



# BANNARI AMMAN SPINNING MILLS LIMITED

Regd. Office. 252, Mettupalayam Road, Coimbatore - 641043

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## NOTICE TO SHAREHOLDERS

**NOTICE** is hereby given that the 33<sup>rd</sup> Annual General Meeting of the Members of the Bannari Amman Spinning Mills Limited (the Company) will be held on Monday, the 25<sup>th</sup> September, 2023 at 10.15 AM (IST) through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact the business set out in the agenda given below:

You are requested to make it convenient to attend the meeting.

### AGENDA

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company, both Standalone and Consolidated, for the financial year ended 31<sup>st</sup> March, 2023, together with the reports of the Board of Directors' and the Auditors thereon;
2. To appoint a Director in the place of Sri S V Arumugam, (DIN 00002458) who retires by rotation and being eligible, offers himself for re-appointment.

#### SPECIAL BUSINESS

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

**RESOLVED** that pursuant to Sections 196, 197, 198, 199 and 203 read with Schedule V and any other applicable provisions of the Companies Act, 2013, the approval of shareholders be and is hereby accorded for the re- appointment of Sri S V Arumugam, (DIN 00002458) as Managing Director of the Company for a further period of 3 (Three) years w.e.f 27.6.2023 and that Sri S V Arumugam, Managing Director (DIN 00002458) be paid the following remuneration as recommended by the Nomination and Remuneration Committee:

**REMUNERATION: 10% (Ten Percent) of the Net Profits of the Company** computed under the relevant provisions of the Companies Act, 2013, as overall remuneration:

**A. SALARY:** Rs.5,00,000/- (Rupees Five Lakhs only) per month

**B. PERQUISITES:** An amount not exceeding annual Salary

**C. OTHER PERQUISITES:**

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

**D. COMMISSION:** Balance of overall remuneration remaining after payment of the above Salary and Perquisites at the end of each financial Year

**MINIMUM REMUNERATION:**

In the absence or inadequacy of profits in any financial year, Sri S V Arumugam, Managing Director

(DIN 00002458) shall be paid the following remuneration subject to the conditions prescribed under Section II of the Part II of Schedule V of the Companies Act, 2013:

**A. BASIC SALARY :** Rs.5,00,000/- (Rupees Five Lakhs only) per month;

**B. PERQUISITES :** An amount not exceeding annual Basic Salary

**C. OTHER PERQUISITES** (not included in the above remuneration):

- I. Contribution to Provident Fund @ 12% on basic salary and to the extent the same is not taxable under the relevant provisions of Income Tax Act, 1961.
- II. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

**FURTHER RESOLVED** that approval of shareholders by special resolution in terms of Section 196(3) of the Companies Act, 2013, be and is hereby accorded for the Re-appointment of Sri S V Arumugam (DIN 00002458) as Managing Director, who has already attained the age of 70 years.

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

**RESOLVED** that Sri C Sivasamy, (DIN 00002921), who was appointed as an Additional Director of the Company by the Board of Directors w.e.f 28.6.2023 to hold office up to the date of the ensuing 33<sup>rd</sup> Annual General Meeting, be and is hereby appointed as Director of the company and that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 Sri C Sivasamy, (DIN 00002921), who fulfills the criteria required for appointment as Independent Director, be and is hereby appointed as an Independent Director to hold office for a term of five consecutive years, i.e., from the date of the ensuing 33<sup>rd</sup> Annual General Meeting and he is not liable to retire by rotation.

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

**RESOLVED** that pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendation of Audit Committee, the remuneration of Rs.1,00,000 (Rupees One Lakh only) (besides reimbursement of out of pocket expenses incurred by him for the purpose of Audit) payable to Sri M Nagarajan, Cost Auditor (Firm Registration No.102133), as approved by the Board of Directors for conducting the audit of the Cost Records of the Company for the Financial Year ending 31<sup>st</sup> March, 2024 be and is hereby ratified and confirmed.

**By order of the Board**

**S V ARUMUGAM**  
**CHAIRMAN & MANAGING DIRECTOR**  
**DIN 00002458**

Coimbatore  
28<sup>th</sup> June, 2023

## **STATEMENT OF MATERIAL FACTS IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

### **ITEM NO. 3 :**

The term of office of Sri S V Arumugam, Managing Director (DIN 00002458) of the Company expired on 26.6.2023. Considering the duties and responsibilities entrusted to him and the commendable performance achieved by the Company during his tenure of office, the Board of Directors have at their meeting held on 30.5.2023, subject to approval of members of the company re-appointed Sri S V Arumugam as Managing Director and also fixed the remuneration payable to him, for a further period of 3 years with effect from 27.6.2023. Considering that he is associated with the Textile Industry for nearly four decades . Under his stewardship, the Company has grown from strength to strength and has achieved the status of one of the most reputed companies in the Textile Industry.

