



THANJAVUR SPINNING MILL LIMITED

[CIN: U17111TN1961PLC004505]

Registered office: Rajapalayam Mills Premises,
P.A.C. Ramasamy Raja Salai, Rajapalayam – 626 117.

Phone No.: 04563-235666 Fax: 04563-236520

E-mail: tsml@ramcotex.com

Website: www.thanjavurspinningmill.co.in

Notice of Postal Ballot

[Pursuant to Section 110 of the Companies Act, 2013 and Rule 22 of the Companies (Management and Administration) Rules, 2014]

Dear Members,

- 1) The Company proposes to move a **Special resolution** for the sale of its undertakings, properties and assets.
- 2) Extract of the resolution proposed, together with the Statement of material facts; and the Postal Ballot Form are enclosed.
- 3) **Mr. K. Sriram**, Practising Company Secretary, Chennai, has been appointed as the **Scrutiniser**, to conduct the Postal ballot process in a fair and transparent manner.
- 4) The Company is also providing a facility to the members for **voting by electronic means**. Members may participate in the postal ballot process by casting their vote:
 - (a) either on the enclosed **postal ballot form** and sending the duly completed and signed postal ballot form to:
Mr. K. Sriram, Scrutiniser
C/o. Thanjavur Spinning Mill Limited
Rajapalayam Mills Premises, P.A.C. Ramasamy Raja Salai,
Rajapalayam – 626 117.
(or)
 - (b) on the **electronic voting** platform of Central Depository Services (India) Limited [**CDSL**].
- 5) This notice is being sent by e-mail to the registered e-mail ID of the members who have registered their e-mail ID with the Company or with their Depository Participants (in case of holdings in dematerialised form) for the purpose of receiving electronic communications.
- 6) Members receiving this notice by e-mail, but who wish to cast their vote on the postal ballot form may request the Company for the same.
- 7) Members receiving this notice in physical form may cast their vote either on the postal ballot form or on the electronic voting platform of CDSL.
- 8) The detailed instructions for casting vote on postal ballot form and for voting on the electronic voting platform of CDSL are provided in the postal ballot form.
- 9) Postage prepaid reply envelope is enclosed with the postal ballot form being sent to the members in physical form, for facilitating them to convey their assent or dissent.

- 10) The **last date and time for receipt of signed postal ballot forms is Friday, 03rd November, 2017, 5.00 P.M.** Postal ballot forms received after that date and time will not be considered as valid and will be treated as if reply from the member has not been received.
- 11) **Voting** on the **electronic** voting platform of CDSL shall commence **from Thursday, 05th October, 2017 at 9.00 A.M.** and **end Friday, 03rd November, 2017, 5.00 P.M.** E-voting will be disabled by CDSL thereafter, and members will not be allowed to vote on the electronic voting platform beyond that date and time.
- 12) The **results of the Postal ballot process** will be **declared** at the Registered office of the Company **on Saturday, 04th November, 2017 at 5.00 P.M.**, by Shri P. R. Venketrama Raja, Chairman of the Company, or in his absence by any other director or officer authorised by him in writing. Members who wish to be present at the time of declaration of result may be present at the above venue. The results shall then be placed on the website of the Company, and would also be provided to Central Depository Services (India) Limited (CDSL).
- 13) Shri S. Kanthimathinathan, Director, and Shri A.Karthiswaran, Company Secretary, have been entrusted with the responsibility of ensuring smooth conduct of the Postal ballot process. Members having any queries, clarifications or grievances connected with the voting by postal ballot (including voting by electronic means) may communicate with either of them at the registered office of the Company or through telephone at 04563-235666 or e-mail at tsml@ramcotex.com.

By order of the Board,
For **THANJAVUR SPINNING MILL LIMITED**

Rajapalayam
9th August 2017

P. R. VENKETRAMA RAJA
CHAIRMAN

Annexures:

1. Extract of the resolution proposed, with the Statement of material facts.
2. Postal Ballot Form.

Extract of the Resolution proposed

Sale of undertakings, properties and assets of the Company

To consider and if thought fit, to give assent / dissent to the following **Special Resolution**:

"RESOLVED THAT Pursuant to Section 180(1)(a) of the Companies Act, 2013, and subject to approval of the lenders and regulatory authorities, wherever required, sale / disposal of the following undertakings, properties and assets of the Company be and is hereby approved:

1. Entire Land at Thanjavur (around 11 Acres)
2. Entire 'B' Unit Building at Thanjavur (around 1.40 lakhs sq. ft.); and
3. All other movable assets of 'B' Unit including but not limited to 21,120 spindles, electrical machineries, humidification plants and office furniture.

For **THANJAVUR SPINNING MILL LIMITED**

Rajapalayam
9th August 2017

P. R. VENKETRAMA RAJA
CHAIRMAN

Statement of material facts pursuant to Section 102 of the Companies Act, 2013

Sale of undertakings, properties and assets of the Company

The Company is presently having around 11 acres of Land, 1.40 lakhs Sq. feet of Buildings and 21,120 Spindles at Unit 'B', Thanjavur.

Pursuant to the approval accorded by the Members by a special resolution passed through postal ballot process on 20-12-2014 and 28-03-2016, the process of sale of all the assets of Unit 'A', Thanjavur, land and building at Tiruttani and Windmill division, had been initiated and partially completed, as outlined below:

1. The Company had sold a majority of the movable fixed assets and demolished the factory buildings of Unit 'A', Thanjavur, and had developed 126 Nos. of residential plots in the land of which 34 plots had been sold so far.
2. The Company had sold all the windmills.
3. The entire consideration received by the Company from sale of these assets was utilised for repayment of borrowings, resulting in reduction of debt from Rs.137 crores as on 31st March 2014 to Rs.48 crores as on 31st July 2017.
4. It is expected that, the remaining 92 plots developed on the land of Unit 'A' would be sold in the next 12 months period, realising an amount of Rs.29.50 crores.
5. These sale proceeds would be utilised for repayment of term loan / working capital facilities and for redemption of preference shares.

The operating profit from Unit 'B' is only Rs.1.89 crores per year and the main reason for the reduced operating profit is the uneconomical size of operation. The indirect cost and administrative overheads have not reduced significantly. Because of this, cost of production has gone up substantially and our yarn has become uncompetitive in the market. Hence, it is proposed to sell all the assets of Unit 'B', Thanjavur.

The proposed sale has been approved by the Audit Committee and Board of Directors at their meetings held on 8th August 2017 and 9th August 2017 respectively. The Board has authorised the Audit Committee to decide the sale price on arm's length basis, considering the fair market value, at the time of sale and after evaluating all the offers received from interested parties.

Proceeds of this sale would be utilised for repayment of term loans and working capital facilities, redemption of preference shares, deployment in new business activities and general corporate purposes.

Unit 'B', Thanjavur, being the only operational unit of the Company, the existing business operations would cease on commencement of the sale process. The Board is evaluating various other business avenues and a formal decision will be taken by the Board regarding a new line of business.

Sale of a majority of the undertakings, properties and assets requires approval of the members by way of special resolution under Section 180(1)(a) of the Companies Act, 2013, through postal ballot process.

None of the promoters, directors, key managerial personnel or their relatives are concerned or interested in this item of business. The Board recommends this resolution to the members.

All the relevant documents pertaining to this item of business (including Valuation Report of Unit 'B') are available for inspection at the Registered Office at Rajapalayam, during business hours upto the last date for casting vote through the postal ballot process.

For **THANJAVUR SPINNING MILL LIMITED**

Rajapalayam
9th August 2017

P. R. VENKETRAMA RAJA
CHAIRMAN