approved by the Remuneration committee.

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 Dr S V Kandasami and Sri S K Sundararaman is interested in this item of the Agenda.



RE-APPOINTMENT OF DIRECTORS

A brief resume in respect of the proposed re-appointment of Directors is given below in terms of Clause 49 of the Listing Agreement.

Name : Dr S V Kandasami

Age: 65 yearsQualification: M. Ch (Urology)Date of Appointment: 15.05.2006

Experience : He has more than 32 Years of experience in Medical profession.

Other Directorships : Annamallai Infrastructures Limited

Bannariamman Finance Limited
Coimbatore Agro Industries Limited
Kerala Alcoholic Products Limited
Shiva Cargo Movers Limited
Anamallais Agencies Private Limited
Annamallai Estates Private Limited

Annamallai Retreading Company Private Limited Bannari Amman Automobiles Private Limited Bannari Amman Infrastructures Private Limited

Bannari Techno Park Private Limited Shiva Automobiles Private Limited Sundar Ram Enterprise Private Limited Vedanayagam Hospital Private Limited

Member of Committees in other Public Limited Companies : Nil Number of Shares held in the Company : 1,252

Name : Sri V Venkata Reddy

Age: 69 YearsQualification: M.B.ADate of Appointment: 15.05.2006

Experience : He has more than 40 years of experience in Industry/Business

Other Directorships : Shiva Hi Tech Infrastructure Limited

Bannari Amman Sugars Ltd

Shiva Texyarn Ltd

Sri Balaji Pilgrim Comforts P Ltd Sri Kollapuri Amma Enterprises P Ltd Sri Kollapuri Amma Agro Industries P Ltd

Member of Committees in other Public Limited Companies : Shiva Texyarn Limited :

Investors Grievance Committee - Chairman Remuneration Committee - Chairman

Bannari Amman Sugars Ltd: Audit Committee - Chairman

Remuneration Committee - Chairman Shareholders Committee-Member

Number of Shares held in the Company : Nil



Name:Sri A SenthilAge:32 yearsQualification:B.Com, M.B.ADate of Appointment:15.05.2006

Experience : 6 Years

Other Directorships : Shiva Texyarn Limited

Anamallais Agencies Private Limited Bannari Amman Automobiles Private Limited

Murugan Enterprise Private Limited Sakthi Murugan Transport Private Limited

Member of Committees in other Public Limited Companies : Nil Number of Shares held in the : Nil

Company

Name : **Dr K R Thillainathan**

Age: 55 yearsQualification: MBBSDate of Appointment: 26.5.2008Experience: 30 Years

Other Directorships : Shiva Texyarn Limited

Member of Committees in other Public Limited Companies : Nil Number of Shares held in the Company : Nil

Name : Sri S Palaniswami

Age: 66 yearsQualification: BEDate of Appointment: 26.5.2008Experience: 40 Years

Other Directorships : Shiva Texyarn Limited

Member of Committees in other Public Limited Companies : Nil Number of Shares held in the Company : Nil

Coimbatore 30.6.2008

BY ORDER OF THE BOARD S V BALASUBRAMANIAM Chairman



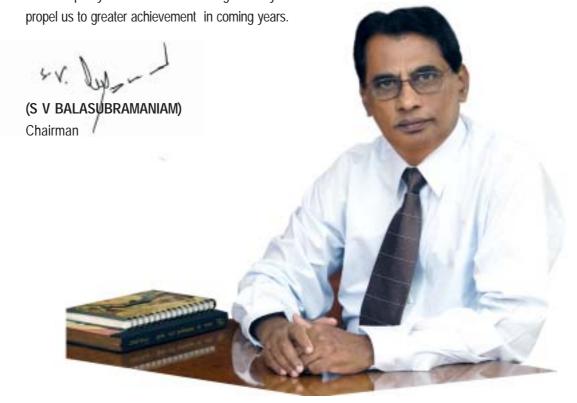
CHAIRMAN'S LETTER

Dear Shareholders,

We stand today in challenging times for the textile industry in our nation and the world as a whole. Various factors like high raw material costs, power demand and forex fluctuations have contributed to a dynamic situation in our industry, yet it is in times of challenge that opportunities arise.

We have, I believe, planned well for facing these challenges. Our spinning expansion is complete and fully functional, a cutting edge unit that will lend a huge edge to our competitiveness. Forward integration in the form of weaving is also complete, paving the path to value addition. Our unit for high value textiles and technical textiles has also been commissioned recently, as have our captive power generation units.

The scenario for the future will entail competition on a global scale without protective barriers and increased costs in all fronts. We are confident that our scale and efficiency of operations combined with our relentless drive for quality will continue to be recognized by the market and





DIRECTORS' REPORT

Dear Members.

Your Directors have pleasure in presenting the Eighteenth Annual Report together with audited accounts of the Company for the year ended 31st March, 2008.

FINANCIAL RESULTS

(Rs in Lakhs)

	2007-2008	2006-2007
Profit before Depreciation	3,122.39	2,563.34
Less: Depreciation	1,493.26	848.69
Less : Fringe Benefit Tax & Other Taxes	523.81	12.50
Profit after Tax	1,105.32	1,702.15
Surplus brought forward from last year	252.05	168.57
Amount available for appropriation	1,357.37	1,870.72
Appropriations:		
Provision for Equity Dividend	315.09	315.09
Provision for Tax on Dividend	53.54	53.54
Transfer to General Reserve	750.00	1,250.00
Surplus carried over to Balance Sheet	238.74	252.09
	1,357.37	1,870.72

DIVIDEND

Your Directors are glad to recommend payment of dividend of 20% on the Equity Capital. The dividend on equity shares, together with distribution tax on corporate dividend, absorbs Rs 368.63 Lakhs. The dividend will be free from income tax in the hands of shareholders.

REVIEW OF OPERATIONS

Spinning Division

During the year under review, the Spinning Mill produced 14629.70 tonnes - inclusive of purchased quantity (6611.05 tonnes) of Yarn and sold 14103.56 tonnes (6342.22 tonnes) of Yarn. The sales include 5515.90 tonnes (1579.60 tonnes) by way of Export. The total sales of this division amounted to Rs.15952.62 Lakhs (Rs.7270.35 Lakhs) of which export sales amounted to Rs 6449.21 Lakhs (2023.31 Lakhs) constituting 40.37% (27.83%) of the total revenue. The demand and realizations of finished product in Spinning Division were encouraging.



The consistent modernisation and expansion of the Spinning Mill with the machinery of latest technology, has helped to improve efficiency and successfully face global competition in the marketing of yarn, both at domestic and international market, both in the past as well as in the current year.

Weaving Division

The Weaving Division specializes in manufacturing wide-width cotton fabric. During the year under review, 14.97 Lakh Metres (14.61 Lakh Metres) of Fabric were produced and 12.68 Lakh metres (14.65 Lakh metres) of Fabric were sold.

Wind Mill Division

The company had installed 4 windmills of 1250 KVA each totalling 5 MW in Tirunelveli District, Tamilnadu (Windmill Unit 1) and 14 Nos Windmills, each of 800 KW capacity totaling 11.20 MW capacity at Dharapuram Taluk, Erode District, Tamilnadu (Windmill Unit 2). The total installed capacity of Windmills is 16.20 MW.

The windmills produced 321.64 Lakh units of wind energy as against 292.60 lakh units produced in the last year. Out of this 75.61 Lakh units were sold to TNEB and the Balance wind energy produced were captively consumed by the Spinning Divisions.

Processing and Technical Textiles Division

The Company has installed a Coating Unit with a capacity to produce 2,00,000 metres of Coated Fabric per month. The end products / applications of these fabrics include home textiles, uphoistery, apparel fabric, performance and industrial fabrics.

The Company has also installed a State of Art reactive (moisture cured) polyurethane lamination system and is producing breathable-waterproof fabrics used in a variety of applications. The Company has launched a retail product called "Quick Dry" for adult and child incontinence in Domestic market which is well received.

EXPANSION

The expansion project of an installed capacity of 1,08,000 spindles in the Spinning Division was completed and commercial sale to both domestic as well as international markets took place.

Your Company is entitled for incentives/ concessions announced by Tamilnadu Government for projects costing more than Rs 300 Crores.

In the Weaving Division, additional 100 numbers of Shuttleless Looms, with warping and sizing machinery have already arrived and the full utilization of the production capacity will be reflected in the coming years.

To meet the power requirements of Unit II of the Spinning Division, additional 9 Windmills each of 800 KW capacity totaling 7.20 MW capacity is being installed in Udumalpet Taluk, Coimbatore District, Tamilnadu.

In the Processing Unit, advances have been made for establishing processing facilities at SIMA Textile Processing Centre, Cuddalore.

Initial Public offer proceeds of Rs. 94.50 Crores have been fully utilized in the implementation of expansion of Spinning units, establishment of Weaving and Processing units.



PUBLIC DEPOSITS

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

DIRECTORS

Dr K R Thillainathan and Sri S Palaniswami were appointed as Additional Directors of the company with effect from 26.05.2008. They hold office upto the date of the ensuing Annual General Meeting of the company. They are eligible and seek reappointment.

