

SRI NACHAMMAI COTTON MILLS LIMITED



37th ANNUAL REPORT 2016 - 2017



SRI NACHAMMAI COTTON MILLS LIMITED

Registered Office: 30, Sugavaneswara Road, Balaji Nagar, SALEM 636 004.
CIN No. L17115TZ1980PLC000916 Phone No. 0427-2331879, Fax No. 0427-2331951
E-mail : sncm@rediffmail.com, Website : www.sncmindia.com

BOARD OF DIRECTORS

Chairman cum Managing Director

Managing Director

Non Executive Independent Director
Non Executive Independent Director
Non Executive Independent Director
Non Executive Independent Director
Non Executive Independent Director
Non Executive Director
Non Executive Director
Non Executive Director

Smt. P. Umayal

Shri P. Palaniappan

Shri A. Alagappan

Shri Perumal Madhavagopal

Shri PL. Subbiah

Shri S. Ravichandran

Smt. Shantha Radhakrishnan

Shri A. Annamalai

Smt. Vasantha

Shri A. Arunkumar

STATUTORY AUDITORS

Messrs. M.S.Jagannathan & Visvanathan
Chartered Accountants, Coimbatore - 641 030

INTERNAL AUDITOR

Shri H. Venugopal
Chartered Accountant, Salem - 636 006

BANKERS

Indian Overseas Bank
Salem Main Branch, Salem - 636 001

REGISTRAR AND SHARE TRANSFER AGENTS

Cameo Corporate Services Limited
'Subramanian Building'
No. 1, Club House Road, Chennai - 600 002

COMPANY SECRETARY

Shri Ms. Sarita Jain .G

CHIEF FINANCIAL OFFICER

Shri A. Subramanian

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Contact Details	
Registered Office	: 30, Sugavaneswara Road Balaji Nagar Salem - 636 004
Mills at	: Near Railway Station Chettinad - 630 102 Sivaganga District
Phone Numbers	: 0427-2331879, 2330847
Fax	: 0427 - 2331951
E-mail	: sncm@rediffmail.com
Website	: www.sncmindia.com



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NOTICE TO THE SHAREHOLDERS

Notice is hereby given pursuant to Section 96 and other applicable provisions of the Companies Act, 2013 that the 37th Annual General Meeting will be held on Wednesday, the 27th day of September, 2017 at 5.00 P.M at Sarathy Classic, 8/3, Park Street, Fairlands, Salem- 636016 to transact the following business. All the Shareholders are requested to attend the same.

ORDINARY BUSINESS :

1. To consider and adopt the audited Annual Financial Statements including Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss Account and Cash Flow Statement for the year ended as on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sri. A. Annamalai (DIN. 00625832), Director who retires by rotation and being eligible, offers himself for re-election.
3. To appoint Auditors and to fix their remuneration and in this regard to pass the following Resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to Section 139 and other applicable provisions, if any of the Companies Act, 2013, M/S. V.V.SOUNDARARAJAN & CO., Chartered Accountants (Registration No.003944S) Salem be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the 42nd Annual General Meeting of the Company subject to the ratification at each annual general meeting held after this Annual General Meeting. The Board of Directors be and are hereby authorised to fix their remuneration on the recommendation of the Audit Committee".

SPECIAL BUSINESS

4. To consider and if deemed fit to pass the following Resolution as an Ordinary Resolution.

"RESOLVED that pursuant to the provisions of Sections 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rule, 2014 including any statutory amendments and modifications thereof, for the time being in force, the remuneration payable to Sri V. Balasubramanian, Cost Accountant, Coimbatore having the Membership No.4771 appointed by the Board of Directors to conduct the Audit of the Cost accounting records of the Company for the Financial Year 2017 -18 amounting to Rs.21,000/- per annum exclusive of service tax as applicable and re-imbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and take all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution".

By Order of the Board,
For Sri Nachammai Cotton Mills Limited,

P.Umayal,
Chairman cum Managing Director,
Din.00110260.

Place : Salem
Date : 29th May, 2017.

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten percent of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.



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3. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which Directors are interested, as maintained under Section 189 of the Companies Act, 2013 will be available for inspection for the members at the AGM.
4. The Register of Members and Share Transfer books of the Company shall remain closed from **21st September, 2017 to 27th September, 2017** (both days inclusive).
5. Details in respect of the Director seeking appointment/re-appointment at the Annual General Meeting are furnished and form a part of the notice. The Director have furnished the requisite consents/declarations for his appointment/re-appointment.
6. Members holding shares in Physical form are requested to intimate immediately, any changes in their address to the Company's Share Transfer Agent, M/S. Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600002 and members holding shares in electronic mode may inform the same to their respective Depository Participant.
7. Members who hold shares in physical form in multiple folios and/or in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar and Share Transfer Agents, for consolidation into a single folio.
8. Members are advised to demat the shares held in physical form, as holding of securities in demat form eliminates bad delivery, saves stamp duty on transfers, ensures faster settlement, eases portfolio management and provides 'online' access through internet'.
9. Members are requested to register their e-mail to obtain faster, accurate and complete communications from the Company.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat Account (s). Members holding shares in physical form can submit their PAN details to the Registrar and Share Transfer Agent.
11. Copies of the Annual Report 2017, the Notice of the 37th Annual General Meeting and instructions for e-voting, along with the Attendance Slip and Proxy Form are being sent by permitted mode.
12. Members may also note that the Notice of the 37th Annual General Meeting and the Annual Report 2017 will be available on the Company's website, www.sncmindia.com. The physical copies of the aforesaid documents will also be available at the Company's Registered office for inspection during business hours on working days.

Members who require communication, or have any other queries, may write to us at sncmro@gmail.com.
13. A member requiring clarification on account or operations of the Company shall write to the Chief Financial Officer/Company Secretary at least 7 days before the meeting, so that the information required can be provided.

14. Voting through Electronic Means

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2015, the Company is pleased to provide its members, facility to exercise their right to vote at the 37th Annual General Meeting by Electronic means and the business may be transacted through remote e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

The instructions for members for voting electronically are as under:

- (i) The e-voting period begins on 24th September, 2017 (9.00 a.m) and ends on 26th September, 2017 (5.00 p.m.). During this period, Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of **20.09.2017** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The Shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on "Shareholders" tab.



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- (iv) Enter your User ID.
- For CDSL: 16 digits beneficiary ID.
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID.
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Enter the image verification as displayed and click on Login.
- (vi) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below.