Sri S V Arumugam is also the Managing Director (DIN 00002458) of Young Brand Apparel Private Limited, a subsidiary of the company.

The aforesaid re-appointment and payment of remuneration were recommended by the Nomination and Remuneration Committee at its meeting held on 19.4.2023.

Further information about the appointee as required to be furnished under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is also annexed.

A copy of memorandum setting the terms and conditions of Re-appointment of Managing Director is available at the Registered Office of the Company during business hours for inspection of members.

Approval of shareholders by Special Resolution is required for Re-appointment of Sri S V Arumugam as Managing Director, (DIN 00002458) pursuant to Section 196 (3) of the Companies Act, 2013, who has already attained the age of 70 years. The Board recommended his appointment for approval of shareholders in compliance of Section 196 (3) of the Companies Act, 2013, considering his guidance and experience which would be important for the growth of the Company.

Further the Board of Directors have recommended for payment of minimum remuneration in case of loss or inadequacy of profits during his tenure. The required information under Schedule V is attached to this statement.

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

**Information pursuant to Clause (iv) of Section II of Schedule V is as follows:**

S. No.	Name of the Appointee - Sri S V Arumugam	
I	General Information	
	1) Nature of industry	Textile Manufacturing
	2) Date or expected date of commencement of commercial production	Not applicable, existing Company
	3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Not Applicable
	4) Financial performance based on given indicators	Financial Year 2022-23 (Rs. in Lakhs)  Gross Revenue : 1,09,885.44 Profit after Tax : (3,482.97) Rate of Dividend : Nil Earnings Per share : Rs. (5.37)
	5) Foreign investments or collaborators, if any	The Company has not made any foreign investments or collaborators
II	Information about the appointee:	
	1) Background details	Sri S V Arumugam, holds B.Sc., degree and is a qualified CA. He is associated with the Textile Industry for nearly four decades. Sri S V Arumugam occupies the position of Managing Director (DIN 00002458) in the Company since 2005. Under his stewardship, the Company has grown from strength to strength and has achieved the status of one of the most reputed companies in the Textile Industry.
	2) Past remuneration	Year in Rs.  2022-23 60,39,600/- 2021-22 6,62,00,600/- 2020-21 55,39,600/-
	3) Recognition or awards	Past Chairman of Southern India Mills Association and Confederation of Indian Textile Industry and Vice Chairman of Indian Wind Power Association.
	4) Job profile and his suitability	He is the Managing Director of the Company and devotes whole time attention to the management of the day to day affairs of the Company subject to superintendence and guidance of Board of Directors.
	5) Remuneration proposed	REMUNERATION: 10% (Ten Percent) of the Net Profits of the Company computed under the relevant provisions of the Companies Act, 2013, as overall remuneration:  a. SALARY: Rs.5,00,000/- (Rupees Five Lakhs only) per month  b. PERQUISITES: An amount not exceeding annual Salary

		<p><b>c. OTHER PERQUISITES :</b></p> <ul style="list-style-type: none"> <li>I. Contribution to Provident Fund as per rules of the Company, to the extent the same is not taxable under the Income Tax Act, 1961.</li> <li>II. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.</li> <li>III. Encashment of leave as per rules of the Company.</li> </ul> <p><b>d. COMMISSION:</b> Balance of overall remuneration remaining after payment of the above Salary and Perquisites at the end of each financial Year.</p> <p><b>MINIMUM REMUNERATION:</b></p> <ul style="list-style-type: none"> <li><b>a. BASIC SALARY :</b> Rs.5,00,000/- (Rupees Five Lakhs only) per month;</li> <li><b>b. PERQUISITES :</b> An amount not exceeding annual Basic Salary ;</li> <li><b>c. OTHER PERQUISITES</b> (not included in the above remuneration): <ul style="list-style-type: none"> <li>I. Contribution to Provident Fund @ 12% on basic salary and to the extent the same is not taxable under the relevant provisions of Income Tax Act, 1961.</li> <li>II. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.</li> </ul> </li> </ul>
	6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	Proposed remuneration is commensurate with Industry standards and Board level positions held in similar sized business.
	7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any	Does not have any pecuniary relationship with the Company except remuneration drawn as Managing Director
<b>III</b>	<p><b>Other information:</b></p> <p>1) Reasons of loss or inadequate profits</p>	Reduced demand for Textile & Clothing products in overseas markets due to economic slowdown leading to their increased supply in domestic markets thereby putting severe pressure on prices, on the commodities in which the company operates, in turn led to negative margins.
	2) Steps taken or proposed to be taken for improvement	Change in product mix, increased focus on special products are some of the steps taken for improvement.
	3) Expected increase in productivity and profits in measurable terms	It is expected that steps as per (2) above coupled with improvement in market conditions will lead to positive impact on our financials in the forthcoming years.