Dr S V Kandasami, Sri V Venkata Reddy and Sri A Senthil, Directors will retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

AUDIT COMMITTEE

The Audit Committee stands reconstituted on 26.05.2008 and the present Committee comprises of

- 1. Sri C S K Prabhu Chairman (Non- Executive Independent Director)
- 2. Sri A Senthil Member (Non- Executive Director) and
- 3. Sri K N V Ramani 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 furnished in Annexure-I.

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 -II.

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 judgements 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 2007-2008 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.

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 30th June 2008

BY ORDER OF THE BOARD S V BALASUBRAMANIAM Chairman



ANNEXURE I

Statement pursuant to section 217(2A) of the Companies Act, 1956 and the companies (Particulars of employees) **RULES, 1975**

Name	Designation	Remuneration Received Rs.	Qualification	Age in years as on 31.03.08	Experience in years	Date of commencement of Employment	Particulars of last Employment
Sri S V Arumugam	Managing Director	46,21,449	B.Sc., ACA	59	28	27.06.2005	Managing Director Shiva Texyarn Ltd

Note: 1. The nature of employment is contractual.

- 2. Sri S V Arumugam is related to Dr S V Balasubramaniam Chairman, Sri S V Alagappan, Vice Chairman, Dr S V Kandasami and Sri A Senthil – Directors.
- 3. Remuneration comprises of salary, commission, allowances, contribution to provident fund and monetary value of perquisites.

BY ORDER OF THE BOARD

Coimbatore 30th June 2008 **S V BALASUBRAMANIAM**

Chairman

ANNEXURE II

Information pursuant to Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 A.CONSERVATION OF ENERGY

Energy conservation continues to 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 energy on a continuous basis and as a result, new devises are being installed then and there to conserve energy.

- a. Energy Conservation Measures taken:
 - (i) Optimum utilization of the humidification plants and reduction of fan angles to regulate the air flow.
 - (ii) Installation of energy saving Fans, reduction of Ring dia and Lift and arrangement of Lighting Bulbs.
 - (iii) Using cheaper alternative fuels for improved economy.
- 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 have resulted in reduction of power consumption and consequent reduction in cost of production of finished goods. Units of power consumption saved for a month is around 1,10,000 Units valued around Rs. 4,50,000/- every month.

Form A-Particulars with respect of energy conservation

I. POWER AND FUEL CONSUMPTIONS

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
1. ELECTRICITY		
a) Purchased (includes power availed from Wind Mills)	490.80	209.91
Amount spent (Rs in Lakhs)	2,016.50	858.37
Rate per unit (Rs)	4.11	4.09
b) Own Generation		
i) Through Diesel Generator		
Total Units produced (in Lakhs)	28.21	4.36
Units produced per litre of diesel (Units)	3.64	3.45
Amount spent (Rs in lakhs)	223.18	43.89
Cost per unit (Rs)	10.61	10.07
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		
Product: COTTON YARN	Current Year	Previous Year
Production in MT	14,629.70	6,611.05
Electricity consumed in units (in Lakhs)	484.10	200.16
Electricity consumed per Kg of yarn (Units)	3.31	3.03



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 : Nil

Adaptation and innovation

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 Travel, Training etc : Rs. 83,05,753/-

Remittance in Foreign Currency on account of

Purchase of Spares and Capital Goods : Rs. 28,09,62,876/-

Purchase of Raw Materials : Rs. 5,17,22,283/-

ii) Foreign Exchange earned : Rs. 58,36,45,460/-

Coimbatore 30th June 2008 BY ORDER OF THE BOARD S V BALASUBRAMANIAM Chairman



CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance envisages the attainment of high levels of transparency, accountability, fairness and equity in all facets of procedures and reporting systems.

Bannari Amman Spinning Mills Limited has adopted a Code of Conduct which lays down standards of values, ethics and business principles of management.

BOARD OF DIRECTORS

The Board comprises of 12 Directors viz., 1 Non Executive Chairman, 2 Executive Directors and 9 Non Executive Directors. 6 Directors are Independent Directors.

NAME OF THE DIRECTOR	CATEGORY	NUMBER OF DIRECTORSHIPS HELD IN OTHER COMPANIES *	NUMBER O COMMITTEE N HELD IN OTHER	MEMBERSHIP
			Chairman	Member
Dr S.V.Balasubramaniam	Chairman, Non-Executive	13	-	2
Sri S.V.Alagappan	Non-Executive	12	-	-
Sri S.V.Arumugam	Executive	13	1	2
Dr S.V. Kandasami	Non-Executive	5	-	-
Sri A.Senthil	Non-Executive	1	-	1
Sri S.K.Sundararaman	Executive	1	-	1
Sri V. Venkata Reddy	Non-Executive Independent	3	4	1
Sri K.N.V.Ramani	Non-Executive Independent	4	3	3
Sri C.S.K.Prabhu	Non-Executive Independent	3	2	5
Sri K Sadasivam	Non-Executive Independent	-	-	-
Dr K R Thillainathan**	Non-Executive Independent	1	-	-
Sri S Palaniswami**	Non-Executive Independent	1	-	-

Directors under Sl.no 1 to 4 are related to each other as brothers and Sl.no 3 and 5 & Sl.no 4 and 6 are related as father and son respectively.

BOARD MEETINGS AND ANNUAL GENERAL MEETING

During the financial year, 5 Board Meetings were convened by giving advance notices to the Directors. The meetings were held on 28.05.2007, 11.06.2007, 27.07.2007, 22.10.2007 and on 28.01.2008 at 1212, Trichy Road, Coimbatore-18.

The Board is given all material information which are incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meetings.

^{*} excluding private companies which are not subsidiary of public limited companies.

^{**} Appointed as Additional Directors with effect from 26.05.2008



Details of attendance of each Director at the Board Meetings and at the last Annual General Meeting held on 24.09.2007 along with the particulars of their other directorships are given below:

NAME OF THE DIRECTOR	NUMBER OF BOARD MEETINGS ATTENDED	LAST AGM ATTENDED YES/NO
Dr S V Balasubramaniam	5	Yes
Sri S V Alagappan	5	Yes
Dr S V Kandasami	2	Yes
Sri S V Arumugam	5	Yes
Sri S K Sundararaman	5	Yes
Sri A Senthil	5	No
Sri V Venkata Reddy	5	No
Sri K N V Ramani	5	Yes
Sri C S K Prabhu	5	Yes
Sri K Sadhasivam	5	Yes
Dr K R Thillainathan**	Not Applicable	Not Applicable
Sri S Palaniswami**	Not Applicable	Not Applicable

^{**} Appointed as Additional Directors with effect from 26.05.2008

AUDIT COMMITTEE

The Audit Committee consists of 3 Directors, of which 2 are independent.

Sri C S K Prabhu - Chairman - Independent
Sri K N V Ramani - Member - Independent

Sri A Senthil** - Member

The Audit Committee shall inter-alia review the following:

- a) Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct and sufficient.
- b) Quarterly and Annual financial statements before submission to the Board for approval.
- c) Review with management, external and internal auditors the adequacy of internal control system, significant findings and follow-up thereon.
- d) Company's financial and risk management policies.
- e) Management discussion and analysis of financial condition and result of operations.

^{**} Appointed as a member with effect from 26.05.2008 in the place of Sri.S.V.Alagappan.



During the financial year, the Audit Committee met 5 times and the attendance of each member is furnished below:

Name of the Member	No of Meetings Attended
Sri C S K Prabhu	5
Sri S V Alagappan	3
Sri KNV Ramani	4
Sri A Senthil**	Not Applicable

^{**} Appointed as a member with effect from 26.05.2008

REMUNERATION COMMITTEE

The Remuneration Committee consists of 3 Directors. All are independent.

Sri K N V Ramani - Chairman
 Sri C S K Prabhu - Member
 Sri V Venkata Reddy - Member

The terms of reference specified by Board of Directors to the Remuneration Committee are as under:

- (a) Recommending remuneration payable to Managing Director and other Directors as and when necessity arises.
- (b) Reviewing sitting fees payable to Directors for attending Board Meetings, Committee Meetings etc.

Details of remuneration paid to Managing Director are given in Schedule - (Page No 41).

All the non-executive Directors are paid a sitting fee of Rs 2,000/- for each Board Meeting attended by them.

INVESTOR'S GRIEVANCE COMMITTEE

The Investor's Grievance Committee was formed to specifically look into shareholders/investors complaints, if any, on transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividend, etc., and also the action taken by the Company on those matters.

The Investor's Grievance Committee consists of:

Sri C S K Prabhu - Chairman Sri S K Sundararaman - Member

Sri N Krishnaraj, Company Secretary is the compliance Officer.

The company received 23 complaints from the shareholders during the financial year 2007-2008. All the complaints have been resolved to the satisfaction of the shareholders.



GENERAL BODY MEETING

Location and time where last three Annual General Meetings were held:

AGM	Date	Venue	Time
15th	25.07.2005	252, Mettupalayam Road, Coimbatore-641 043	10.00 A.M
16th	21.08.2006	Nani Kalai Arangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore 641037	5.00 P.M
17th	24.09.2007	Nani Kalai Arangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore 641037	4.00 P.M

Disclosures

- i) None of the transactions with related parties during the year 2007-2008 were in conflict with the interest of the company.
- ii) There was no instance of non-compliance of any matter related to the capital markets during the last 3 years.