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as Physical shareholders)</p> <p>*Members who have not updated their PAN with the Company/RTA/DP / are requested to use the first two letters of their name and the sequence number in the PAN field. The Sl. No. Printed on your address slip pasted on the Annual Report envelope added with sufficient 0s in between the first two letters of your name and the Sl. No. to fill the ten digit PAN field for this purpose.</p> <p>Example: If your name is Ramesh Kumar with Sl.No. 1 then enter RA00000001 in the "PAN field".</p>
Date of Birth Dividend Bank Details	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>If both the details are not recorded with the depository or Company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (iv)</p>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company in which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN of "Sri Nachammai Cotton Mills Limited".
- (xii) On the voting page, there will be "RESOLUTION DESCRIPTION" and against the same the option YES/NO" for voting. Select the option YES or NO as desired. The option YES implies assent to the Resolution and option NO implies dissent to the resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" to view the Resolution details.
- (xiv) After selecting the resolution to vote on, click on "SUBMIT". A confirmation box will be displayed. To confirm the vote, click on "OK", else to change the vote, click on "CANCEL" and accordingly modify the vote.
- (xv) Once the vote on the resolution is "CONFIRM", shall not be allowed to modify the vote.
- (xvi) A print of the votes cast can be taken by clicking on "Click here to print" option.



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(xvii) If a Demat account holder has forgotten the login password then Enter User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note for Institutional Shareholders, Custodians and Non- individual shareholders

- * Non-individual shareholders (i.e. other than individuals, HUF, NRI etc.) and Custodians are required to log on to www.evoting.com and register themselves as Corporates.
- * A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed to helpdesk.evoting@cdslindia.com.
- * After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- * The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- * A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) In case of members receiving the Physical copy and person who acquire shares of the Company and become a member of the Company as on the Cut-off date.

- a) Please follow all steps from Sl. Nos. (i) to (xvi) above to cast vote.
- b) In case of any queries or issues regarding e-voting, members may refer to Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

VOTING AT THE VENUE OF THE AGM

- i) The Company offers the facility for voting through polling paper at the meeting. The Members as on the cut-off date **20.09.2017** attending the AGM are entitled to exercise their voting right at the meeting.
- ii) Members who have cast their vote by e-Voting may attend the AGM and shall not be entitled to cast their vote.
- iii) The Chairman will fix the time for voting at the Meeting. Shareholders present in person or by Proxy can vote.

General Instructions

1. The cut-off date for the purpose of e-voting has been fixed as **20.09.2017**. Members holding shares as on this cut off date should endeavour to cast their vote.
2. Voting rights of Shareholders shall be in proportion to their shareholding in the Company as on the cut-off date of **20.09.2017**
3. In case a Shareholder by inadvertence or otherwise has voted under more than one option, his voting by only one mode shall be taken as final and valid.
4. Mr.M.R.L. Narasimha, Company Secretary in Practice, Coimbatore (Membership No. 2851' CP No. 799) has been appointed as Scrutinizer to scrutinize the e-voting.
5. The Scrutinizer shall after the conclusion of voting at the AGM.
 - (i) Count the votes cast at the Meeting through polling paper.
 - (ii) Thereafter unlock the votes cast through remote e-voting which will be done in the presence of two witnesses, not in the employment of the Company.
 - (iii) The Scrutinizer not later than two days of the conclusion of the AGM shall submit a Consolidated Scrutinizer Report of the total votes cast through remote e-voting process and poll cast at the AGM to the Chairman.



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- (iv) The Chairman or a person authorised by him in writing shall declare the result of the voting based on Scrutiniser's Report.
- (v) Subject to receipt of requisite number of votes, the Resolution shall be deemed to be passed on the date of AGM.
- (vi) The results declared along with the Scrutiniser's Report will be placed on the Company's website www.sncmindia.com and on the website of CDSL www.evoting.cdsi.com immediately after the result is declared and also communicated to BSE.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013.

ITEM No.4

The Board of Directors on the recommendation of the Audit Committee, has approved the appointment of Sri V. Balasubramanian, Cost Accountant for the audit of Cost accounting records of the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 for the financial year 2017-18 at a remuneration of Rs.21,000/- per annum excluding the applicable service tax and reimbursement of out of pocket expenses incurred by him in connection with the audit. Board of Directors has accepted the recommendation of the Audit Committee and approved his appointment. As per the provisions of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rule, 2014, Remuneration payable to the Cost Auditor as approved by the Board of Directors of the Company shall be ratified by the Shareholders.

The Company has received a Certificate from the Cost Auditor confirming his independence and his willingness to act as the Cost Auditor of the Company.

None of the Directors, Key managerial personnel or their relatives is concerned or interested in the resolution.

By Order of the Board,
For Sri Nachammai Cotton Mills Limited,

P.Umayal,
Chairman cum Managing Director,
Din.00110260.

Place : Salem
Date : 29th May, 2017.

Details of Director seeking appointment / and re-appointment as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Name	:	Sri. A. Annamalai
DIN No.	:	00625832
Date of Birth & Age	:	15.02.1956 (61 yrs)
Nationality	:	Indian
DOA on the Board	:	19.09.1997
Relation with other Director	:	Father of Sri. A. Arunkumar
Qualification	:	SSLC
Experience	:	27 Years in Business
No. of Shares held	:	3718
List of Directorships held in other Companies	:	Supreme Yarn Spinners Limited
Chairman/Member of the Committees of the Board of other Companies in which he / she is Director	:	Nil



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REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS

Dear Shareholders,

The Board of Directors of your Company is pleased to present the 37th Annual Report on the business of the Company along with summary of financial statements for the year ended 31st March, 2017. The report is prepared in accordance with the provisions of the Companies Act, 2013.

Financial Highlights

During the year under review, performance of your company is as under:

Particulars	31.03.2017	31.03.2016 (9 months)
Profit before finance costs and Depreciation	95,034,029	47,122,720
Finance costs	(45,157,469)	(40,437,929)
Depreciation	(43,591,420)	(30,081,041)
Profit / (Loss) before taxation	6,285,140	(23,396,250)
Less : Tax expense	685,604	2,431,163
Profit / (Loss) after tax	6,970,744	(20,965,087)

Dividend

The Company is unable to declare any Dividend on account of accumulated losses.

Review of Operations

During the year, the Company has made a turnover of Rs. 1,684,213,449/- as against Rs. 1,135,464,664/- in the previous year. The Company has made a net Profit of Rs. 6,970,744/- during the current year as compared to Net Loss of Rs. -20,965,087/- during the period ended (9 months) 2015 - 2016.

The Financial year 2016 - 2017 was a difficult year for the spinning industry inspite of this the Company made a profit because of timely purchase of imported cotton.

Management's Discussion and Analysis

As per the Regulation 34(1) (e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the report on "Management Discussion and Analysis" forms an integral part of Annual Report as **Annexure -1**

Deposits

Company has not accepted any deposits from public.

Directors and Key Managerial Personnel

Pursuant to the provisions of Section 152 of the Companies Act, 2013 Sri A. Annamalai retire by rotation and being eligible offers himself for appointment and the resolution is placed before the Shareholders for approval.

A brief resume, expertise, shareholding in the Company and details of other entities in which the Director is interested as stipulated under Regulation 36(3)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Secretarial Standard is provided in the Notice attached.

At the Board Meeting held on 21st August, 2014 Sri P. Palaniappan, Chairman cum Managing Director and Smt. P. Umayal, Joint Managing Director of the Company was reappointed for a term of five years from 19.12.2014 to 18.12.2019 and designated as "Key Managerial Personnel" of the Company pursuant to Section 2(51), 203 of the Companies Act, 2013 read with Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014.



