

SAMBANDAM SPINNING MILLS LIMITED

SALEM

PROCEEDINGS OF THE 38TH ANNUAL GENERAL MEETING OF THE COMPANY HELD ON FRIDAY THE 13TH AUGUST 2012 AT 10.15 A.M AT THE REGISTERED OFFICE OF THE COMPANY IN KAMARAJ NAGAR COLONY, SALEM 636 014

IN ATTENDANCE :

CHAIRMAN AND MANAGING DIRECTOR	:	Sri S.DEVARAJAN
JOINT MANAGING DIRECTOR	:	Sri S.JEGARAJAN
JOINT MANAGING DIRECTOR	:	Sri S.DINAKARAN
DIRECTORS	:	Sri D.SUDHARSAN
	:	Sri A.R. NATARAJAN
	:	Sri V.MAHADEVAN
	:	Sri P.S.ANANTHANARAYANAN
	:	Dr. V.GOPALAN
	:	Sri N.ASOKA
COMPANY SECRETARY	:	Sri R.S.SHANMUGAM
AUDITORS	:	Sri N.KRISHNEN
MEMBERS IN PERSON	:	378 (Three hundred seventy eight)
MEMBERS BY PROXY	:	93 (Ninety three)

Sri S.Devarajan, Chairman and Managing Director of the Company occupied the chair and invited the members and the proxies present at the Meeting.

After ascertaining the quorum present, Chairman announced the commencement of the proceedings of the 38th Annual General Meeting of the Company, calling the meeting to order.

With the permission of the members present, notice of this Annual General Meeting was taken as read.

Sri R.Krishnen, partner, M.S.Krishnaswami & Rajan, statutory auditors read the Auditors' Report to the members.

Chairman delivered his speech on the performance of the Company during the year 2011-12 and the prospects for the current financial year. He then invited queries from members on the audited accounts of the Company. The Queries raised by the members were answered by the Chairman.

Mr. K.S. Balasubramaniam, a member from Coimbatore and Mr. S. Sivasankaran, a member from Salem shared their views about the textile industry's present situation and their appreciation of the Company's efforts to tide over the crisis arising out of the present situation of uncertain price conditions in the cotton and yarn markets.

Then the Resolution for adoption of accounts was taken up.

Contd.....2



1. ADOPTION OF ACCOUNTS :

Sri S. Kathikeyan, a member proposed the following resolution for adoption of accounts for the year ended March 31, 2012, as an Ordinary Resolution:

"Resolved that the audited Balance Sheet of the Company as at March 31, 2012, Profit and Loss account and the Cash Flow Statement for the year ended on that date and the report of the directors and the Auditors thereon be received, considered and adopted."

It was seconded by **Sri E.D. Ravichandran**, a member. On being put to vote, the Resolution was carried unanimously.

Chairman declared that the Resolution was duly passed.

2. REAPPOINTMENT OF RETIRING DIRECTOR – SRI P.S. ANANTHANARAYANAN:

Sri S. Thirugnana Sambandam, a member proposed the following Resolution as an Ordinary Resolution:

"Resolved that Sri P.S. Ananthanarayanan, Director who retires by rotation at this meeting, being eligible for reappointment, be and is hereby reelected as a Director of the Company."

It was seconded by **Smt. Vijayalakshmi**, a member. On being put to vote, the Resolution was carried unanimously.

Chairman declared that the Resolution was duly passed.

3. REAPPOINTMENT OF RETIRING DIRECTOR – SRI D. SUDHARSAN

Sri Shanmugasundaram, a member proposed the following Resolution as an Ordinary Resolution:

"Resolved that Sri D. Sudharsan, Director who retires by rotation at this meeting, being eligible for reappointment, be and is hereby reelected as a Director of the Company."

It was seconded by **Sri K.S. Balasubramaniam**, a member. On being put to vote, the Resolution was carried unanimously.

Chairman declared that the Resolution was duly passed.

4. APPOINTMENT OF AUDITORS :

Sri S. Sivasankaran, a member proposed the following resolution as an Ordinary Resolution :

"RESOLVED that, pursuant to Section 224 of the Companies Act, 1956, M/s. M.S.Krishnaswami & Rajan, Chartered Accountants be and are hereby re-appointed Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting on such remuneration and terms as may be determined by the Board of Directors of the Company."

It was seconded by **Sri Shanmugasundaram**, a member. On being put to vote, the Resolution was carried unanimously.

Chairman declared that the Resolution was duly passed

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5. SPECIAL BUSINESS :

Sri S. Devarajan, Chairman and Managing Director vacated the chair and Sri P.S. Ananthanarayanan, Chairman of the Remuneration Committee occupied the chair for the following items.