MEANS OF COMMUNICATION

- i) The quarterly/half-yearly/annual financial results of the Company are announced within the stipulated period and are normally published in English and Tamil newspapers.
- ii) The Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the company.

SHAREHOLDERS' INFORMATION

Annual General Meeting

Day and Date : 29.9.2008
Time : 10.15 A.M

Venue : Nani Kalai Arangam

Mani Higher Secondary School

Pappanaickenpalayam, Coimbatore 641037

FINANCIAL CALENDAR

Results Announced : 30.06.2008

Posting of Annual Report : On or before 1.9.2008

Last date of receipt of Proxy forms : 27.9.2008

Dividend payment date : On or before 28.10.2008

Announcement of quarterly Results : During third/fourth week of July and October 2008: January and April 2009

Date of Book Closure for the purpose of Dividend and Annual General Meeting

25.9.2008 to 29.9.2008 (both days inclusive)



Share Price Movement

The high and low quotations of the company's shares on the National Stock Exchange of India Limited (Designated Stock Exchange) together with Nifty from April 2007 to March 2008 were:

MONTH	NS	E	NII	FTY
WONTT	High(Rs. Ps.)	Low(Rs. Ps.)	High	Low
April 2007	93.00	71.60	4217.90	3618.55
May	91.00	78.10	4306.75	3981.15
June	85.00	66.65	4362.95	4100.80
July	84.90	63.60	4647.95	4304.00
August	83.45	67.30	4532.90	4002.20
September	111.40	76.20	5055.80	4445.55
October	122.00	92.50	5976.00	5000.95
November	158.00	115.00	6011.95	5394.35
December	140.00	102.05	6185.40	5676.70
January 2008	138.90	95.15	6357.10	4448.50
February	110.90	80.00	5545.20	4803.60
March	105.00	75.05	5019.20	4468.55

Based on the closing quotation of Rs 85.00 as at 31.3.2008 at NSE Mumbai, the market capitalization of the company was Rs 133.91 Crores.

SHARE DETAILS

The Company's Equity Shares are listed on the following Stock Exchanges:

	Stock Code		Stock Code
Bombay Stock Exchange Limited	532674	National Stock Exchange of India Limited	BASML
Phiroze Jeejeebhoy Towers		"Exchange Plaza", Bandra-Kurla Complex,	
Dalal Street, Mumbai 400 001		Bandra (E) Mumbai 400 051	

The company has paid Annual Listing Fees for the year 2007 - 2008

DEMATERIALISATION OF SHARES

The shares of the company are in compulsory demat segment. The company's shares are available for trading in the depository systems of both the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). Members have option to hold their shares in demat form (i.e electronic mode) either through the NSDL or CDSL. ISIN allotted to our company is INE186H01014.

TRANSFER AGENTS

Intime Spectrum Registry Limited,Phone: (022) 55555320C-13, Pannalal Silk Mills Compound,Fax : (022) 25960329

L.B.S. Marg, Bhandup (W), Mumbai- 400 078. E-mail basml@intimespectrum.com

Share Transfer documents, Non Receipt of share certificates sent for transfer, nomination forms and change of address may directly be sent to the above address.



SHARE TRANSFER SYSTEM

The Share Transfers in physical form are registered and returned within 30 days from the date of receipt if the documents are in order. The share transfers are approved by the Share Transfer Committee who usually meet twice in a month, if needed.

SHAREHOLDING PATTERN AS ON 31.03.2008

CATEGORY	No of Shares Held	Percentage of Shareholding
Promoter's Holding	87,51,250	55.55
Banks/ Fl's / Mutual Funds	12,47,820	7.92
Private Corporate Bodies	14,53,533	9.22
Indian Public	41,58,809	26.40
NRI/OCBs	1,42,857	0.91
Total	1,57,54,269	100.00

PLANT LOCATIONS:

Spinning Division								
NaduKandanur Pirivu, Morepatty Post, Vadamadurai, Dindigul 624 802. Tamilnadu	Velvarkottai, Dindigul Trichy National Highway 45 Vedasandur Taluk, Dindigul 624803. Tamilnadu							
Weaving Division								
Karanampet - Paruvai Road, Paruvai Post, Coimbatore – 641 658	Kovai – Sathy Main Road Kunnathur Village, Ganesapuram Post, S S Kulam (Via) Coimbatore 641107							
Wind Farms								
ldukandurai Village Dhanakarkulam	Chinnapudur village Dharapuram Taluk, Erode District							

ADDRESS FOR CORRESPONDENCE

All investor related queries and complaints may be sent to the following address:

Tirunelveli District, Tamilnadu

The Company Secretary,

Bannari Amman Spinning Mills Limited, 252 Mettupalayam Road, Coimbatore - 641 043. E-mail: shares@bannaritex.com

Coimbatore 30.06.2008

BY ORDER OF THE BOARD S V BALASUBRAMANIAM Chairman

Tamilnadu.



MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY'S BUSINESS

The Company's main business is manufacturing and marketing of Cotton Yarn. The Company's businesses also include Weaving and Wind Mill Divisions. It is proposed to establish Processing Division.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Textile industry in India is an important sector, contributing significantly to industrial production, employment generation and foreign exchange earnings. The textile industry contributes around 14% to the country's industrial production and about 4% to the GDP and accounts for 16.6% of the country's export earnings.

The Industry is extremely complex and varied with the hand-spun and hand woven sectors at one end of the spectrum and the capital intensive sophisticated mill sector at the other, with the decentralized powerloom and knitting sectors coming in between.

After more than 40 years of import quotas, the textile and clothing sector has become subject to the World Trade Organisation (WTO) from 01.01.2005 with the removal of quotas. The liberalized trading regime is expected to increase global trade in textiles thus providing greater export opportunities.

To grab the opportunity, our Company continues to do well in export of cotton yarn to countries like Turkey, Egypt, Korea, Honkong, Singapore and Poland among others. Our yarn has got recognition in the International market due to strict adherence to delivery schedules and maintaining consistent quality.

OPPORTUNITIES

The Indian Textile and Apparel Industry in India is on a high growth path. There are clear indications that global textile production is consolidating, with production after quota-abolition shifting towards Asian countries which have strong raw material base and/or abundant cheap labour. India has both raw material and cheap labour and that along with other factors will make it one of the biggest beneficiaries of this global trend. To top it, domestic demand for textiles is increasing, led by rising income levels, demographics, growth in organized retailing and the boom in housing sector in India.

SEGMENT-WISE AND PRODUCT-WISE PERFORMANCE

Segment-wise and product-wise results are given separately under segment reporting.

OUTLOOK

According to a recent study by CRISIL {commissioned by Indian Cotton Mills Federation (ICMF) }, the Indian textiles and apparel industry can achieve a business of US\$ 85 bn by 2010, of which the domestic market share would be US\$45 bn and the share of export would be US\$40 bn. The liberalized trading regime would result in increased international trade in textiles, creating additional job opportunities.

It is expected that the Company will be able to capitalize on the emerging opportunities and will be one of the leading players in the medium segment Cotton Yarn market.



RISKS & CONCERNS

The primary raw material for the manufacture of yarn is Cotton with a share of about 60 percent in the basket of raw materials consumed. Cotton is an agriculture produce and its supply and quality are subject to the forces of nature. The availability of Extra long Staple Cotton locally is not improving. Any shortage or interruption in the domestic supply could result in increased costs and impact the operations. Hence, more and more areas must be brought under the realm of cotton cultivation and the productivity yield per hectare must increase manifold so that there never would be scarcity of raw materials. Cultivation of extra length staple cotton has to improve significantly.

The Textile industry continue to suffer due to high cotton prices, disturbed power supply, shortage of labour, etc., The prices of steel, cement, petroleum products and other industrial inputs continue to rise, escalating the project costs. The recent trend of steady increase in interest rates charged by Banks and Institutions due to lower pace of deposit growth compared with credit growth, is an area of concern to all sectors of economy. The raising cost of finance may impact bottom line.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The areas of operations have been segregated into purchase, production, marketing and finance. In the functioning of these areas, various checks and system controls have been introduced. The checks and controls are reviewed by the Audit Committee for improvement in each of these areas on a periodical basis. The checks and controls in all these areas of operations are considered adequate.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial performance of the Company has been discussed at length in Directors' Report to the members.

Coimbatore 30.06.2008

BY ORDER OF THE BOARD S V BALASUBRAMANIAM Chairman

DECLARATION ON CODE OF CONDUCT

То

The Members of Bannari Amman Spinning Mills Limited

In compliance with the requirements of clause 49 of the listing agreement entered into with the stock exchanges, I declare that the Board of Directors and members of senior management have affirmed the compliance with the code of conduct during the financial year ended 31.3.2008.

