GJ0911067HUNDRED FIRST ANNUAL GENERAL MEETING

Proceedings of the Hundred First Annual General Meeting of the Members of the Company held on Friday, the 2nd September 2011 at 4.35 P.M at Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore – 641 037.

Members Present : 211
Members Present in Proxy : 50

Sri S.Pathy, Chairman occupied the chair.

Sri R.Santharam-Vice Chairman, Sri Satish Ajmera Chairman of the Audit Committee, Sri V.Jagannathan, Sri D.Rajendran, Sri V.S.Velayutham, Sri Sanjay Jayavarthanavelu, Directors and Sri Aditya Krishna Pathy, Whole Time Director were present.

The requisite quorum being present the proceedings commenced.

Sri S.Pathy, Chairman and Managing Director, welcomed the shareholders and delivered his speech as summarized herein:

The Chairman briefed about the economic overview and industry review, power, operations, personnel and outlook for the current year.

The Chairman informed that the year under review began with a positive industrial climate after the set backs in the previous years due to global melt down. The overall business sentiments were positive. The interest rate hikes by RBI on several occasions due to the rising food inflation and risk of inflationary expectations, the finance costs have been dearer. The crude prices remain volatile and impacted the growth of the economy that grew at 8.6% and expected to continue. The year 2010-11 for the industry was a year of opportunities as well as challenges. The unprecedented increase in Cotton prices were extraordinary and belied all estimates. The opening Cotton prices were lower for certain medium and long staple varieties when compared to the previous year. However, since December 2010, due to the sudden surge in global demand, the domestic Cotton prices started surging upwards. The cotton prices peaked during the months of February and March 2011 and was higher by around 100% as compared to the previous year, which was death knell for the industry. The Company specialized in Super Fine Yarn using Extra Long Staple cotton underwent abnormal price movement from Rs.38,000/- to Rs.84,000/- per candy. To curb the rising Cotton price and ensure availability, the Government banned further exports and after representations from various lobbies the Government permitted export of Cotton under OGL from October, 2010, which lead to further chaos

The Yarn prices also rose significantly and the Government yet again stepped in to check the significant rising yarn prices by restricting the Yarn exports to 720 million Kgs for the year 2010-11 and stopped further exports till March, 2011. This resulted in a glut in Yarn stocks and mismatch between demand and supply. Further, the export incentive schemes were also withdrawn. The TUF scheme has been extended upto March 2012 to meet the needs of the industry.

The chairman informed that with remunerative prices and good demand for Yarn for most of the year, the Company had posted a turnover of around Rs.180 crores, compared to Rs.138 crores during the previous year. The sizable increase in export of fabrics also contributed to the bottom line which resulted in a net profit of Rs.5.34 crores as against Rs.1.44 crores for the previous year.

The chairman informed that the installed capacity remained at 1.31 lakhs with Kovilpatti producing PC blends completely and Palladam producing fine count Cotton and PC blends. The Labour relations continued to be cordial throughout the year and the strength of the labour is 2042. The continued shortage of power in Tamilnadu has affected utilization levels and increased the energy costs. However, the Company has prudently utilized the gas power provided by Regency Power Corporation at Rs.4.80 per unit.

The Chairman informed that the year started off with a lot of optimism but due to certain policy decisions by the Government and the huge stocks of Cotton yarn held by the exporters and coupled with a slow down in domestic and international demand, saw a marked drop in the yarn prices both domestic and international from the second half of April onwards. As a result of soaring Raw material costs (an increase of nearly 100%) the percentages compared to sale value has nearly touched 80% as against a healthy percentage of 45-50%. This has largely affected the operating margins, with the closure of Dyeing Units in Tiruppur and imposition of Central Excise duty on branded garments has only added fuel to the fire in terms of demand for yarn. With this given scenario the operations of most of the Textile Mills has been largely affected and units have resorted to a cut in production and the prevailing conditions does not warrant any optimistic outlook for the second and third quarters. For many Units, the TUF repayments have begun, only to aggravate the liquidity position.