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Sri.P.Palaniappan, resigned from the post of Chairman cum Managing Director with effect from 18th November, 2015 but shall continue to be the Managing Director of the Company.

Smt. P.Umayal was appointed as the Chairman of the Board of Directors with effect from 18th November, 2015 and she shall remain as Chairman cum Managing Director of the Company.

Pursuant to the provisions of Section 149 of the Act, Sri Perumal Madhavagopal, Sri A.Alagappan, Sri S.Ravichandran, Sri PL.Subbiah and Smt. Shantha Radhakrishnan were appointed as independent Director at the 34th AGM of the Company held on 10th December, 2014 for a term of five consecutive years from 10th December, 2014 to 9th December, 2019.

All the Directors of the Company have confirmed that they are not disqualified from being appointed as directors in terms of Section 184(1) and Rule 9 (1) of the Companies Act, 2013.

Declaration by Independent Directors

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (LODR).

During the year, all the independent Directors were present in meeting of Independent Directors. The Independent Directors assessed the quality, quantity and timeliness of flow of information between the management and the Board and expressed that the Current flow of information and contents were adequate for the Board to effectively perform its duties.

Familiarization Programmes

The Company had conducted various sessions during the financial year to familiarize all the Directors including the Independent Directors with the updates of Company, their rules, responsibilities in the Company, and the technology and the risk management systems of the Company. Further, the Directors are encouraged to attend the training programmes being organized by various regulators/bodies/institutions on above matters.

Number of Board Meetings and Committee Meetings

The Board met five (5) times during the financial year on 23rd May, 2016, 6th August, 2016, 7th November, 2016, 2nd February, 2017, and 13th March, 2017.

Statutory Auditors

The Company's Auditors, M/S.M.S.Jagannathan & Visvanathan, Chartered Accountants, hold office till the conclusion of the ensuing Annual General Meeting.

The Auditors' Report for FY 2016-2017 does not contain any qualification, reservation or adverse remark. The auditors' report is enclosed with the financial statements in the Annual Report.

As per provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the present Statutory Auditors of the Company have completed a period of 10 years and hence they are not eligible for re-appointment as Statutory Auditors for the financial year 2017-18.

It is proposed to appoint M/S.V.V.Soundararajan & CO., Chartered Accountants, Salem as Statutory Auditors of the Company for a term of five years (5) commencing from the financial year 2017-18 till the conclusion of the Annual General Meeting to be held in the year 2022, subject to ratification by Shareholders at every Annual General Meeting. The Company received a certificate from the said Auditors that they are not disqualified and the new Audit firm confirmed their eligibility and willingness to accept office, if appointed.

Secretarial Auditor

As required under Section 204 of the Act, and Rules made there under Sri M.R.L. Narasimha, Practising Company Secretary was appointed to conduct the Secretarial Audit of the Company for the financial year 2016-17. The Secretarial Audit Report for the financial year 2016-17 forms part of the Annual Report as **Annexure No. VII** to the Board's Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.



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Cost Auditor

Section 148 of the Companies Act, 2013 pertaining to audit of Cost Records is applicable to the Company. Based on the recommendation of the Audit Committee, Mr. V. Balasubramanian, Cost Accountant was reappointed as Cost Auditor of the Company for the financial year 2017-18 and Resolution for the remuneration payable to Cost Auditor is placed before the Shareholders for ratification.

Internal Auditor

The Company has re-appointed Mr. H. Venugopal as the Internal Auditor of the Company for a further period of one year for the financial year 2017-18. The scope of work includes review of process for safeguarding the assets of the Company, review of operational efficiency, effectiveness of system and processes and assessing the strength and weaknesses of internal control. Internal Auditor reports are placed before the Audit Committee on a regular basis for taking suitable action for improvement, wherever required.

Subsidiaries, Joint Ventures and Associates

The Company does not have any Subsidiary, Joint venture or Associate Company.

Corporate Social Responsibility

Corporate Social Responsibility is not presently applicable as the Company does not satisfy the conditions laid down in Section 135 with regard to net worth, turnover and net profits.

Material Changes and Commitments

There have been no material changes and commitments between the end of financial year (March 31, 2017) and the date of the report affecting the financial position of the Company.

Adequacy of Internal Financial Controls and Internal Control System

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation was observed.

Company has established adequate Internal Control procedures, commensurate with the nature of its business and size of its operations and for ensuring the orderly and efficient conduct of its business for safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

The Company has appointed Internal Auditor to observe the Internal controls, whether the work flow of organization is being done through the approved policies of the Company. In every quarter during the approval of Financial statements, Internal Auditors will present the Internal Audit Report and Management Comments on the Internal Audit observation.

Particulars of Loan, Guarantees and Investments under Section 186 Details of Loan

Sl. No.	Period of making Loan	Details of Lender	Amount in Rs.	Purpose for which the loan is to be utilized by the recipient	Time period for which it is given	Date of BR	Rate of interest
1	01.04.2016 to 31.03.2017	Supreme Yarn Spinners Limited 30, Sugavaneswara Road, Salem - 4	13,525,000/-	Inter Corporate Loan	Repayable on Demand	23.05.2016 06.08.2016 07.11.2016 02.02.2017	12%
2	01.04.2016 to 31.03.2017	Raja Yarn Spinners Limited 30, Sugavaneswara Road, Salem - 4	52,472,500/-	Inter Corporate Loan	Repayable on Demand	23.05.2016 06.08.2016 07.11.2016 02.02.2017	5.25%



Significant & Material orders

No Significant and Materials orders have been passed by any Regulator or Court or Tribunal which can have an impact on the going concern status and the Company's operations in future.

Disclosure as required under Section 22 of Sexual Harassment of Workmen at Workplace (Prevention, Prohibition and Redressal) Act, 2013

As per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted an Internal Complaints Committee. During the Financial Year 2016-2017 no complaint was received before the committee.

Conservation of Energy, Technology Absorption, Exports and Foreign Exchange earnings and outgo.

The information on Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules 2014 is annexed herewith as **Annexure – II**

Corporate Governance

As per the new Regulation 27(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Corporate Governance Report, together with the Certificate from the Company's Auditors confirming the compliance of conditions on Corporate Governance is given in **Annexure – III**

Extract of Annual Return

The extract of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014, in format MGT - 9, for the Financial Year 2016-17 is enclosed with this report. - **Annexure – IV**

Contracts or Arrangements with Related Parties

Transactions entered with related parties have been explained in Form **AOC – 2 - Annexure – V** annexed with this report and forms part of this Report. Further, Policy on dealing with Related Party transactions has been uploaded on the Company's website <http://www.sncmindia.com>.

Vigil Mechanism/Whistle Blower Policy

In pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for Directors and employees to report genuine concerns has been established.

The Vigil Mechanism Policy has been uploaded on the website of the Company at <http://www.sncmindia.com>.

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structures and disciplined approach to risk management, in order to guide decisions on risk related issues.