Place : Coimbatore Date : 30.6.2008 S V ARUMUGAM

Managing Director



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE:

(Under Clause 49 of the Listing Agreement)

To The Members of Bannari Amman Spinning Mills Limited,

We have examined the compliance of conditions of Corporate Governance by Bannari Amman Spinning Mills Limited for the year ended on 31st March 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For P.N. RAGAVENDRA RAO & Co.
Chartered Accountants
P.R. VITTEL
Partner
M.No.200/18111

Coimbatore 30.06.2008

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of M/s. Bannari Amman Spinning Mills Limited as at 31.03.2008, the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

 As required by the Companies (Auditor's Report) Order 2003 issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we furnish below a statement on the matters specified in paragraphs 4 and 5 of the said Order.



In respect of its fixed assets:

- a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c. The Company has not disposed off substantial part of fixed assets during the year.

2. In respect of its inventories:

- a. As explained to us, inventories have been physically verified by the management at reasonable intervals during the year.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- 3. The company has not granted/taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- 4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal controls.
- a. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that Section: and
 - b. In our opinion and according to the information and explanations furnished to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6. The Company has not accepted any deposits from the public.
- 7. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
- 8. The Central Government has prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.



9. In respect of statutory dues:

- a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2008 for a period of more than six months from the date of becoming payable.
- b. The disputed dues of Income tax aggregating to Rs. 12.04 Lakhs, that have not been deposited on account of matters pending before appropriate authorities are as under:

Name of the Statue	Nature of the Dues	Amount (Rs. In Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act	Income Tax	12.04	April 1997 to March 1998	Income Tax Appellate Tribunal, Chennai

- 10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- 11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks.
- 12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- 13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
- 14. The company is not dealing or trading in shares, securities, debentures and other investments.
- 15. According to information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were prima facie, applied by the Company during the year for the purpose for which the loans were obtained.
- 17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the Company has not utilised short-term funds for long-term investments.
- 18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- 19. The Company has not issued debentures during the year.



- 20. We have verified the end use of money raised by way of public issue as disclosed in the notes to the financial statements.
- 21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.
- II. Further to the above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on 31st March, 2008 from being appointed as directors in terms of clause (g) of sub-Section (1) of section 274 of the Companies Act 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:
 - i) In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
 - ii) In so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date: and
 - iii) In so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For P.N. Raghavendra Rao & Co.
Chartered Accountants
P.R. VITTEL
Partner

Membership No. 200 / 18111

Coimbatore 30.6.2008



BALANCE SHEET AS AT 31.03.2008

	Particulars	Schedule No	As at 31.03.2008	As at 31.03.2007
SOL	JRCES OF FUNDS :			
Α.	Shareholders Fund	4	457540700	457540400
	Share Capital	1 2	157542690	157542690
B.	Reserves & Surplus Loan Fund	2	1465728261	1490305411
Б.	Secured Loans	3	3894658890	2453626474
	Unsecured Loans	4	191702831	107173517
C.	Deferred Tax		280957887	131491534
	TOTAL		5990590559	4340139626
APF	PLICATION OF FUNDS :			
A.	Fixed Assets			
	Gross Block	5	4440817509	2410305135
	Less: Depreciation		477270103	319255007
			3963547406	2091050128
	Add: Capital Work-in-progress		153969567	933580260
	Net Fixed Assets (A)		4117516973	3024630388
B.	Investment (B)	6	60143245	30143245
C.	Current Assets, Loans and Advances			
	i. CURRENT ASSETS Inventories	7	984235623	580696081
	Sundry Debtors	8	134297790	42359234
	Cash & bank balances	9	186991484	272207688
	Other Current Assets	10	218168707	99235696
	ii. LOANS & ADVANCES	11	408708253	337543571
			1932401857	1332042270
	Less: Current Liabilities & Provisions	12	201932681	136546333
			1730469176	1195495937
D.	Miscelleneous Expenditure		82461165	89870056
	(To the extent not written off or adjusted)			
	TOTAL		5990590559	4340139626

Schedules 1 to 12 and Notes in Schedule 24 from part of this Balance Sheet

Vide our report annexed For P.N. RAGHAVENDRA RAO & CO. **S V BALASUBRAMANIAM S V ALAGAPPAN Chartered Accountants** Chairman Vice Chairman

P.R. VITTEL

Patner **S V ARUMUGAM** N KRISHNARAJ Membership No. 200 / 18111 **Managing Director Company Secretary**

Coimbatore



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2008

Particulars	Schedule No	Period Ended 31.03.2008	Period Ended 31.03.2007
INCOME	10	1007511000	10/4400/22
Sales Other Income	13 14	1997511889 19871576	1064490633 24478511
Stock Adjustment	23	95805018	38815930
TOTAL	23	2113188483	1127785074
EXPENDITURE Raw Materials Consumed	15	1300490822	680037073
Traded Goods Purchased	10	6673313	-
Power & Fuel	16	192967540	51122739
Employees Cost	17	52458339	37173197
Excise Duty paid		143	55766
Rent paid		1329363	1359372
Rates & Taxes	18	4310977	3324276
Insurance	10	6115313	5411581
Repairs & Maintenance	19	34744503	15531759
Administration Expenses	20	20348754 4732855	16039066 4549449
Remuneration to Managerial Personnel Packing Material Consumed		34937261	15604454
Interest Cost	21	84822208	25664720
Selling & Distribution Charges	22	57018333	18668143
Preliminery Expenses Reversed		-	-3090938
Depreciation		149326340	84869185
TOTAL		1950276064	956319842
PROFIT BEFORE TAX		162912419	171465232
Income Tax - Previous years		762807	
Income Tax - Current year		17890656	1250000
MAT Credit Entitlement		-17890656	
Fringe Benefit Tax		392253	
Deferred Tax Transfer from General reserve	98240699	51225654	
Less: Deferred Tax - Previous years	98240699	- -	
PROFIT AFTER TAX		110531705	170215232
Surplus brought forward from previous year		25204504	16857428
Amount available for Appropriation		135736209	187072660
APPROPRIATIONS			
Equity Dividend		31508538	31508538
Tax on Corporate Dividend		5354876	5354876
Transfer to General Reserve		75000000	125000000
Balance carried over to Balance Sheet		23872795	25209246
		135736209	187072660
Basic and diluted earnings per share		7.02	10.80

Schedules 13 to 23 and Notes in Schedule 24 from part of this Profit and Loss Account Vide our report annexed

For P.N. RAGHAVENDRA RAO & CO. S V BALASUBRAMANIAM **S V ALAGAPPAN** Chartered Accountants Chairman Vice Chairman

P.R. VITTEL

Patner S V ARUMUGAM **N KRISHNARAJ** Membership No. 200 / 18111 Managing Director Company Secretary Coimbatore

32



SCHEDULES

011250220	31.03.2008 Rs.	31.03.2007 Rs.
SCHEDULE 1 SHARE CAPITAL AUTHORISED		
16000000 Equity Shares of Rs.10/- each 50000 Cumulative Preference Shares of Rs.100/- each	16000000 5000000	160000000 5000000
	165000000	165000000
ISSUED, SUBSCRIBED & PAID UP 15754269 Equity Shares @ Rs.10/- Each (Of the above 5250750 Equity shares of Rs.10/- each have been	157542690	157542690
issued as fully paid up Bonus shares by capitalisation of reserves)		
Total	157542690	157542690
SCHEDULE 2 General Reserve		
As per last Balance Sheet Less : Transferred to Profit & Loss Account	589718790 98240699	464718790 -
Share Premium Account	875377375	875377375
Add : Transfered from P & L Account	1366855466 75000000	1340096165 125000000
	1441855466	1465096165
Surplus in Profit and Loss Account	23872795	25209246
Total	1465728261	1490305411
SCHEDULE 3 SECURED LOANS From Banks		
Term Loans	3216843055	2088132698
Cash Credit Loans/Short Term Loan	389414616	236060289
Packing Credit	288401219	129433487
Total	3894658890	2453626474
SCHEDULE 4 UNSECURED LOANS		
Tamilnadu Govt-Interest Free Sales Tax Loan HDFC Bank Ltd	91702831 100000000	107173517 -
Total	191702831	107173517



(3)	OCK	31.03.2007	37291527	392840612	1654841208	1642769	1297836	3056385	79791	2091050128		190191438	743140688	248134	933580260	3024630388 1229650001
(In Rupees)	NET BLOCK	31.03.2008	44617831	774825943	3133420479	3271770	1901698	5297056	212629	3963547406		48876104	105093463	I	153969567	4117516973 3024630388 3024630288 1229650001
		31.03.2008	1	62086931	410572465	1651620	1241649	1671037	46401	477270103		I	ı	l		477270103 319255008
	DEPRECIATION	FOR THE WITHDRAWN YEAR	I	I	I	I	I	I	I	1		I	I	I	'	- 629876
	DEPR	FOR THE YEAR	I	18798930	137728681	480275	339010	635525	32675	158015096		I	I	l		158015096 84869185
		31.03.2007	I	43288001	272843784 137728681	1171345	902639	1035512	13726	319255007 158015096		I	I	I		319255007 158015096 235315688 84869185
		31.03.2008	44617831	836912874	3543992944	4923389	3143348	8608969	259030	4440817509		48876104	105093463	l	153969567	919490508 4594787076 319255007 916586088 3343885295 235315688
	GROSS BLOCK	01.04.2007 ADDITIONS DELETIONS 31.03.2008 31.03.2007	I	1	I	I	I	ı	I	1		390114038	1528778105	598365	1919490508	1919490508 4594787076 916586088 3343885295
	GR	ADDITIONS	7326304	400784261	1616308053	2109276	942873	2876194	165513	2030512474		248798704	890730882	350231	1139879817	3170392291 2795505693
		01.04.2007	37291527	436128613	1927684991 1616308053	2814113	2200475	4091899	93517	2410305135 2030512474		190191439	743140687	248134	933580260	3343885295 3170392291 1464965689 2795505693
SCHEDULE 5 FIXED ASSETS		PARTICULARS	Land & Site Development	Building	Plant & Machinery	Office Equipment	Furniture & fitting	Vehicle	Tools & Implements	Total (A)	Capital Work in Process	Buildings	Plant & Machinery	Furniture & Fitting	Total (B)	Total for the year Previous Year
SC		S.NO	—	2	3	4	2	9	7			-	2	က		