**Information pursuant to 1.2.5 of the Secretarial Standard on General Meetings (SS-2) and in terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding Director seeking appointment / re-appointment:**

**ITEM NO. 2 & 3 :**

Name	Sri S V Arumugam
Age	74 Years
Qualification	B.Sc., ACA
Experience	He has nearly 5 decades of experience in Industry. He has vast experience and expertise in Textile Industry Management particularly in the fields of Project Operational and Financial Managements for more than four decades
Terms and conditions of appointment or re-appointment	The proposed resolution is for the reappoint of him in the Vacancy caused by his retirement by rotation.
Last drawn remuneration	Rs. 60.40 Lakhs for the Financial Year 2022-23.
Date of first appointment on the Board	27.6.2005
No.of shares held	6,88,869 Equity shares of Rs. 5/- each
Relationship with Directors, Managers and KMP	NIL
No. of Board Meetings attended during 2022-2023	5 out of 5 meetings held
Other Directorship	Bannari Amman Flour Mill Private Limited Sakthi Murugan Transports Private Limited Anamallais Agencies Private Limited Anamallais Automobiles Private Limited Anamallais Motors Private Limited Bannari Amman Properties Private Limited Bannari Amman Retails Private Limited Bannari Amman Infinite Trendz Private Limited Murugan Enterprise Private Limited Senthil Infrastructure Private Limited Young Brand Apparel Private Limited Young Brand Global Private Limited State Industries Promotion Corporation of Tamilnadu Limited
Member of Committee	Stakeholders Relationship Committee - Member
Chairman/Member of the Committees of the Boards of other Companies	State Industries Promotion Corporation of Tamilnadu Limited Audit Committee - Member
Listed entities from which resigned in the past three years	Nil

Except Sri S V Arumugam, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the proposed resolution.

#### ITEM NO. 4

Sri C Sivasamy (DIN 00002921) was appointed by the Board of Directors as an Additional Director in the capacity as Independent of the Company with effect from 28.6.2023 in compliance of section 149 of the Companies Act, 2013. Sri C Sivasamy will hold his office upto the date of ensuing 33<sup>rd</sup> Annual General Meeting pursuant to Section 161 of the Companies Act, 2013 and is eligible and seeks appointment as an Independent Director in terms of section 149, 150, 152 and other applicable provisions of the Companies Act, 2013 for a term of five consecutive years from the date of the ensuing 33<sup>rd</sup> Annual General Meeting.

The company has received from him the consent to act as Independent Director and a Declaration stating that he meets the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 and Under Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other related provisions.

The aforesaid appointment was recommended by the Nomination and Remuneration Committee at its Meeting held on 27.6.2023.

In the opinion of the Board, Sri C Sivasamy (DIN 00002921) fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the company and is independent to the management. He does not hold by himself or any other person on a beneficial basis, any shares in the company. Copy of the draft letter for appointment of Sri C Sivasamy (DIN 00002921) as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the company during the normal business hours on any working day. The company has received a notice under section 160 of the Companies Act, 2013 from a member proposing his candidature for being appointed as an Independent Director of the Company.

The Board considers that his association shall be beneficial to the company and it is desirable to avail services of Sri C Sivasamy as an Independent Director. Further information about the appointee as required to be furnished Under the SEBI LODR is annexed.

Considering his vast experience, the Board of Directors recommend the Special Resolutions set out in this item of the notice for approval of members.

