

**MINUTES OF THE PROCEEDINGS OF THE 66<sup>th</sup> ANNUAL GENERAL MEETING OF SRI RAMNARAYAN MILLS LIMITED, COIMBATORE – 18 HELD AT 04.00 P.M ON 31.12.2020 AT KAMALAM DORAISAMY HALL, SASTRI ROAD, RAMNAGAR, COIMBATORE – 641 009 .**

Total No. of Share Holders : 829  
Present in person : 6  
Present By proxy : 1

All the three Directors of the company were also present.

Representing Statutory Auditors, M/s.S.Krishnamoorthy & Co, Chartered Accountants Mr.K.Murali Mohan, CA was present.

The following Registers / documents as required under Companies Act, 2013 were placed for inspection at the commencement of Annual General Meeting and remained open and accessible during the meeting to the persons having right to attend the meeting.

- a) Register of Directors & Key Managerial Personnel and their Shareholding (u/s.170)
- b) Register of Contracts or Arrangements in which directors are interested (u/s.189 )

Further,

- a) the financial statements of SM Textiles Ltd., subsidiary company for the year ended 31.03.2020 and
- b) draft of the amended Memorandum of Association and Articles of Association which is to be approved by the shareholders is also placed before the meeting.

The requisite quorum being present as required under Section 103 of the Companies Act, 2013, the meeting was called to order.

Mr.V. Jayaraman, the Managing Director chaired the Meeting at the request of the members present.

The Chairman welcomed the shareholders to the meeting and expressed his thanks to them for taking efforts to attend the meeting in the midst of prevailing COVID19 pandemic. He said that considering the size of the company, it was not mandatory to hold the AGM through virtual mode and that earlier to this date, in view of the prevailing Government order not permitting gathering of people for

public purposes, the meeting could not be held earlier in the months of November 2020 or early part of December 2020.

As per standard operating procedures prescribed by the Government, care has been taken to measure the temperature of the participants and hand wash and mask are provided for use by the participants. The seating arrangement also has been done placing the chairs are not less than 6 feet distance from each other. He requested the members to adhere to the prescribed procedures.

The Board of Directors have approved the accounts as early as on 28.09.2020 and there was difficulty in having the annual report printed and also since the Ministry of Corporate Affairs gave a general extension for holding the AGM by three months, being the maximum time permissible under the Act, the meeting is convened for today being the last date before which the meeting had to be convened and at the last hour as well.

Due to Lock down it was not mandatory to send Annual Report in Physical Form to each & every share holder as in earlier years. The Government advised all companies to send the Balance Sheet in Electronic Form to the Share Holders to the respective e-mail address. However the company does not have share holders e-mail ID at present and therefore, the company has dispatched the physical copy of the 66<sup>th</sup> Annual Report with Standalone Accounts to all Share Holders. The company is in the process of obtaining E-mail Address and other contact details of all the share holders and communications to this effect is being sent to the shareholders at the address lodged with the company.

Proceeding with the Agenda of the meeting,

### **Adoption of Accounts**

Mr. V. Jayaraman in his address to the shareholders briefed the plight of the Cotton Textile industry due to poor off take from the consumer side and lower price of Finished product. Similarly, the availability of raw material at remunerative price was also an issue at all times and particularly because of the financial stringency experienced by the company, it could not effectively deal with the issue. Further, the absence of skilled labour continues to be a problem in the matter of using the optimum level of plant. Even the power generated through the wind mill could not be fully utilized for captive purposes since under the electricity tariff rules there was a mismatch of time of generation of power and utilization of the same.

Overall, the company experienced severe shortage of working capital and the bankers viz State Bank of India who had sanctioned cash credit limit of up to 385 Lakhs @ an interest rate of 11.8% and a LC limit of Rs.100 Lakhs, which were fully

utilized, were not ready to extend unlimited facilities and were constantly insisting upon the company to reduce the limits within the permissible norms.

Recently, the bankers have also been expressing their concern on the low net worth of the company and very nominal turnover. The bankers have also requested to explain the steps to be taken by the company in this regard, particularly infusion of further capital in the company. Enabling Resolutions are placed before you for your approval.

To tide over this difficulty, the company has accepted fixed deposits from two of the Directors viz Mr.V.Jayaraman and Mrs. J.Ananthalakshmi and the total deposits outstanding as on 31.03.2020 was Rs.315 Lakhs.

During the year, additional deposits accepted was to the extent of Rs.100 Lakhs. The rate of interest for the deposit was only 8% per annum.