	31.03.2008 Rs.	31.03.2007 Rs.
SCHEDULE 6 INVESTMENTS: (AT COST) Non Trade - Unquoted		
Investment in Govt Securities National Savings Certificate	3000	3000
·	3000	3000
Trade - Quoted b. Investment in Shares 4600 Equity Shares of Rs.10/- each in		
Bannari Amman Sugars Ltd fully paid 3317950 Equity Shares of Rs.10/- each in	578394	578394
Shiva Texyarn Limited fully paid	19959451	19959451
	20537845	20537845
Trade - Unquoted		
96096 Equity Shares of Rs.100/- each in Cream Investment & Trading co Ltd fully paid 150000 Equity Shares of Rs.10/- each in	2402400	2402400
Bannari Amman Info Tech P Ltd fully paid 550000 Equity Shares of Rs.10/- each in	1500000	1500000
Annamallai Industries Ltd fully paid 20000 Equity Shares of Rs.10/- each in	5500000	5500000
SIMA Textile Processing Ltd 3000000 Equity Shares of Rs.10/- each in	200000	200000
Bannari Amman Apparels Pvt Ltd	30000000	
	39602400	9602400
Total	60143245	30143245
SCHEDULE 7 INVENTORIES: (AS CERTIFIED BY MANAGING DIRECTOR)		
Stock of stores & spares/Building Materials Stock in trade:	18495033	9265165
Raw Materials - Cotton	755108323	479672774
Raw Materials - Yarn Raw Materials - Tow	28536446 837346	18235337
Raw Materials - Tow Raw Materials - Base Fabric	1195787	-
Finished goods - Yarn / Fabric	100189916	35674549
Finished goods - Fabric	36932315	20872990
Process stock Waste Cotton Stock	35519947 7420510	16198691 776575
Total	984235623	580696081
TOLAT	704233023	300070081



	31.03.2008 Rs.	31.03.2007 Rs.
SCHEDULE 8 SUNDRY DEBTORS (UNSECURED CONSIDERED GOOD) More than six months Other debts Total	4764503 129533287 134297790	4160378 38198856 42359234
SCHEDULE 9 Cash & Bank balances Cash on hand In Current A/c with Scheduled Banks In Deposit A/c with Scheduled Banks Debit Balance in OCC A/c Postal Stamps on hand	7030359 129718355 50242500 270	3263257 9844295 254967500 4132566 70
Total SCHEDULE 10	186991484	272207688
OTHER CURRENT ASSETS Accrued Income Receivables Total	9356206 208812501 218168707	5086268 94149428 99235696
SCHEDULE 11	210100/0/	99233090
LOANS & ADVANCES		
(UNSECURED CONSIDERED GOOD, RECOVERABLE IN CASH OR KIND) Advances towards capital expenditure	232810676	190003038
Advance towards expenses/purchases	7830087	40289678
MAT Credit Entitlement Other advances/Loans	17890656 40026173	30203596
T N E B Deposit	22227350	33750250
Sundry Deposit Advance Income tax and TDS	12392099 66607373	5519528 29800919
Prepaid Expenses	8923839	7976562
Total	408708253	337543571
SCHEDULE 12 CURRENT LIABILITIES & PROVISIONS A. CURRENT LIABILITIES		
Liability for Purchase/Expenses	97668250	35398375
Liability for Capital Expenditure Other Liabilities	10726227 3054253	62549527 962148
Advance from customers	1033554	-
Interest accrued but not due B. PROVISIONS	20104074	772869
Provision for Dividend	31508538	31508538
Provision for Corporate Tax Dividend Provision for Taxation	5354876 32482909	5354876
Total	201932681	136546333



	31.03.2008 Rs.	31.03.2007 Rs.
SCHEDULE 13		
SALES		
Yarn	1595397120	727528038
Fabric	175282434	212494728
Cotton Waste	136536162	50106901
Conversion Charges	726865	7207020
Own Consumption - Yarn Income from Windmill	4094587 52417172	7397828 48879728
Miscelleneous Operational Receipts	33057549	12018010
Claim for Breach of Contract	33037347	6065400
Total		1064490633
SCHEDULE 14		
OTHER INCOME		
Interest Receipt (TDS Rs. /-)	14864201	18373120
Dividend Receipts	5007375	5007375
Profit on sale of Assets	-	1098016
Total	19871576	24478511
SCHEDULE 15		
RAW MATERIALS CONSUMED		
Opening Stock - Cotton	479672774	434835613
Opening Stock - Yarn	18235337	14351365
Purchases - Cotton	1341073316	591960659
Purchases - Yarn	146032094	165139406
Freight on cotton	84954875	32524322
Sizing Charges / Processing charges	14167195	21431809
	2084135591	1260243174
Less: Closing Stock - Cotton	755108323	479672774
Less: Stock Transferred to Unit-II	-	82297990
Less: Closing Stock - Yarn	28536446	18235337
Total	1300490822	680037073
SCHEDULE 16		
POWER & FUEL CONSUMED		
Power Charges	171289259	47661124
Fuel for Generator	21678281	3461615
Total	192967540	51122739



	31.03.2008 Rs.	31.03.2007 Rs.
SCHEDULE 17		
EMPLOYEE COST Selection was an Panyon & Cratailly	40701000	21/5/5/5
Salaries, wages, Bonus & Gratuity	40791802 1895058	31654545 1788207
Employer Cotribution to PF/EPS Staff/workmon wolfare expenses	9771479	3730445
Staff/workmen welfare expenses		
Total	52458339	37173197
SCHEDULE 18		
RATES & TAXES		
Licence fee	103827	310055
Other Rates & Taxes	4207150	3014221
Total	4310977	3324276
Total	4310977	3324270
SCHEDULE 19		
REPAIRS & MAINTENANCE		
Building Maintenance	2534361	1355353
Machinery Maintenance	28445983	11028549
Electrical Maintenance	2290532	2254276
Vehicle Maintenance	1473627	893581
Total	34744503	15531759
SCHEDULE 20		
ADMINISTRATION & OTHER EXPENDITURE		
Legal fees	595756	411375
Consultants Charges	2609689	889787
Printing & Stationery	1670303	1245671
Postage & Telegrams	1158033	922118
Books & Periodicals	110669	50992
Telephone Charges	778685	772731
Hank Yarn Obligation	135739	64450
Advertisement/Donation	2298245	3508520
Directors Sitting Fees	72000	50000
Travelling Expenses	4145120	3381280
Auditors Remuneration	496797	328704
Security Service Charges	66461	160731
Transport on Materials	2551885	1239273
General Maintenance	2706337	2314697
Loss on Sale of Assets	-	-
General Charges	953035	698737
Total	20348754	16039066



	31.03.2008 Rs.	31.03.2007 Rs.
SCHEDULE 21 INTEREST COST		
Interest On Fixed Loans	14829813	10949583
Other Interest and Financial Charges	61010268	12151620
Bank Charges	8982127	2563517
Ü		
Total	84822208	25664720
SCHEDULE 22		
Selling & Distribution Expenses		
Brokerage/Commission/Trade Discount	36331857	11486615
Transport Charges on Yarn	20699468	7042538
Cess Paid (Net)	-12992	138990
Total	57018333	18668143
SCHEDULE 23		
Stock Adjustment		
a. Opening Stock		
Stock in process	16198691	11082442
Cotton Waste	776575	405909
Finished goods - Yarn	56547539	23218524
	73522805	34706875
b. Closing Stock		
Stock in process	33541372	16198691
Cotton Waste	7420510	776575
Finished goods - Yarn	100189916	35674549
Finished goods - Fabric	28176025	20872990
Total	169327823	73522805
INCREASE IN STOCK (a-b)	95805018	38815930

Schedules 13 to 23 and Notes in Schedule 24 from part of this Profit and Loss Account Vide our report annexed

For P.N. RAGHAVENDRA RAO & CO. S V BALASUBRAMANIAM S V ALAGAPPAN Chartered Accountants Chairman Vice Chairman

P.R. VITTEL

Patner S V ARUMUGAM N KRISHNARAJ Membership No. 200 / 18111 Managing Director Company Secretary