Audit Committee

Audit Committee is in existence in accordance with the provisions of section 177 of the Companies Act, 2013. The details relating to the composition, meetings, and functions of the Committee are given in Corporate Governance Report. The Board has accepted recommendations of Audit Committee, hence no disclosure required under Section 177(8) of the Companies Act, 2013.

Risk Management Policy

As per the Regulation 27(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board members were informed about risk assessment and minimization procedures after which the Board formally adopted steps for framing, implementing and monitoring the risk management plan for the company. All the results and evaluation has been communicated.

Board Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The performance of the board was evaluated by the board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc. as provided by the guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.



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The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as the Composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as contribution of the individual director to the board and committee meetings like preparation on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

Nomination and Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed the policy on director's appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters as required under sub-section (3) of Section 178 of the Companies Act, 2013 which have been outlined in Nomination & Remuneration policy forming part of this Report.

The details of Remuneration to Directors are given in **Annexure – VI**

Directors Responsibility Statement

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, your directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Particulars of Employees

The disclosure referred to the Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 does not apply to the Company as there were no employees who are in receipt of remuneration in aggregate of more than Rs.1,02,00,000/- if employed throughout the year or Rs.8,50,000/- per month if employed for part of the year.

Details of top 10 employees based on their salary is disclosed in **Annexure – VIII**

Listing

The Equity Shares of the Company are listed in BSE Limited and the Company has duly paid the Annual listing fees for the year 2017-18.

M/s. Cameo Corporate Services Limited, Chennai is the Registrar for providing depository services through National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), for holding Shares in Electronic mode (De-mat) of our Shareholders and also is the Registrar for Share Transfer Services for physical segment.

Acknowledgements

Your Directors wish to place on record their deep sense of appreciation for the tremendous support from the Bankers M/s. Indian Overseas Bank, the shareholders, and all our suppliers and customers. The Board also wishes to place on record their appreciation for the contribution made by the employees at all levels.

For and on behalf of the Board of Directors,
P. Umayal,
Chairman cum Managing Director.
Din. 00110260.

Salem,
29th May, 2017



SRI NACHAMMAI COTTON MILLS LIMITED

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MANAGEMENT DISCUSSION AND ANALYSIS

ANNEXURE - I

A. INDUSTRY STRUCTURE AND DEVELOPMENTS

Textile Industry is the largest employer of workforce after agriculture, It plays a crucial role in the Indian economy. Its importance to the Indian economy is recognised for its significant contribution to industrial production and export earnings. The Indian spinning sector is largely organised and continues to be a predominant supplier of cotton yarn in the world. The cotton yarn manufactured by the Indian spinning mills is said to be one among the best in the world.

During the previous year, there was an abnormal increase in cotton price from the month of July to September. Hence, the spinning industry went through rough times but your Company had bought imported cotton and hence was able to manage the tough situation. Due to demonetization, there was a slowdown in sales in the months of December & January and retaining labour was a challenge because timely payment was not possible because within a short notice bank accounts had to be opened for all workers.

B. OPPORTUNITIES, THREATS, RISKS AND CONCERNS

The spinning industry is dependent on cotton which is an agricultural product and this single input will be about 60% of the selling price of yarn, hence, price fluctuations and availability of cotton will play major role in the performance of spinning mills always.

C. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

At present, the segmental reporting is not applicable to the Company as it operates only in single reportable business i.e. "Textiles"

D. OUTLOOK

Due to introduction of GST, there is drastic slow down in yarn sales, we expect, it will take a minimum of 2 to 3 months for clarity to come to buyers. During this period, many mills will undercut and sell thus the price realization on yarn sales will not be profitable. After this phase, we are expecting a pick up in volume sales and thereby prices.

E. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition. All the transactions are authorised, recorded and reported correctly.

F. FINANCIAL AND OPERATIONAL PERFORMANCE

Please refer Board Report on financial and operational performance review.

G. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT

The Company has been conducting training & motivational programs for both the management staff and the workers. The purpose is to increase the competency levels in the organization. The Company recognizes the importance and contribution of its human resources for its growth and development and is committed to the development of its people.

H. CAUTIONARY STATEMENT

Certain statements made in the Management Analysis and Report relating to Company's outlook, expectations, etc. may constitute forward looking statements within the meaning of the applicable laws and regulations. Actual results may vary from outlook, expectations etc, whether express or implied. Several factors could make a significant difference to the Company's operations which may include climate conditions, economic conditions affecting demand and supply, Government regulations, natural calamity, etc. over which the Company does not have any control.



SRI NACHAMMAI COTTON MILLS LIMITED

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ANNEXURE TO DIRECTOR'S REPORT

ANNEXURE - II

Conservation of energy, technology adsorption and research and development and foreign exchange earnings and outgo

A. Conservation of energy

(a) Power and Fuel Consumption	Current year ended 31.03.2017	Previous year ended 31.03.2016
1. Electricity		
(i) Purchased		
Units	2,88,34,566	2,28,02,782
Total Amount (Rs.)	18,12,96,906	15,66,98,360
Rate Per unit (Rs.)	6.29	6.87
(ii) Own Generation		
(a) Through Diesel Generator		
Units	1,29,816	1,24,670
Units per litre of Diesel	3.46	3.38
Cost / Unit (Rs.)	10.19	12.29
(b) Through Steam Turbine/Generator	Nil	Nil
2. Coal	Nil	Nil
3. Furnace Oil	Nil	Nil
4. Other / Internal Generation	Nil	Nil
(b) Consumption per unit of production		
Yarn produced (kgs)	81,21,380	56,89,579
Electricity Consumed (Units)	2,89,64,382	2,29,27,452
Consumption per Kg. of yarn	3.57	4.03

B. PARTICULARS OF TECHNOLOGY ABSORPTION

The Company has no R & D Division. The Company is a member of South India Textile Research Association and gets the benefits of their research.

C. PARTICULARS ON FOREIGN EXCHANGE EARNINGS AND OUTGO

EARNINGS	: Direct Exports	Rs.	Nil	Rs.	Nil
OUTGO	: Import of Spares	Rs.	5,207,994	Rs.	60,17,930
	Import of Capital Goods	Rs.	Nil	Rs.	Nil
	Import of Raw Material	Rs.	383,555,816	Rs.	109,201,292
		Rs.	<u>388,763,810</u>	Rs.	<u>115,219,222</u>

Place : Salem
Date : 29th May, 2017

For and on behalf of the Board of Directors,
P. Umayal,
Chairman cum Managing Director.
Din:00110260.



SRI NACHAMMAI COTTON MILLS LIMITED

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REPORT ON CORPORATE GOVERNANCE

ANNEXURE - III

The Directors present the Company's Report on Corporate Governance for the year ended on 31st March 2017, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1. Company's Philosophy on Code of Corporate Governance

The Company's philosophy on corporate governance is to ensure that its obligations are discharged in a fair and transparent manner and to enhance the value of all its Stakeholders. The Directors and the Management of the Company maintain high standards of corporate governance in conducting its business and ensure that an effective self regulatory mechanism exists to protect the interest of all the Stakeholders. The Company is in compliance with the Corporate Governance norms as stipulated under Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchange where its shares are listed.