(i) Reappointment and Payment of Remuneration to Sri S. Devarajan, Chairman and Managing Director :

Sri E.D. Ravichandran, a member proposed the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or enactment thereof for the time being in force), consent of the Company be and is hereby accorded for reappointment of Sri S. Devarajan, Chairman and Managing Director of the Company, for a period of three years from 1.10.2012 to 30.09.2015 on the following terms and conditions recommended by the Remuneration Committee and approved by the Board of Directors of the Company as set out in the Explanatory Statement annexed hereto.

- (a) Basic Salary Rs.1,80,000/- (Rupees one lakh eighty thousand only) per month.
- (b) Perquisites and allowances not exceeding Rs.1,20,000/- (Rupees one lakh twenty thousand only) per month, details of which are set out in the Explanatory Statement."

It was seconded by **Sri Shanmugasundaram**, a member. On being put to vote, the Resolution was carried unanimously.

Chairman declared that the Resolution was duly passed.

(ii) Reappointment and Payment of Remuneration to Sri S. Jegarajan, Joint Managing Director :

Sri K.M. Muralidharan, a member proposed the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or enactment thereof for the time being in force), consent of the Company be and is hereby accorded for reappointment of Sri S. Jegarajan, Joint Managing Director of the Company, for a period of three years from 1.10.2012 to 30.09.2015 on the following terms and conditions recommended by the Remuneration Committee and approved by the Board of Directors of the Company as set out in the Explanatory Statement annexed hereto.

- (a) Basic Salary Rs.1,50,000/- (Rupees one lakh fifty thousand only) per month.
- (b) Perquisites and allowances not exceeding Rs.1,00,000/- (Rupees one lakh only) per month, details of which are set out in the Explanatory Statement."

It was seconded by **Sri K.S. Balasubramaniam**, a member. On being put to vote, the Resolution was carried unanimously.

Chairman declared that the Resolution was duly passed.

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A) Perquisites and Allowances: Following are the perquisites/allowances payable to

Sri S. Devarajan, Chairman and Managing Director and
Sri S. Jegarajan, Joint Managing Director.

(i) Company's contribution to provident fund; (ii) Payment of Gratuity and other retirement benefits; (iii) Leave with full pay as per the rules of the Company with encashment of unavailed leave being allowed; (iv) Maintenance of residential accommodation, gas, water, electricity and power, furnishings and utility allowance; (v) reimbursement of medical expenses incurred in India and abroad for self and family including, in case of medical treatment abroad, air fare, boarding and lodging for patient and attendant; (vi) leave travel assistance and allowance; (vii) membership fees for clubs, including admission and life membership; (viii) hospitalisation and accident insurance; (ix) cost of insurance cover against the risk of any financial liability or loss because of any error of judgement; (x) free use of Company's car with driver for Company's work as well as for personal purpose along with driver, (xi) telephone, tele-fax and other communication facilities at Company's cost, (xii) subject to any statutory ceiling(s), the appointee may be given any other perquisites, benefits and facilities as the remuneration committee may, from time to time decide.

B) Valuation of perquisites: Perquisites shall be valued as per the income tax rules, wherever applicable and at actual cost to the Company in other cases.

C) The Company's contribution to provident fund as per para (b) (i) above, payment of gratuity as per para (b) (ii) above and encashment of leave at the end of the tenure as per para (b) (iii) above shall not be included in the computation of perquisites for the purpose of the ceiling.

(iii) Reappointment and Payment of Remuneration to Sri S. Dinakaran, Joint Managing Director :

Sri S. Sivasankaran, a member proposed the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or enactment thereof for the time being in force), consent of the Company be and is hereby accorded for reappointment of Sri S. Dinakaran, Joint Managing Director of the Company, for a period of three years from 1.10.2012 to 30.09.2015 on the following terms and conditions recommended by the Remuneration Committee and approved by the Board of Directors of the Company as set out in the Explanatory Statement annexed hereto.

(a) Basic Salary Rs.50,000/- (Rupees fifty thousand only) per month.

(b) Perquisites and allowances : Following are the only perquisites/allowances payable to
Sri S. Dinakaran, Joint Managing Director

- (i) Company's contribution to provident fund;
- (ii) Payment of Gratuity and other retirement benefits;
- (iii) Leave with full pay as per the rules of the Company with encashment of unavailed leave being allowed."

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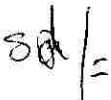


It was seconded by **Sri V. Jayachandran**, a member. On being put to vote, the Resolution was carried unanimously.

Chairman declared that the Resolution was duly passed.

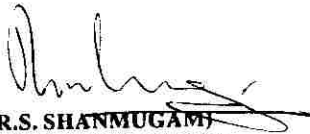
Chairman of the Remuneration Committee Sri P.S.Ananthanarayanan and the Chairman and Managing Director of the Company Sri S. Devarajan thanked the members for their unstinted support to the Company and declared the meeting closed.

PLACE: SALEM
DATE : 13-08-2012


(S. Devarajan)
Chairman

TRUE COPY

For SAMBANDAM SPINNING MILLS LTD.,


(R.S. SHANMUGAM)
COMPANY SECRETARY