### **Impact of Covid-19**

As you are aware the entire world was affected by the deadly novel corona virus commonly known as COVID 19. This virus attack has crippled the entire global economy apart from leading to several loss of lives throughout the world. This had an impact on our Country also resulting in lock down of entire operation for nearly 2 months.

The normal operating activities of the company were affected from the second half of the March 2020 and the entire operations were suspended w.e.f. 25<sup>th</sup> March 2020. This affected the Cash Flow of our company.

The Company commenced its partial operations w.e.f. 3<sup>rd</sup> June 2020 after the lockdown measures were liberalized. This will have a major impact on the financials for the financial year 2020-21 as there was no manufacturing/sales during the month of April & May 2020.

The chairman informed the members that the working of the company during the year under review has resulted in net loss of Rs.221.38 lacs against a net profit of Rs.20.58 lacs in the preceding year.

The power generated from out of two Wind Mills was marginally better than last year. The company continues to buy power from outside sources under Group Captive Scheme to save energy cost.

The working during the first five months of current financial year 2020-21 has reflected reduction in loss compared to previous year. However the market uncertainties prevail for raw material which has been fluctuating and high now.

### **Working of the subsidiary company**

M/S. S M Textiles Limited also in the textile spinning activity faced similar problems. The net result has been a loss. The turnover during the year was Rs.686.41 and net loss for the year was Rs.94.77 as against turnover of Rs.739.51 and loss of Rs.110.72 during the year ended 31.03.2019.

At the commencement of the proceedings, Mr.J.Harischandavel, one of the shareholders, and is also a Whole Time Director in the company, gave a written representation raising certain procedural shortcomings in conducting this meeting. The Managing Director stated that the issues have been explained by him in his opening remarks. The Auditor also clarified on applicability of certain provisions of the Companies Act.

It was explained that in terms of section 105 of the Companies Act, 2013, it is mandatory to state in a prominent manner at the bottom of the notice convening the AGM that

*“A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll to vote instead of himself. Such proxies need not be member of the Company.”*

However, it was not obligatory on the part of the company to send proxy forms to the shareholders. The prescribed form therefore is MGT-11 under the Companies Act and Rules and the same can be utilized by the required persons.

It was also confirmed that at this meeting only two proxies have been received and one of the shareholders, who has given the proxy is also present in person and accordingly, the same is nullified.

A mail has also been received by the company in the morning today from Mr.J.Harischandavel addressed to the Board of Directors to the effect “Sirs, I want the proceedings of the Annual General Meeting of Sri Ramnarayan Mills Ltd. to be held on 31.12.2020 to be video recorded”. This being an extraordinary request and in the context of things not legally permissible was not acceded to by the Managing Director.

It was also mentioned that every request of the shareholders of the company, which is not in accordance with the requirement of law should not be acceded to.

### **ORDINARY BUSINESS:**

It was thereafter moved by the chair

“RESOLVED THAT ***the consolidated*** and stand alone audited financial statements for the year ended 31<sup>st</sup> March 2020. viz., the Balance sheet as at 31<sup>st</sup> March 2020, the statement of Profit and loss for the year ended as of that date, the cash flow

statement together with schedules and notes attached thereto, the director's report and Auditor's Report be received and having been considered be approved and adopted".

The resolution was put to vote and all the members present approving the resolution by show of hands was declared to have been passed as an Ordinary resolution.

## **2. APPOINTMENT OF DIRECTOR RETIRING BY ROTATION:**

- a) Proposed by: S.Venkatasubramanian  
Seconded by: R. Ramesh

RESOLVED THAT MRS.J. ANANTHALAKSHMI (DIN No: 00312155), a Director retiring by rotation at this Annual General Meeting be and She is hereby re-appointed as Director in the same place vacated by her.

The resolution was put to vote and all the members present approving the resolution by show of hands was declared to have been passed as an Ordinary resolution.

## **SPECIAL BUSINESS:**

### **3. INCREASE IN AUTHORISED SHARE CAPITAL**

Proposed By: R. Ramesh to move the following Resolution as an Ordinary Resolution  
Seconded By: J. Narayan Kumar

"RESOLVED THAT the Authorised Share Capital of the company be and it is hereby increased to Rs.2,50,00,000/- (Rupees Two Crores Fifty Lakhs only) comprising of 25,00,000 of Equity Shares of Rs.10/- each, from the existing Rs.1,00,00,000/- comprising of 10,00,000 Equity Shares of Rs.10/- each by creating an additional 15,00,000 Equity Shares of Rs.10/- each".

The Resolution was put to vote and all the members present approving the resolution by show of hands was declared to have been passed as on ordinary resolution.