2. Board of Directors

The Board of Directors is committed to ethical and lawful conduct of the business. They provide leadership and strategic guidance on the affairs of the Company.

The Company follows the practice of fixing the Board Meetings well in advance to ensure maximum attendance of all Directors. The Board determines strategic policies, approves annual plans & budgets, capital expenditure, new projects, investment plans, conducts performance review, ensures compliance, and risk management etc., periodically. A minimum of four meetings of the Board of Directors are held each year, one meeting is held in each quarter and it is ensured that the gap between two meetings does not exceed 120 days.

a. Composition

Your Company's Board has an optimum combination of Executive, Non-executive, Independent and Women Directors as per requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Details of composition of the Board, category, attendance of Directors at Board Meetings and the last Annual General Meeting, number of other Directorships and other Committee memberships are given below.

Sl. No.	Name of the Director	Shares held	Category	Attendance particulars		Director ships in other public companies	Committee positions across all Public Companies	
				Board Meetings	AGM		Chairman / Vice chairman	Member
1.	Smt. P. Umayal (Chairman cum Managing Director) Din. 00110260	1036343	ED(P)	5	Yes	1	1	–
2.	Shri P. Palaniappan (Managing Director) Din. 01577805	198505	ED(P)	5	Yes	–	1	–
3.	Shri A. Annamalai Din. 00625832	3718	NED	5	Yes	1	–	–
4.	Shri A. Alagappan* Din. 00363600	100	ID	2	No	–	2	–
5.	Shri Perumal Madhavagopal* Din. 00363963	100	ID	5	Yes	1	3	1
6.	Shri S. Ravichandran* Din. 00759455	8234	ID	4	Yes	–	1	3
7.	Shri PL. Subbiah* Din. 02131140	–	ID	2	No	1	–	–
8.	Smt. Shantha Radhakrishnan* Din. 06976554	–	ID	3	No	–	–	–
9.	Smt. Vasantha Din. 00627405	–	NED	3	No	–	–	–
10.	Shri A. Arunkumar Din. 07176491	2552	NED	5	Yes	–	–	–



SRI NACHAMMAI COTTON MILLS LIMITED

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ED (P) – Executive Director – Promoter NED– Non Executive Director

* ID – Independent Directors were appointed on 10.12.2014 for a period of 5 years (Upto 09.12.2019)

b. Board Meetings

During the financial year 2016-17, Five (5) Board Meetings were held on **23rd May 2016, 6th August 2016, 7th November, 2016, 2nd February, 2017 and 13th March, 2017**. No Board Meeting was conducted through video conferencing or other audio visual means.

c. Independent Directors

All the Independent Directors of the Company viz., Sri Perumal Madhavagopal, Sri A. Alagappan, Sri S. Ravichandran, Sri PL. Subbiah and Smt. Shantha Radhakrishnan were appointed at the 34th AGM of the Company held on 10th December, 2014 for a term of five consecutive years from 10.12.2014 to 09.12.2019.

Independent Directors discussed/reviewed the matters specified in Regulation 25 of SEBI LODR/ Schedule IV of the Companies Act, 2013 in the meeting held on 7th February 2017. All the Independent Directors were present at the meeting.

3. Committees of Directors

To assist the Board to ensure effective compliance of all the statutory requirements and for efficient conduct of business of the Company, the Board constituted various Committees. The scope, role and responsibilities of such Committees were clearly defined in the terms of reference of each Committee as per the statutory requirements. The details of the Committees and their operations are as follows:

a. Audit Committee

The Board has constituted a well-qualified Audit Committee in compliance with Section 177 of the Companies Act, 2013 read with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the members including Chairman of the Committee are Independent Directors.

b. Terms of Reference

The Audit Committee assists the Board in its responsibility of overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors including Cost Auditor, the performance of Internal auditors and the risk management policies. The terms of reference of this committee are as required by SEBI under Regulation 18 read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 as well as Section 177 of the Companies Act, 2013.

During the Financial year 2016-2017, Four (4) meetings of the Committee was held on **23rd May, 2016, 6th August, 2016, 7th November, 2016 and 2nd February, 2017**.

c. Details of composition of the Committee and attendance of the members at the meetings are given below:

Sl. No.	Name	Designation	Independent / Non Independent	No. of Meetings attended	
				Held	Attended
1.	Shri Perumal Madhavagopal	Chairman	Independent Director	4	4
2.	Shri A. Alagappan	Vice-Chairman	Independent Director	4	2
3.	Shri S. Ravichandran	Member	Independent Director	4	4

All members of the Audit committee are financially literate and have expertise in accounting / financial management. The Managing Director, Chief Financial Officer, Internal Auditor and Statutory Auditors attended meetings of the Committee as invitees. Chairman of the Audit Committee has attended the last Annual General Meeting.



In line with its terms of reference, the Audit Committee, at its each meeting reviewed the operations and the audit reports for businesses pursuant to audits undertaken by the Internal Auditor under the audit plan approved at the commencement of the year. The quarterly financial results were reviewed by the Committee before submission to the Board. Independent sessions were held with Statutory and the Internal Auditor to assess the effectiveness of the audit processes. The Committee reviewed adequacy of Internal Financial Controls on a Company- wide basis and shared their recommendations on the internal control processes to the Board. On a quarterly basis, the Committee continues to review whistle blower complaints, litigations, and related party transactions, the corrective actions and mitigating controls put in place therefore.

4. Nomination and Remuneration Committee

The Nomination and Remuneration (NRC) is constituted in compliance with the requirements of Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013.

a. Terms of Reference

The terms of reference of this committee has been mandated with the same as specified in Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also with the requirement of Section 178 of the Companies Act, 2013.

b. Composition of the committee

The Committee comprises of 3 Independent Directors. The Chairman is a Non-Executive Independent Director. The Composition of the Committee is as under :

Sl. No.	Name	Designation	Independent / Non Independent
1.	Shri Perumal Madhavagopal	Chairman	Independent Director
2.	Shri A. Alagappan	Vice-Chairman	Independent Director
3.	Shri S. Ravichandran	Member	Independent Director

c. Performance Evaluation criteria for Independent Directors.

- ◆ Attendance and active participation in Board, Committees and General Meetings
- ◆ Qualification, Knowledge, Skills and Expertise
- ◆ Updating of skills and knowledge
- ◆ Participation in familiarization programmes
- ◆ Independent and unbiased opinion
- ◆ Informed and balanced decision making
- ◆ Leadership qualities
- ◆ Safeguarding Stakeholders interest
- ◆ Compliance with Articles of Association, Companies Act, 2013 and other laws and regulations
- ◆ Compliance with ethical standards, Corporate governance practices and code of conduct of the Company
- ◆ Review of integrity of financial information and risk management
- ◆ Active participation in determination of remuneration of Directors, KMPs and other senior management
- ◆ Reporting of frauds, violation etc
- ◆ Safeguard of confidential information
- ◆ Information about the company and the external environment in which it operates
- ◆ Reviewing vigil mechanism and safeguarding interest of whistle blowers
- ◆ Effective participation in the deliberations of related party transactions
- ◆ Seek expert opinion if required
- ◆ Moderates and arbitrates conflicts of interest between Stakeholder and Management in the interest of the Company as a whole.