**Information pursuant to 1.2.5 of the Secretarial Standard on General Meetings (SS-2) and in terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding Director seeking appointment / re-appointment:**

**ITEM NO. 4 :**

Name	Sri C Sivasamy
Age	66 Years
Qualification	Diploma in Mechanical Engineering
Experience, Skills and capabilities	He has more than 42 years of experience in the field of Automobiles and General administration.
Terms and conditions of appointment or re-appointment	First term of Appointment for 5 years.
Last drawn remuneration	Not Applicable
Date of first appointment on the Board	28.06.2023
No. of shares held	NIL
Relationship with Directors, Managers and KMP	NIL
No. of Board Meetings attended during 2022-2023	Not Applicable
Other Directorship	Annamallai Infrastructures Private Limited Bannari Amman Food Products Private Limited Shiva Mills Limited Shiva Cargo Movers Private Limited Anamallais Cars Private Limited Annamallai Retreading Company Private Limited Bannari Amman Automobiles Private Limited Shiva Automobiles Private Limited Vedanayagam Enterprises Private Limited
Member of Committee	NIL
Chairman/Member of the Committees of the Boards of other Companies	Shiva Mills Limited Audit Committee - Member Stakeholders Relationship Committee - Member
Listed entities from which resigned in the past three years	NIL



Except Sri C Sivasamy, (DIN 00002921) being an appointee, none of the Directors and Key Managerial Personnel of the company and their relatives is concerned or interested.

#### **ITEM NO. 5**

The Board of Directors of the Company on the recommendation of the Audit Committee, approved the appointment and remuneration of Sri M Nagarajan, Cost Auditor to conduct the audit of the Cost records of the Company for the financial year ending 31<sup>st</sup> March, 2024.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the members of the Company. Accordingly, the members are requested to ratify the remuneration payable to the Cost Auditor for the financial year ending 31<sup>st</sup> March 2024, as set out in the resolution.

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

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No 5.

By Order of the Board

Coimbatore  
28<sup>th</sup> June, 2023

**S V ARUMUGAM**  
**CHAIRMAN & MANAGING DIRECTOR**  
**DIN 00002458**

**Notes:**

1. Ministry of Corporate Affairs Circular Ref. Nos: 20/2020 dated May 5, 2020, 2/2022 dated May 5, 2022 and SEBI Circular No: SEBI/HO/CFD/CMD1/ CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, permitted the holding of Annual General Meeting through VC/OAVM without the physical presence of the members at the common Venue. In compliance with these MCA Circulars and the relevant provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 the Annual General Meeting of the members of the Company is being held through VC/OAVM.
2. Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the Annual General Meeting and hence the Proxy Form and Attendance Slip are not annexed to the Notice.
3. Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc) are required to send a scanned copy (PDF/JPEG Format) of its Board Resolution or governing body Resolution/Authorisation etc., authorising its representative to attend the Annual General Meeting through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through their registered email address to sharpcs1@gmail.com with copies marked to the Company at shares@bannarimills.com and to its RTA at coimbatore@linkintime.co.in.
4. Members are requested to submit the questions in advance on the e-mail address shares@bannarimills.com.
5. As per MCA General Circular No. 20/2020 dated May 5, 2020 and 2/2022 dated May 5, 2022 and SEBI Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022, dispatching of physical copies of the financial statements (including Board's Report, Auditor's Report or other documents required to be attached therewith), such statements shall be sent only by e-mail to the members and hence sending of Annual Report by physical mode has been dispensed with.
6. The members attending the meeting through VC/OAVM shall be reckoned for the purpose of Quorum as stipulated under Section 103 of the Companies Act, 2013.
7. All the resolutions will be passed through the facility of e-voting system only.
8. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details in respect of items 3 to 5 of the Agenda forms part of this document.
9. The register of members and the share Transfer books of the company will remain closed from 19.9.2023 to 25.9.2023 (both days are inclusive)
10. Pursuant to the Finance Act 2020, dividend income will be taxable in the hands of members w.e.f. 1st April 2020 and the Company is required to deduct tax at source from dividend paid to members at the prescribed rates. For the prescribed rates for various categories, the members are requested to refer to the Finance Act, 2020 and amendments thereof. The members are requested to update their PAN with Registrars & Share Transfer Agents, Link Intime India Private Limited (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

A Resident individual shareholder with PAN and whose dividend is likely to exceed Rs.5,000/- and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by e-mail to <https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html> on or before the end of the business hours of 18.9.2023. Members are requested to note that in case their PAN is not registered, the tax will be deducted at a highest rate of 20%.