During the quarter April-June 2011, the Company has posted a sales turnover of Rs.49 crores with a net loss of Rs.4.48 crores.

The Chairman said that the sudden policy changes of the Government coupled with high volatility in price and demand of both Cotton and Yarn in the domestic and international market is a major concern and will definitely affect the bottom line of the Company adversely. The prediction of normal monsoon points to an improved cotton crop, which is estimated at around 355 lakh bales from 325 lakh bales in India. The international crop also presents a rosy picture.

He said that the Directors have recommended a dividend of 9% for the year 2010-11 taking into account the improved performance during the year under review.

He thanked the shareholders, Directors, Banks, Financial Institutions, customers and employees of the company for their valuable support.

The Notice calling for the Meeting dated 29-07-2011 containing the Agenda, which was already sent to the shareholders, was taken as read.

Then the items in the Agenda were taken up in seriatim for consideration.

SUBJECT – Adoption of Accounts

1. To consider and adopt the Audited Profit and Loss Account for the year ended 31st March 2011, the Balance Sheet as at that date and the Report of the Directors and Auditors thereon.

   RESOLUTION

   The Auditors Report was read and taken on record.

   The Chairman invited questions / clarifications if any from the members on the Company's Accounts.

   Proposed By : Sri. S.Pathy, Chairman
   Seconded By : Sri. V.S.Palaniappan

   The following resolution was carried unanimously:

   "Resolved that the Directors' Report, Auditors' Report, Audited Profit and Loss Account for the year ended 31st March 2011 and the Balance Sheet as at that date be and are hereby adopted".

SUBJECT – Dividend declaration

2. To declare a Dividend.

   RESOLUTION

   Proposed By : Sri. R.Murali
   Seconded By : Sri. Suresh Babu

   The following resolution was carried unanimously:

   "Resolved that a dividend of Rs.9/- per equity share of Rs.100/- each fully paid up, be declared and paid out of the profits of Company for the financial year ended 31st March, 2011 to the shareholders whose names stand on the Register of Members of the Company as on 2nd September 2011 and in respect of shares held in electronic form the dividend will be payable as per details furnished by depositories for this purpose as at the end of business hours on 25.08.2011 without deduction of tax."

At this stage, the Chairman Sri.S.Pathy vacated the Chair as he was interested in the next item No.3. Sri Satish Ajmera, Director conducted the proceedings as interim chairman.

SUBJECT – Re-appointment of retiring Director– Sri R.Santharam

3. To appoint a Director in the place of Sri R.Santharam who retires by rotation and being eligible offers himself for re-appointment.

RESOLUTION

Proposed By : Sri. S.A.Sreedharan
Seconded By : Sri. N.Rajendran

The following Resolution was carried unanimously:

"Resolved that the retiring Director Sri R.Santharam be and he is hereby re-appointed as a Director liable to retirement by rotation."

Sri Satish Ajmera, the interim Chairman vacated the Chair and Sri S.Pathy, Chairman occupied the chair.

SUBJECT–Re-appointment of retiring Director– Sri V.S.Velayutham

4. To appoint a Director in the place of Sri V.S.Velayutham who retires by rotation and being eligible offers himself for re-appointment.

RESOLUTION

Proposed By : Sri. Subbian
Seconded By : Sri. Damodarasamy

The following Resolution was carried unanimously:

"Resolved that the retiring Director Sri V.S.Velayutham be and he is hereby re-appointed as a Director liable to retirement by rotation."

SUBJECT –Appointment of Auditors and fixing of their Remuneration

5. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

The Chairman informed that the Audit Committee of the Company has recommended the appointment of M/s.Subbachar & Srinivasan, Chartered Accountants, as Auditors of the Company.

RESOLUTION

Proposed By : Sri S.M.Siva
Seconded By : Sri Balachander

The following Resolution was carried unanimously:

"Resolved that M/s.Subbachar & Srinivasan, Chartered Accountants be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration of Rs.1,75,000/- plus reim-bursement of out of pocket expenses incurred in connection with the Audit and payment to other services as may be rendered by them."

With a vote of thanks by the Chairman, the meeting concluded.

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