Coimbatore



SCHEDULE 24

NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

1. Significant accounting policies

- i. Revenue Recognition: All income and expenses are accounted on accrual basis.
 - Investments: Investments are accounted at cost and they are treated as long-term investments. The diminution in the market value of investment is recognized when diminution is considered permanent.
- ii. Valuation of Inventory.
 - Raw materials and stores & spares: At cost determined on weighted average cost basis or net realizable value, whichever is lower as per Accounting Standard 2
 - Finished goods and waste cotton: At cost or net realizable value, whichever is lower. The cost has been measured on the weighted average cost basis and includes cost of purchase, cost of conversion and other costs incurred in bringing the inventory to their present location and condition.
 - Stock in Process: At estimated weighted average cost basis
- iii. The Fixed Assets are valued at historical cost. Cost includes related taxes, duties, freight, insurance etc., attributable to acquisition and installation of assets and borrowing cost incurred up to the date of commencing operations, but excludes duties and taxes that are recoverable from taxing authorities. The Fixed assets shown in the books are not revalued.
- iv. The Company has provided depreciation on straight-line basis in respect of fixed assets at the rates prescribed in Schedule XIV to the Companies Act, 1956. For assets costing Rs 5000/- or less, 100% depreciation has been charged in the year of purchase of such assets; For other assets acquired during the year pro-rata charge has been made from the date of first use; In the year of disposal of assets, depreciation is charged up to the date of disposal.
- v. Receivables on account of exports, backed by irrevocable letter of credit of customers' bankers are accounted for at the exchange rate as negotiated by the bankers at the time of availment of Packing Credit. The FCNR(B) Loan payables are reported at the rates prevailing at the Balance sheet date.
- vi. The Company has opted for Life Insurance Corporation Employees Group Gratuity Scheme to cover its gratuity liability. Contribution paid/payable by the company to LIC of India is charged to revenue on the basis of actuarial valuation towards demand worked out by LIC.
 - Provident fund/pension fund and gratuity liability are Defined Contribution Schemes and contributions are charged to Profit and Loss Account of the year in which the contribution to the respective funds are due.
 - Short term employee benefits including accumulated compensated absences are provided for based on the expected obligation on an undiscounted basis as per Accounting Standard 15 (Revised).
- vii. Borrowing costs attributable to the acquisition of qualifying capital assets are capitalized till they are put into use. The borrowing cost capitalized during the year is Rs. 279.61 Lakhs.
- viii. Contingent liabilities are shown by way of notes attached to and forming part of the Balance Sheet
- ix. Impairment loss of fixed assets is assessed as at the close of each financial year and appropriate provision, if required, is considered in the accounts.
- x. Current tax is determined at the current rates of income tax on taxable income and tax credits are computed in accordance with the provisions of the Income Tax Act,1961. Fringe benefit tax provision is made in accordance with the provisions of the Income Tax Act,1961



- xi. Deferred tax is recognized on timing difference between the accounting income and the taxable income for the year and quantified using the rates and laws that prevail as at the balance sheet date. The deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that these would be realized in future.
- xii. Government grants have been recognized based on the reasonable assurance that the Company will comply with the conditions attached to the grants and the grants will be received. Government grants are in the nature of revenue grants and have been recognized on a systematic basis in the profit and loss account over the periods necessary to match them with the related costs which they are intended to compensate. The grants have been adjusted against the related expenses.
- xiii. The segment reporting is in line with the accounting policies of the Company. Inter segment transactions have been accounted for based on the price which have been arrived at considering cost and market price.
 - Revenue and expenses which are directly identifiable with or allocable to segments are considered for determining the segment results. Segment assets and liabilities include those directly identifiable with the respective segments.
 - Business segments are identified on the basis of the nature of products, the risk/return profile of individual business, the organizational strucuture and the internal reporting system of the Company.
- xiv. The Company's significant leasing arrangements are operating leases and cancelable in nature. The lease rentals paid/received under such agreements are accounted in the profit and loss account.

2. OTHER INFORMATIONS:

Secured Loans:

NAME OF THE BANKS	PARTICULARS OF LOAN	SECURITY
ICICI Bank Limited	Rupee Term Loan of Rs.1566 Lakhs under Technology Up-gradation Fund Scheme.	Hypothecation of the Plant & Machinery and first Mortgage of the immovable properties of the spinning mill both present and future at Vadamadurai Village, Vedasandhur Taluk, Dindigul District. Ffurther secured by guarantee extended by a body corporate. The aggregate amount of loans outstanding as on 31.03.2008 is Rs. 20.87 lakhs (31.03.2007 – Rs. 75.32 Lakhs).
ICICI Bank Limited	Rupee Term Loan of Rs.1800 Lakhs under Technology Up-gradation Fund Scheme.	Hypothecation of specified movable properties including the machinery spares, tools and accessories of the spinning unit situated at Vadamadurai Village, Vedasandhur Taluk, Dindigul District. Further secured by the personal guarantee of Chairman, Vice Chairman and Managing Director of the Company. The aggregate amount of loan outstanding as on 31.03.2008 is Rs.1462.50 Lakhs (31.03.2007 - Rs.1688 Lakhs).
Corporation Bank	Term loan of Rs.1792 Lakhs under Technology Up-gradation Fund Scheme	Exclusive First charge on the Windmill- Unit I and all related equipments, systems and accessories. Further secured by the personal guarantee of Chairman, Vice Chairman and Managing Director of the Company. The aggregate amount of loan outstanding as on 31.03.2008 is Rs.1400 Lakhs (31.03.2007 – 1624 Lakhs).

41



NAME OF THE BANKS	PARTICULARS OF LOAN	SECURITY
Oriental Bank of Commerce	Rupee Term Loan under Technology Up-gradation Fund Scheme – Rs.15000 Lakhs.	First charge by way of Equitable Mortgage over factory land and building and hypothecation of other movable assets financed by the bank for the new project ranking pari-passu with other banks. Second charge on the above fixed assets to be extended to the bankers who are extending working capital facilities to the company. The aggregate amount of loan outstanding as on 31.03.2008 is Rs. 14996 Lakhs (31.03.2007 – 10710 Lakhs).
Indian Overseas Bank	Rupee Term Loan under Technology Up-gradation Fund Scheme – Rs.10000 Lakhs.	First charge by way of Equitable Mortgage over factory land and building and hypothecation of other movable assets financed by the bank for the new project ranking pari-passu with other banks. Second charge on the above fixed assets to be extended to the bankers who are extending working capital facilities to the company. The aggregate amount of loan outstanding as on 31.03.2008 is Rs.5211.54 Lakhs (31.03.2007 – 4193 Lakhs).
Corporation Bank	Rupee Term Loan under Technology Up-gradation Fund Scheme – Rs.3000 Lakhs.	First charge by way of Equitable Mortgage over factory land and building and hypothecation of other movable assets financed by the bank for the new project ranking pari-passu with other banks. Second charge on the above fixed assets to be extended to the bankers who are extending working capital facilities to the company. The aggregate amount of loan outstanding as on 31.03.2008 is Rs.2861.27 Lakhs (31.03.2007 – 2441 Lakhs).
Bank of Maharashtra	Rupee Term Loan under Technology Up-gradation Fund Scheme – Rs.5000 Lakhs.	First charge by way of Equitable Mortgage over factory land and building and hypothecation of other movable assets financed by the bank for the new project ranking pari-passu with other banks. Second charge on the above fixed assets to be extended to the bankers who are extending working capital facilities to the company. The aggregate amount of loan outstanding as on 31.03.2008 is Rs.2215.88 Lakhs (31.03.2007 – 150 Lakhs).
Indian Overseas Bank	FCTL – Rupee Term Loan – Rs.4000 Lakhs	Exclusive first charge on Windmill Unit II assets situated at Chinnapudur Village, Erode District, Tamil Nadu.The aggregate amount of loan outstanding as on 31.03.2008 is Rs.4000 Lakhs (31.03.2007 – Rs.Nil).
The Karur Vysya Bank Limited	Working Capital Limit Rs.750 Lakhs	Hypothecation of raw materials, stock in process, finished goods of the Spinning Unit I and a second charge on the fixed assets of the company's Spinning Unit I. Further secured by personal guarantee of the Chairman, Vice Chairman and Managing