5. Remuneration Policy

The remuneration policy is in consonance with the existing industry practice and also with the provisions of the Companies Act, 2013. The Board of Directors based on the recommendation of the Nomination and Remuneration Committee has formulated a policy on remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The policy covers the appointment, including criteria for determining qualification, positive attributes, independence and remuneration of its Directors, Key Managerial Personnel and Senior Management Personnel.

a. Remuneration of Directors

The Remuneration paid/payable to the Executive Directors for the period ended (12 months) is given as under:

Name of the Director	Salary (Rs.)	Commission (Rs.)	Perquisites and Others (Rs.)	Total	Service Contract
Smt. P. Umayal Chairman cum Managing Director	15,00,000	-	29,214	15,29,214	19.12.2014 to 18.12.2019
Shri P. Palaniappan Managing Director	15,00,000	-	45,970	15,45,970	19.12.2014 to 18.12.2019

- b. The Company does not pay remuneration to any of its non-executive directors barring sitting fees for attending meeting(s).

The details of sitting fee paid to Non Executive Directors during the year are as under:

Sl. No.	Name of the Director	Sitting Fees Rs.
1.	Shri A. Alagappan	8000
2.	Shri Perumal Madhavagopal	20000
3.	Shri S.Ravichandran	16000
4.	Shri PL.Subbiah	8000
5.	Sri A. Annamalai	10000
6.	Smt. Shantha Radhakrishnan	8000
7.	Smt. Vasantha	6000
8.	Shri A. Arunkumar	10000

There has been no materially relevant pecuniary transaction or relationship between the Company and its non-executive directors during the year. The Company currently does not have any stock option scheme.

6. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was constituted in compliance with the provisions of Section 178 of the Companies Act, 2013 read with Regulation 20 and Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This Committee is responsible for the satisfactory redressal of investors' complaints pertaining to share transfers, non-receipt of annual reports, issue of duplicate certificates, transmission of shares and other miscellaneous complaints. In addition, the Committee looks into other issues including status of dematerialization/re-materialization of shares as well as systems and procedures followed to track investor complaints.



SRI NACHAMMAI COTTON MILLS LIMITED

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Stakeholders' Relationship Committee consists of the following Directors

Sl. No.	Name of the Director	Designation	Category	No. of Committee Meetings	
				Held	Attended
1.	Shri S. Ravichandran	Independent Director	Chairman	4	4
2.	Shri Perumal Madhavagopal	Independent Director	Vice - Chairman	4	4
3.	Shri P. Palaniappan	Executive Director	Member	4	4
4.	Smt. P. Umayal	Executive Director	Member	4	4

Miss. Sarita Jain.G, Company Secretary was designated as the Compliance Officer of the Company as per the requirements of Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also responsible for redressal of investors complaints. The Committee attends inter-alia to complaints from Stakeholders and for their redressal. All the complaints / grievances were also placed before the Board for information. Based on the information provided by the Company's Registrar & Share Transfer Agents, at the beginning of the year, no complaint was pending. During the period ended on 31st March, 2017, the Company has not received any complaint from investors and also no investor complaint was pending on 31st March, 2017

The Committee met Four (4) times during the year : 23.05.2016, 06.05.2016, 07.11.2016 and 02.02.2017. Pursuant to Regulation 40(9) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 a certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practising Company Secretary has been submitted to the Stock exchange within stipulated time.

During the year, no complaint was received from Ministry of Corporate Affairs/SEBI, including SEBI complaints redress System (Scores).

7. Share Transfer Committee

The Committee has the power to approve transfers and transmission of shares and also issue duplicate share certificate in lieu of those, which are reported to be lost or destroyed.

Share Transfer Committee comprises the following Directors:

Sl. No.	Name of the Director	Category	Designation	No. of Meetings attended
1.	Shri P. Palaniappan	Executive Director	Chairman	7
2.	Smt. P. Umayal	Executive Director	Vice-Chairman	7
3.	Shri Perumal Madhavagopal	Independent Director	Member	7
4.	Shri S. Ravichandran	Independent Director	Member	7

During the year, seven (7) meetings of the share transfer committee was held on the following dates : 28.04.2016, 20.06.2016, 30.09.2016, 28.11.2016, 27.02.2017, 17.03.2017 and 27.03.2017.

The Registrar & Share Transfer Agent, after processing the valid Share Transfer Forms, the Share Transfer Register have been forwarded to the Share Transfer Committee for approval. The said Committee meets and approves and the Share Transfers are endorsed by Sri P.Palaniappan, Managing Director or Smt. P.Umayal, Chairman cum Managing Director of the Company. The Share Transfer Register also duly signed by the Committee members. The duly endorsed Share Certificates are sent to the Registrar & Share Transfer Agent for dispatches to the Transferee.

Presently, the share transfers which are received in physical form are processed and the share certificates duly transferred are returned generally within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

There have been no public issues, rights issues or other public offerings during the past five years.



SRI NACHAMMAI COTTON MILLS LIMITED

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8. General Body Meetings

Details of Location, Date and Time of the Annual General Meetings held during the last three years:

Year	Venue	Date & Time
2016	Hotel Sarathy Classic, 8/3, Park Street, Fairlands, Salem – 636 016	15 th September 2016 at 5.00 P.M.
2015	Hotel Sarathy Classic, 8/3, Park Street, Fairlands, Salem – 636 016	15 th December 2015 at 10.45 A.M.
2014	Hotel Sarathy Classic, 8/3, Park Street, Fairlands, Salem – 636 016	10 th December 2014 at 10.15 A.M.

Chairman of the Audit Committee and Stakeholders Relationship Committee Chairman were present in the last Annual General meeting.

Postal Ballot as well as electronic voting facility was provided to members for all the Resolutions included in the Notice of 36th Annual General Meeting held on 15th September 2016.

Mr. M.R.L. Narasimha, (Membership No. F2851) Practicing Company Secretary, Coimbatore was appointed as Scrutinizer for scrutinizing voting process.

Three(3) Ordinary Business and one (1) Special Business was passed through e-voting and Postal ballot at the 36th Annual General Meeting held on 15th September 2016.

During the current year, the Company proposes to pass all the Resolutions in Ordinary Business & Special business by e-voting in terms of Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

9. Disclosures

a. Related Party Transactions

All the transactions with related parties are provided in additional information to Financial Statements note no.16 forming part of the accounts in accordance with the provision of Accounting Standard 18 and are in compliance with the applicable provisions of Companies Act, 2013 and the Listing Regulations. There is no materially significant related party transaction that may have potential conflict with the interest of the Company at large.