### **4.AMENDMENT TO SHARE CAPITAL CLAUSE IN MEMORANDUM OF ASSOCIATION**

Proposed By: S.Venkatasubramanian to move the following Resolution as an Ordinary Resolution  
Seconded By: R. Ramesh

“RESOLVED THAT after an effect is given to the Resolution in Item No.3 above, the existing Clause V in the Memorandum of Association be altered by substituting the following in its place.

“V. The Authorised Share Capital of the Company is Rs.2,50,00,000/- (Rupees Two Crore Fifty Lakhs ) divided into 25,00,000 Equity Shares of Rs.10/- each” .

The Resolution was put to vote and all the members present approving the resolution by show of hands was declared to have been passed as an ordinary resolution.

## **5. AMENDMENT TO ARTICLES OF ASSOCIATION**

The Chairman informed the meeting that the Articles of Association of the company in force was the one adopted in the year 1974 so as to suit the requirements of the then existing Companies Act. The said Act was replaced in the year 2013 and the New Act has been in force with effect from 01.04.2014.

Since then, the Articles of Association has not incorporated the changes in law, which are applicable to a public limited company and the Articles have not been altered.

In order to synchronize the covenants contained in the Articles of Association with those required under the Companies Act, 2013, a new set of Articles of Association is proposed to be adopted in substitution of the existing set of Articles of Association. The same has been approved by the Board of Directors and a copy thereof initialled by the Managing Director is placed before the meeting for information of the members.

Proposed By:S.Venkatasubramanian to move the following Resolution as a Special Resolution

Seconded By:J.Narayan Kumar

“RESOLVED THAT, in accordance with the provisions of Section 14 of the Companies Act, 2013, the new Articles of Association of the Company, a copy of which is available for inspection by the Members, be and is hereby adopted in substitution and supersession of the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to perform and execute all such acts,deeds, matters and things, as may be deemed necessary, proper or expedient to give effect to the Resolutions in Item 3, 4 and 5 in the Agenda and for the matters connected therewith or incidental thereto.”

The Resolution was put to vote and all the members present approving the resolution by show of hands was declared to have been passed as on special resolution.

## **6. REVISION OF REMUNERATION TO THE WHOLETIME DIRECTOR**

Mr.J.Harischandavel was appointed as the Whole Time Director of the company to hold office for a period of Five years from 01.06.2019 to 31.05.2024 in terms of Special Resolution passed at the AGM held on 28.09.2018 and payment of remuneration for a period of three years from 01.06.2019 to 31.05.2022.

At the time of such appointment, the monthly remuneration payable to him was fixed as under:

“a. Salary in the time scale of Rs.3,30,000/- - 15,000 – 3,60,000/- per month”  
together with other benefits and perquisites as stated in the Resolution.

Since then, the company has been running into operational difficulties coupled with financial stringency due to various reasons and recently the impact of COVID19 as stated in the explanatory statement.

At the Board Meeting held in the month of June 2020, immediately after the lock down was lifted, the remuneration payable to the Managing Director Mr.V.Jayaraman and the Whole Time Director Mr.J.Harischandavel was not paid for the months of April 2020 and May 2020 as both of them voluntarily agreed to waive the same in the then prevailing circumstances.

Subsequently, at the Board Meeting held on 04.11.2020 , in the context of continuing adverse situation in the company, the Managing Director Mr.V.Jayaraman voluntarily agreed to draw reduced remuneration of Rs.1 Lakh per month against Rs.5 Lakhs approved by the General Body, for the temporary period until the situation improves.

Since such voluntary consent was not forthcoming from the Whole Time Director, it is proposed to seek the approval of the General Body for reducing the monthly remuneration payable to him to Rs.1,50,000/- per month from the present Rs.3,45,000/- per month during the remainder period of his employment commencing from 01.01.2021 to 31.05.2022.

The Whole Time Director requested the Chairman to permit him to explain to the shareholders his contribution in the working and affairs of the company over a period of time and that in compensation of services rendered by him, he should be paid the remuneration as already approved and it should not be reduced.

The Chairman recalled the reasons for reduction and also the same is authorized to be modified by the Board when considered fit but however, within the overall limit, already approved by the General Body in the year 2018.

Proposed by: Mr.R.Ramesh to move the following Resolution as a Special Resolution

Seconded by: Mr.S Venkatasubramanian

RESOLVED THAT in partial modification of the Special Resolution passed at the Annual General Meeting held on 28.09.2018, approving payment of remuneration to the Whole Time Director Mr.J.Harischandavel (DIN 00261673) during the 3 years period from 01.06.2019 to 31.05.2022, the following clause be substituted in place of existing clause (a), thereinto be effective for the period from 01.01.2021 to 31.05.2022.