NAME OF THE BANKS	PARTICULARS OF LOAN	SECURITY
		Director of the Company. The aggregate amount of the Limit as on 31.03.2008 is Rs.750 lakhs (31.03.2007 – Rs.750 Lakhs).
Corporation Bank	Working Capital Limit Rs.937.50 Lakhs	Hypothecation of raw materials, stock in process, finished goods of the Spinning Unit I and a second charge on the fixed assets of the company's Spinning Unit I. Further secured by personal guarantee of the Chairman, Vice Chairman and Managing Director of the Company. The aggregate amount of the Limit as on 31.03.2008 is Rs.937.50 Lakhs (31.03.2007 – Rs.750 Lakhs).
ICICI Bank Limited	Working Capital Limit Rs.1500 Lakhs	First charge by way hypothecation of raw materials, semi finished and finished goods, consumable stores and spares and other movable properties both present and future for limit up to Rs.500 Lakhs and the balance is secured by unconditional and irrevocable personal guarantee of a Director. The aggregate amount of the Limit as on 31.03.2008 is Rs.1500 lakhs (31.03.2007 – Rs.1500 Lakhs).
Oriental Bank of Commerce	Working Capital Limit of Rs.5000 Lakhs	Pari-pasu first charge on current assets of the company belonging to expansion project along with other banks who have extended working capital finance for expansion project under multiple banking arrangement. Pari-pasu second charge on the fixed assets of the company's expansion project along with other bankswho have extended working capital finance for expansion project under multiple banking arrangements. The aggregate amount of the Limit as on 31.03.2008 is Rs.5000 lakhs (31.03.2007 – Rs. 5000 Lakhs).
Indian Overseas Bank	Cash Credit Rs.5000 Lakhs	Pari-pasu first charge on current assets of the company belonging to expansion project along with other banks who have extended working capital finance for expansion project under multiple banking arrangement. Pari-pasu second charge on the fixed assets of the company's expansion project along with other banks who have extended working capital finance for expansion project under multiple banking arrangements. The aggregate amount of the Limit as on 31.03.2008 is Rs.5000 Lakhs (31.03.2007 – Rs. 5000 Lakhs).
Bank of Maharashtra	Cash Credit of Rs. 500 Lakhs	Pari-pasu first charge on current assets of the company belonging to expansion project along with other banks who have extended working capital finance for expansion project under multiple banking arrangement. The aggregate amount of the Limit as on 31.03.2008 is Rs.500 Lakhs (31.03.2007 – Nil).



3. Government of Tamilnadu Interest Free Sales Tax (IFST) Loan is repayable in monthly installments. The Sales Tax loan carries no interest. The balance outstanding is Rs.917.03 Lakhs.

4. Details of Interest Receipts

Details	For the year ended 31st March 2008	For the year ended 31st March 2007
On Deposits with Banks /Electricity Deposit (Rs.)	1,48,64,201	1,83,73,120
Tax Deducted thereon (Rs.)	32,68,722	14,77,687

- 5 Details of remuneration and perquisites to Managerial personnel:
 - i. Calculation of Net Profit under Sec 309 of the Companies Act, 1956 for the purpose of payment of Commission to Managing Director.

Details	For the year ended 31 st March 2008	For the year ended 31 st March 2007
Net Profit as per Profit & Loss A/c	16,29,12,419	16,83,74,298
ADD: Commission to Managing Director	33,24,743	34,32,780
Less: Capital profit on sale of asset	-	1,68,146
Profit as per Sec 309 of the Act	16,62,37,162	17,16,38,932
Commission to Managing Director @ 2%	33,24,743	34,32,780

ii. Particulars of Remuneration and perquisites to Managing Director

Details	For the year ended 31 st March 2008	For the year ended 31 st March 2007
Salary	9,00,000	9,00,000
Commission	33,24,743	34,32,780
P F Contribution	72,000	72,000
Perquisites	1,26,844	2,16,669
Total	44,23,587	46,21,449

iii. Particulars of Remuneration and perquisites to Executive Director

Details	For the year ended 31st March 2008	For the year ended 31st March 2007
Salary	3,60,000	3,60,000
P F Contribution	43,200	43,200
Perquisites	21,268	42,247
Total	4,24,468	4,45,447



6. Details for Remuneration to Auditors paid/payable:

Details	For the year ended 31st March 2008	For the year ended 31st March 2007
Fee for audit work	1,50,000	1,50,000
Fee for Tax Audit/Taxation work	1,47,500	97,500
Fee for Certification/Others	1,49,000	1,51,000
Total	4,46,500	3,98,500

- Festimated amount of contracts to be executed on the capital accounts and not provided for amounted to Rs. 9580 Lakhs (31.03.2007 Rs. 5000 Lakhs) approximately.
- 8 a) Aggregate value of unquoted Investments : Rs. 3,96,05,400/- (Rs.96,05,400/-)
 - b) Aggregate value of Quoted Investments : Rs.2,05,37,845/- (Rs.2,05,37,845/-)
 - c) Aggregate market value of Quoted Investments : Rs.9,17,49,032/- (Rs.13,20,99,655/-)
- 9 a) Information regarding the status of Creditors in respect of Small Scale Industries are not available.
 - b) No amount is due for credit to Investor Education and Protection Fund.
- 10. The funds raised by way of Public Issue have been fully utilized for the purposes for which it was raised
- 11. Figures are rounded off to the nearest rupee.
- 12. Previous year figures have been regrouped / reclassified wherever necessary.
- 13. Fringe Benefit Tax amounting to Rs.3,92,253/- has been provided for.
- 14. Basic Earnings per Share:

Details	For the year ended 31 st March 2008	For the year ended 31 st March 2007
Profit for the year attributable to Equity Share holders	11,05,31,705	17,02,15,236
Weighted average number of Equity Shares.	1,57,54,269	1,57,54,269
Basic Earnings per share	7.02	10.80
Nominal Value of Share	10	10



15. Related Party Transactions:

Related Party Shiva Distilleries Limited

Shiva Texyarn Limited

Bannari Amman Sugars Limited

Anamallais Agencies

Annamallai Infrastructures Limited Shiva Cargo Movers Limited Bannari Amman Apparel Pvt Ltd

Relationship Enterprises in which the Key management

Personnel or relatives have significant influence.

Key Management Personnel Dr.S.V.Balasubramaniam, Chairman

Sri S.V. Alagappan, Vice Chairman Sri S.V. Arumugam, Managing Director Sri S.K. Sundararaman, Executive Director

II Related Party Transactions:

NATURE OF TRANSACTIONS	ENTERPRISES IN WHICH KEY MANAGEMENT PERSONNEL OR RELATIVE HAVE SIGNIFICANT INFLUENCE	OUTSTANDING AS ON 31.03.2008
Purchase of Yarn	Rs. 66,73,613 (Nil)	
Purchase of Granites	Rs. 8,52,197 (Nil)	NIL (31.03.2007 NIL)
Rent Paid	Rs. 4,32,360 (4,20,000)	

III Remuneration to key management Personnel disclosed in schedule No. 24 in accounts read with Note No.5 in Notes on accounts.



16 **SEGMENT REPORTING:**

(RUPEES IN LAKHS)

PARTICULARS	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
Segment Revenue(Net sales/Income)		
a) Textile Division	17675.72	7945.16
b) Windmill Division	524.16	549.45
c) Weaving Division	1775.24	2150.29
Total	19975.12	10644.90
Less: Inter Segment Revenue	40.95	73.98
Net sales/Income from Operations	19934.17	10570.92
Segment Results Profit/Loss before Tax and Interest from each segment		
a) Textile Division	2081.75	1486.46
b) Windmill Division	376.97	255.20
c) Weaving Division	70.73	85.45
Total	2529.45	1827.11
Other unallocable expenditure (Net of Income)	52.10	(144.19)
Operating Profit	2477.35	1971.30
Interest Expense	848.22	256.65
Total Profit before tax	1629.12	1714.65
Taxation for the year	11.55	12.50
Deferred Tax	512.26	-
Profit after Tax	1105.32	1702.15
Extra Ordinary items		
Net Profit	1105.32	1702.15
Capital Employed (Segment Assets - Segment Liabilities)		
a) Textile Division	45036.46	28001.50
b) Windmill Division	-	4928.73
c) Weaving Division	9565.70	6792.78
Total	54602.16	39723.01

17. Contingent Liability:

The Employees State Insurance Corporation, Madurai demanded Employer and employees contributions Rs.34.82 Lakhs (Rs.34.82 Lakhs), which is disputed.



18. Lease Charges (Accounting Standard 19):

Lease charges accounted	For the year ended 31 st March 2008	For the year ended 31st March 2007
for Office cum Guest house building	3,00,000	3,00,000
for Corporate Office Building	1,32,360	1,20,000
for Depot Office	1,02,000	1,02,000
for factory Building	6,16,000	9,24,000

19. The net deferred tax liabilities as at 31.03.2008 comprise the following as per the Accounting Standard 22.

Particulars	As at 31.03.2008 (Rs)
Deferred Tax Liability on A/c of Depreciation	48,23,94,773
Deferred Tax Assets on A/c of Carried forward Loss	20,14,36,886
Net Deferred Tax Liability	28,09,57,887

20. The Company has invested Rs.300 lakhs in the shares of Bannari Amman Apparel Private Limited, a Joint Venture Entity during the year ended 31.3.2008. As on 31.3.2008 the Company has a further capital commitment of Rs. 150 lakhs towards purchase of shares of the Joint Venture Entity. The commitment of Rs.150 lakhs has been fulfilled on 28.5.2008 thereby acquiring 25% of shares of the Joint Venture Entity.

Name of the Company	Country of incorporation	Percentage of voting power held as on 31.3.2008	Percentage of voting power held as on 31.3.2007
Bannari Amman Apparel Private Limited	India	25	F

The proportionate interest of the Company in the Joint Venture entity as on 31.3.2008* is given under :

Rs. in Lakhs

Assets	Liabilities	Contingent Liabilities	Income	Expenditure
1276.53	975.81	794.24	64.34	103.44

^{*} based on un-audited accounts for the year ended 2007 - 08.