All Related Party Transactions are presented to the Audit Committee and the Board omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

b. Strictures and Penalties

The Company has complied with all the requirements of the Listing Agreement of the Stock Exchange as well as regulations and guidelines of SEBI including SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. No penalties have been levied or strictures have been passed by SEBI, Stock Exchange or any other statutory authority on matters relating to capital markets during the last three years.

c. Details of Compliance with mandatory requirements

The Company has complied with all mandatory requirements laid down under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has adopted various non-mandatory requirements as well as discussed under relevant headings.

d. Deposits

Company has not accepted any deposits from public.



e. Internal Complaints Committee

The company has constituted an Internal Complaints Committee in pursuant to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to redress the grievance of the women employees and take necessary action to implement the provisions of this Act. No complaint on sexual harassment was received during the financial year 2016-17.

f. CEO/CFO Certificate

The CEO certification of the financial statements for the year has been submitted to the Board of Directors, in its meeting held on 29th May, 2017 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

g. Whistle Blower Policy

The Company has established a vigil Mechanism/Whistle Blower Policy to enable stakeholders (Including Directors and employees) to report unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The Policy provides adequate safeguards against victimization of Director(s) /employee(s) and direct access to the Chairman of the Audit Committee in exceptional cases. The protected disclosures, if any reported under this Policy will be appropriately and expeditiously investigated by the Chairman. Your Company hereby affirms that no Director/employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

h. Risk Management

The Company has a risk management framework to identify and evaluate business risks and opportunities. It seeks to create transparency, minimize adverse impact on the business objective and enhance the Company's competitive advantage. It aims at ensuring that the executive management controls the risk through means of a properly defined framework.

The Company has laid down appropriate procedures to inform the Board about the risk assessment and minimization procedures. The Board periodically revisits and reviews the overall risk management plan for making desired changes in response to the dynamics of the business.

i. Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant of accounting policies which are consistently applied are set out in the Additional information to the Financial Statements.

j. Code of Conduct

The Company has adopted a Code of Conduct for Directors and Senior Management of the Company, as required by Regulation 17(5) of the SEBI (LODR). The Company has received confirmation from the Directors and Senior Management regarding compliance with the code for the year ended March 31, 2017. The Code has been displayed on the Company's website. A Certificate from Managing Director to this effect is attached to this report. The code has been displayed on the Company's website.

k. The Managing Director and Chief Financial Officer of the Company give annual Compliance Certificate in accordance with Regulation 17(8) read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchange. The annual Compliance Certificate given by Managing Director and Chief Financial Officer is published in Annual report.

l. Details relating to appointment and re-appointment of Directors as required under the provisions of SEBI(Listing Obligations and Disclosure Requirements)Regulations, 2015 is provided in the Notice to the Annual General Meeting.

m. Code for prevention of Insider trading Policy

As required by the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of Conduct for prevention of Insider Trading. Miss. Sarita Jani.G, Company Secretary has been appointed as Compliance Officer of the company for monitoring insider trading. The Code of Conduct is applicable to all the Directors and such identified employees of the Company as well as who are expected to have access to unpublished price sensitive information to the Company.



- n. The Company has complied with the mandatory requirements of the Listing Obligations and Disclosure Requirement Regulations. The Company has adopted various non-mandatory requirements as well as discussed under relevant headings.

10. Other Compliance

i) Management Discussion and Analysis

Management Discussion and Analysis Report is made in conformity with Regulation 34(1)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is attached to the Board Report forming part of the Annual Report of the Company.

ii) Quarterly Financial Results

- a. Pursuant to Regulation 33(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Quarterly Financial Results are approved by the Board on the recommendations of the Audit Committee. These were communicated to the Stock Exchange by email after the conclusion of the Board Meeting and published in leading dailies, as required within the stipulated time and uploaded on the website of the Company.

b. Quarterly Compliance Report

The Company has submitted for all the quarters during 2016-2017, the Compliance Report on Corporate Governance to Stock Exchange in the prescribed XBRL format within 15 days from the closer of each quarter.

c. The Board

Since the Company does not have a Non-Executive Chairman as on March 31st, 2017, it does not maintain such office.

d. Reporting of Internal Report

The Internal Auditor of the Company is a permanent invitee to the Audit Committee Meeting and regularly attends the meeting for reporting their findings of the internal audit to the Audit Committee members.

iii) Reconciliation of Share Capital Audit

A qualified practicing Company Secretary carried out the Reconciliation of Share Capital audit to reconcile the total admitted capital with National Securities Depository Ltd.(NSDL), Central Depository (India) Ltd.(CDSL) and in physical form with the total number of paid-up/listed capital. He confirmed that the total paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

iv) Means of Communication

The Company is conscious of the importance of timely dissemination of adequate information to the Stakeholders. The dates of Board meetings, General Body meetings, Book Closure and Quarterly results are being published in **MAKKAL KURAL** and **TRINITY MIRROR** and is also displayed on the website of the Company at www.sncmindia.com.

The Company's website contains a dedicated section "Investor" which displays details / information of interest to various stakeholders.

- v) The Company has no subsidiary and hence there is no policy for deciding the material subsidiary.
- vi) The Company has fully complied with the applicable requirement specified in Regulations 17 to 27 and Clause (b) to (i) of Sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
11. There has been no instance of non-compliance of any requirement of Corporate Governance Report.



SRI NACHAMMAI COTTON MILLS LIMITED

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12. GENERAL SHAREHOLDERS INFORMATION:

a. Annual General Meeting

Day, Date & Time : Wednesday, 27th September, 2017 at 5.00 P.M
Venue : Hotel Sarathy Classic, 8/3, Park Street Fairlands, Salem - 636016

b. Financial Calendar (Tentative)

Year ending : 31st March, 2018
AGM : 30th September, 2018
Unaudited results for the quarter ending June 30, 2017 : 2nd Week of August, 2017
Unaudited results for the quarter/half year ending September 30, 2017 : 2nd Week of November, 2017
Unaudited results for the quarter ending December 31, 2017 : 2nd Week of February, 2018
Audited Results for the year ending March 31, 2018 : Before 31st May, 2018

c. Book Closure Dates

: 21st September, 2017 to 27th September, 2017
(both days inclusive) for the purpose of the Annual General Meeting.

d. (i) Listing on Stock Exchange

: BSE Limited –Stock Code No. 521234

(ii) For Dematerialization

Company ISIN Number. INE443E01016

: National Securities Depository Limited
Central Depository Services (India) Limited

Listing Fee

: Annual Listing fee for the financial year 2017-18 paid to BSE Limited

e. Stock Code – Trading at

: BSE Limited
(Demat) 521234 / SRI NACHA
Demat ISIN Numbers in NSDL & CDSL : Equity shares INE443E01016

f. Stock market price data for the year 2016-2017

The high and low prices during each month in the last financial year on BSE Limited are given below Equity Shares of Rs. 10/- each.