“a. Salary Rs.1,50,000 – per month”

FURTHER RESOLVED THAT the Board of Directors of the Company be and it is hereby authorised to take all decisions as may be necessary, proper or expedient and to modify the amount of salary and / or other benefits from time to time within the overall limits as approved at the Annual General Meeting held on 28.09.2018.

The Resolution was put to vote.

Mr.Harischandavel once again did not give his consent for passing of the Resolution and on the rest of the members present approving the resolution by show of hands, it was declared to have been passed as a special resolution.

## **7. RE-APPOINTMENT OF MANAGING DIRECTOR MR.V.JAYARAMAN:**

Sri V.Jayaraman was appointed as the Managing Director of the Company for a period of three years at the 63<sup>RD</sup> Annual General Meeting of the Company held on 30.09.2017. He holds such office upto 31.12.2020. He is presently being paid a remuneration of Rs. 5 Lacs per month together with other perquisites and the same is paid as minimum remuneration in the absence of profits.

The board of directors were of the view that his continuance will be essential for the company at this juncture and have therefore by a resolution passed at the meeting of the board of directors held on 04.11.2020 have appointed him as managing director for another term of three year from 01.01.2020 to 31.12.2023. The remuneration payable to him as set out in the text of the resolution as duly approved by the board. The same is subject to approval of the members by means of a Special Resolution since the appointee is aged 83 years.

Proposed by : Mr. S.Venkatasubramanian to move the following Resolution as a  
Special Resolution

Seconded by : Mr.J.Harischandravel

RESOLVED THAT in accordance with the provisions of Section 197, 198, 203 and other applicable provisions of the Companies Act 2013 read with Schedule V thereto and subject to such further approvals as may be necessary, the consent of the Company be and it is hereby accorded for the appointment of Sri V.Jayaraman (DIN 00261571) as Managing Director of the Company for a period of three years commencing from 01.01.2021 and for the payment of remuneration to him during the said period as given herein below:

- (a) Salary at Rs. 5,00,000/- per month
- (b) Provision for gas, electricity and water at his residence not exceeding 10% of the salary.
- (c) Personal accident insurance, the premium not exceeding Rs. 10,000/- per annum.
- (d) Gratuity payable at the rate not exceeding one-half month's salary for each completed year of service
- (e) Provision of car with driver, reimbursement of expenses towards telephone, Club fees and others incurred in connection with the business of the company.
- (f) Encashment of leave at the end of the tenure

FURTHER RESOLVED THAT in the event of absence of profits or inadequacy of profits in any year during the period of appointment, the Managing Director shall be paid the following remuneration not exceeding the limits specified in Section II of Part II of Schedule V to the Companies Act 2013 or such other limits as may be notified by the Government from time to time, as minimum remuneration.

- (a) Salary at Rs. 5,00,000/- per month
- (b) Gratuity payable at the rate not exceeding one-half month's salary for each completed year of service
- (c) Encashment of leave at the end of the tenure
- (d) Provision of car with driver, reimbursement of expenses towards telephone, Club fees and others incurred in connection with the business of the company.

FURTHER RESOLVED THAT the Board of Directors of the Company be and it is hereby authorised to take all decisions as may be necessary , proper or expedient and to modify the amount of salary and / or other benefits from time to time within the overall limits as given in the resolution.

The resolution was put to vote and all the members present approving the resolution by show of hands was declared to have been passed as **a special resolution.**

The Register maintained by the company under Section 170 & 189 of the Companies Act 2013 was declared closed

The proceedings terminated with a vote of thanks to the chair.

**COIMBATORE  
31.12.2020**

**V.JAYARAMAN  
CHAIRMAN OF THE MEETING**

**“V. The Authorised Share Capital of the Company is Rs.2,50,00,000/- (Rupees Two Crore Fifty Lakhs ) divided into 25,00,000 Equity Shares of Rs.10/- each”.(Amended by a Ordinary Resolution Dt.31.12.2020)**

**“V. The Authorised Share Capital of the Company is Rs.2,50,00,000/- (Rupees Two Crore Fifty Lakhs ) divided into 25,00,000 Equity Shares of Rs.10/- each”.(Amended by a Ordinary Resolution Dt.31.12.2020)**

**“V. The Authorised Share Capital of the Company is Rs.2,50,00,000/- (Rupees Two Crore Fifty Lakhs ) divided into 25,00,000 Equity Shares of Rs.10/- each”.(Amended by a Ordinary Resolution Dt.31.12.2020)**

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