21. Additional information pursuant to Part II & IV of Schedule VI to Companies Act, 1956:

A. CAPACITY, PRODUCTION, STOCKS AND TURNOVER:

PRODUCT	LICENCED CAPACITY	INSTALLED CAPACITY
YARN	1,38,240 Spindles	1,37,232 Spindles
FABRIC	135 Looms	128 Looms
WIND ENERGY	16200 KW	16200 KW
HOME TEXTILES	-	37 Machines
PROCESSING	30,00,000 Mtrs per year	24,00,000 Mtrs per year



PRODUCT	YARN (Kgs)	COTTON WASTE (Kgs)	FABRIC(Mtrs)	WIND ENERGY (Units)	MADE UPS (Pcs)	QUICK DRY (Mtrs)
Opening Stock	3,30,779	33,159	97,275	-	4,258	6,157
	(61,947)	(20,900)	(1,01,018)	(-)	(-)	(-)
Production	1,45,18,032	44,97,280	14,96,672	3,21,63,881	15,836	14,948
	(66,11,052)	(19,29,520)	(14,60,932)	(2,92,59,900)	(68,395)	(14,858)
Purchase	1,11,673	_	_	-	_	_
	(-)	(-)	(-)	(-)	(-)	(-)
Sales	1,41,03,567	43,02,288	12,68,205	3,21,63,881	14,931	19,318
	(63,42,220)	(19,17,261)	(14,64,675)	(2,92,59,900)	(64,137)	(8,702)
Sale Value (Rs.)	159,52,61,523	13,65,36,162	16,10,48,762	10,67,59,463	98,24,728	44,08,944
	(72,70,34,808)	(4,94,75,314)	(18,81,80,226)	(9,24,62,174)	(2,23,85,917)	(19,28,586)
Closing Stock	8,56,917	2,28,151	3,25,742	-	5,163	1,787
	(3,30,779)	(33,159)	(97,275)	(-)	(4,258)	(6,157)

B. RAW MATERIAL CONSUMED

	For the year ended 31.03.2008		For the yea 31.03.2	
PRODUCT	Quantity (Kgs.)	Value (Rs.)	Quantity (Kgs.)	Value(Rs.)
Cotton	1,93,45,536	115,05,92,642	85,58,682	49,73,49,830
Yarn	6,01,355	14,75,51,178	5,95,018	16,08,20,786

C. VALUE OF IMPORTED/INDIGENOUS MATERIALS CONSUMED

	For the year ended 31.03.2008		For the year ended 31.03.2007	
Raw Material	Value	%	Value	%
Cotton-Imported	4,66,49,651	4.05	-	-
Cotton-Indigenous	110,39,42,991 95.95		49,73,49,830	100
Stores & Spares				
Imported	72,93,647	20.34	8,56,297	5.53
Indigenous	2,85,66,483	79.66	1,46,18,174	94.47



D. IMPORTS - CIF VALUE, (in Rupees)

	FOR THE YEAR ENDED 31 ST MARCH 2008	FOR THE YEAR ENDED 31 ST MARCH 2007
Raw Materials	5,24,11,940	4,61,193
Capital Goods & Spares	28,86,61,554	60,38,57,112

E. EXPENDITURE IN FOREIGN CURRENCY, (in Rupees)

	FOR THE YEAR ENDED 31 ST MARCH 2008	FOR THE YEAR ENDED 31 ST MARCH 2007			
Royalty, Know how, Professional/ Consultation Fees, Interest & Others	Rs.69,78,497	Rs.21,12,249			
Traveling Expenses	Rs.13,27,256	Rs.12,07,941			

F. AMOUNT REMITTED IN FOREIGN CURRENCY (in Rupees)

	FOR THE YEAR ENDED 31 ST MARCH 2008	FOR THE YEAR ENDED 31 ST MARCH 2007
Amount remitted on account of Dividend	3,29,654	99,510
No. of Non-resident Shareholders	183	130
The No. of shares held by them	1,64,827	49,755
The year to which the dividend related	2006-07	2005-06

G. EARNINGS IN FOREIGN EXCHANGE (in Rupees)

	FOR THE YEAR ENDED 31 ST MARCH 2008	FOR THE YEAR ENDED 31 ST MARCH 2007
Export of goods on FOB Basis	Rs. 58,36,45,460	Rs 22,09,95,693
Royalty, Know how, Professional/ Consultation Fees	Nil	Nil
Interest and Dividend	Nil	Nil
Other Income	Nil	Nil

Signatures for Schedules 1 to 24 above. Vide our report annexed

For P.N.RAGHAVENDRA RAO & CO.

Chartered Accountants S V BALASUBRAMANIAM S V ALAGAPPAN P.R.VITTEL Chairman Vice Chairman Partner

Place: COIMBATORE S V ARUMUGAM N KRISHNARAJ
Date: 30.06.2008 Managing Director Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2008

CASH FLOW STATEMENT FOR THE YEAR ENDED \$1.03.2008	01.04.07.1	04.04.07.1-
	01.04.07 to 31.3.2008	01.04.06 to 31.3.2007
I. CASH FROM OPERTATING ACTIVITIES		
Net Profit before taxation & Extraordinary items Adjustments for:	1,629.12	1,714.65
Depreciation	1,493.26	848.69
Interest income	(148.64)	(183.73)
Dividend income Interest expense	(50.07) 848.22	(50.07) 256.65
Profit / Loss on sale of asset	-	(10.98)
Preliminery Exp Written Off	-	(30.91)
Operating profit before working capital changes	2,142.78 3,771.90	829.65 2,544.30
Debtors	(919.39)	(138.94)
Inventories Other Current Assets	(4,035.40) (925.92)	(938.28) (1,057.32)
Current Liabilities	653.97	(1,037.32)
	(5,226.74)	(2,243.91)
Cash generation from operations Less: income taxes paid	(1,454.84) (233.69)	300.39 (185.99)
Net cash from operations	(1,688.53)	114.40
II. Cash from Investing Activities		
Purchase of fixed assets Proceeds from sale of assets	(12,422.13)	(18,806.84) 19.33
Interest income	148.64	183.73
Dividend income Purchase of Investments	50.07 (300.00)	50.07
Increase in Adavnce for Capital Expenses	(946.32)	1,809.65
	(13,469.74)	(16,744.06)
	(15,158.27)	(16,629.66)
III. Cash from Financing Activities	7400	(00.04)
Increase in Preliminary Expenses Decrease in Long term Borrowing IFST Loan	74.09 (154.71)	(80.31) (172.56)
Increase in Short term Borrowing	À,123.23	2,754.93
Increase in Long Term Borrowings Interest paid	11,287.10 (654.97)	14,841.29 (253.79)
Dividend Paid	(368.64)	(359.28)
	14,306.10	16,730.28
Net decrease in cash and cash equivalents	(852.17)	100.62
Opening cash and Bank balances Closing cash and Bank balances	2,722.08 1,869.91	2,621.46 2,722.08
Net decrease in cash and cash equivalents	(852.17)	100.62

For P.N.RAGHAVENDRA RAO & CO.

Chartered Accountants S V BALASUBRAMANIAM S V ALAGAPPAN P.R.VITTEL Chairman Vice Chairman

Partner

Place: COIMBATORE S V ARUMUGAM N KRISHNARAJ
Date: 30.06.2008 Managing Director Company Secretary



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details	ı	Registr	ation	Details
------------------------	---	---------	-------	---------

Registration No. 181-2476 State Code 1.8

Balance Sheet Date 31 03 2008

II Capital raised during the year (Amount in Rs. Thousands)

Public Issue N I L Rights Issue N I L

Bonus Issue N I L Private Placement N I L

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities 5990590 Total Assets 5990590

Sources of Funds

Paid up Capital 157543 Reserves & Surplus 1465728

Secured Loans 3894659 Unsecured Loans 191703

Deferred Tax 280958

Application of Funds

Net Fixed Assets 4117517 Investments 60143

Net Current Assets 1730469 Miscellaneous Expenditure 82461

Accumulated Losses

IV Performance of the Company (Amount in Rs. Thousands)

Turnover2113188Total Expenditure1950276Profit before Tax162912Profit after Tax110532Earnings per Share in Rs.7.02Dividend Rate20%

V Generic Names of Three Principal Products/Services of the Company (as per monetary terms)

Item Code No. (ITC Code) 520511.01 5208.11

Product Description COTTON YARN - GREY FABRICS

For P.N.RAGHAVENDRA RAO & CO.

Chartered Accountants S V BALASUBRAMANIAM S V ALAGAPPAN
P.R.VITTEL Chairman Vice Chairman

Partner

Place: COIMBATORE S V ARUMUGAM N KRISHNARAJ
Date: 30.06.2008 Managing Director Company Secretary



Murata TFO

Savio - Polar Auto Coner



Rieter K44 Com 4





BANNARI AMMAN Spinning Mills Ltd.

252, Mettupalayam Road, Coimbatore - 641 043, Tamil Nadu, India

Ph: 91-422-2435555 / 2447959 Fax: 91-422-2430233 / 2434446

Email: ad@vsnt.com