Month	BSE	
	High	Low
April' 16	12.87	11.65
May' 16	11.83	9.74
June' 16	12.41	10.12
July' 16	11.50	10.11
August' 16	12.39	10.05
September' 16	12.78	10.75
October' 16	14.04	11.00
November' 16	15.43	12.00
December' 16	13.23	11.39
January' 17	15.60	11.51
February' 17	14.26	11.00
March' 17	14.58	12.27

g. Registrar and Share Transfer Agent

Cameo Corporate Services Limited
'Subramanian Building' V Floor,
No.1, Club House Road, Chennai – 600 002
Phone: 044 – 28460390 (6 Lines) Fax: 044-28460129, Grams: CAMEO
E-mail: cameo@camioindia.com, Website: www.cameoindia.com



SRI NACHAMMAI COTTON MILLS LIMITED

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h. (a) Shareholding pattern as on 31.03.2017

b. Distribution of share holding as on 31.03.2017

Category	No. of Holders	No. of Shares	%	Shareholding range	No. of Holders	% of Holders	No. of Shares	% of Shares
Promoters	7	2361667	54.92	1 - 100	2440	68.39	223594	5.20
NRI / OCBs /	5	2647	0.06	101 - 500	725	20.32	195447	4.54
Bodies Corporate	60	113910	2.65	501 - 1000	172	4.82	136168	3.17
Resident Individual	3449	1780077	41.40	1001 - 2000	112	3.14	167653	3.90
HUF	46	41199	0.96	2001 - 3000	32	0.90	81429	1.89
Mutual fund	1	500	0.01	3001 - 4000	26	0.73	89175	2.08
				4001 - 5000	9	0.25	41814	0.97
				5001 - 10000	19	0.53	145383	3.38
				10001 & above	33	0.92	3219337	74.87
Total	3568	4300000	100.00	TOTAL	3568	100.00	4300000	100.00

i. Dematerialisation of shares on liquidity

Shares of the Company can be held and traded in electronic form as stipulates by SEBI, the shares of the Company are accepted in the Stock Exchange for delivery only in dematerialization forms.

Status of Dematerialisation of Shares as on 31st March, 2017.

Holder	Physical		Demat		Total	
	No. of Shares	% to paidup Capital	No. of Shares	% to paidup Capital	No. of Shares	% to paidup Capital
Promoters	0	0	2361667	54.92	2361667	54.92
Public	423454	9.85	1514879	35.23	1938333	45.08
Total	423454	9.85	3876546	90.15	4300000	100.00

Your company confirm that the entire Promoters holdings are in electronic form and the same is in line with the direction issued by SEBI. The equity shares of the Company are regularly traded in BSE Limited.

Considering the advantage of dealing in securities in electronic/dematerialization form, Shareholders holding Shares in physical form are requested to dematerialize their shares at the earliest. For further information/ Clarification/assistance in this regard, please contact M/s .Cameo Corporate Services Limited, Registrar and Share Transfer Agents.

j. Outstanding GDRs/ADRs/Warrants/Convertible instruments

The Company has not issued Global Depository Receipts or American Depository Receipt or Warrants or any Convertible instruments.

k. Commodity Price Risk/Foreign Exchange Risk and Hedging

The company did not engage in hedging activities.

l. Plant Location: A Unit & B Unit

Near Railway Station, Chettinad – 630 102. Sivaganga District, Tamilnadu.

m. Address for Correspondence

All correspondence should be addressed to

Registered office	Registrar and Share Transfer Agent
No. 30 Sugavaneswara Road, Balaji Nagar, Salem – 636 004.	Cameo Corporate Services Limited 'Subramanian Building', V Floor, No.1, Club House Road, Chennai – 600 002



SRI NACHAMMAI COTTON MILLS LIMITED

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Chief Executive Officer's Declaration on Code of Conduct

In accordance with Regulation 17(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchange(s). I hereby declare that all the Board members and Senior Management personnel of the Company have complied with the Code of Conduct of the Company for the year ended on 31st March, 2017.

Salem
29th May, 2017

P. Palaniappan,
Managing Director & CEO.
Din: 01577805

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION

To
The Board of Directors,
Sri Nachammai Cotton Mills Limited,
Salem.

Dear Sirs,

Annual Confirmation pursuant to Regulation 17(8) of the Listing Agreement.

- a) We hereby certify that we have reviewed the financial statements and the cash flow statement of the Company for the year ended on 31st March, 2017 and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year 2016-17, which are fraudulent, illegal or violate any of the Company's code of conduct.
- c) we accept responsibility for establishing and maintaining internal controls for financial reporting and that the same have been evaluated for the effectiveness of the internal control systems of the Company pertaining to financial reporting and the same have been disclosed to the Auditors and Audit Committee. We are of the opinion that the design or operations of internal controls are in order. There is no deficiency in the design or operation of internal controls of which we are aware.
- d) we have indicated to the Auditors and the Audit Committee
- i. significant changes in the internal control over financial reporting during the year.
 - ii. significant changes in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - iii. that there were no instances of fraud of which we have become aware of and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

A. SUBRAMANIAN,
Chief Financial Officer.

Salem
29th May, 2017

P. PALANIAPPAN,
Managing Director.
Din: 01577805.



SRI NACHAMMAI COTTON MILLS LIMITED

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Auditors' Certificate on Compliance of Conditions of Corporate Governance as per as per Clause 49 of the Listing Agreement with the Stock Exchange.

**TO
THE MEMBERS OF
SRI NACHAMMAI COTTON MILLS LIMITED**

We have examined the compliance of conditions of Corporate Governance by **Sri Nachammai Cotton Mills Limited**, as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as referred to in Regulation 15 of these Listing Regulations for the year ended 31st March, 2017.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/Listing Regulations, as applicable.

On the basis of representation received from the Registrar and Share Transfer agents of the company and on the basis of the records maintained by the Stakeholders Relationship Committee of the company, we state that no investor grievance is pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For M S Jagannathan & Visvanathan,
Chartered Accountants, Auditors.**

Salem
29th May, 2017

M V. Jeganathan,
(Partner)
Membership No. 214178



SRI NACHAMMAI COTTON MILLS LIMITED

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FORM NO. MGT - 9 – ANNEXURE - IV

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31ST 2017

(Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014)

i REGISTRATION AND OTHER DETAILS:

CIN: - L17115TZ1980PLC000916

Registration Date: 07.03.1980

Name of the Company : **SRI NACHAMMAI COTTON MILLS LIMITED**

Category/Sub-Category of the Company : Public Company / Company Limited by shares

Address of the Registered Office and Contact details: 30, Sugavaneswara Road, Balaji Nagar, Salem - 636004

Whether listed Company : YES

Name, Address and Contact details of Registrar and Transfer agent, if any :

M/S.Cameo Corporate Services Limited, 'Subramanian Buildings, No.1 Club House Road, Chennai 600 002

ii. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products/service	NIC Code of the Product/service	% to total turnover of the Company
1.	Manufacture and Sale of Cotton Yarn	131 - As per NIC Code 2008	99%

iii. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:-

Sl. No.	Name and address of the company	CIN/GLN	Holding / Subsidiary / Associate	Applicable Section
1.	Nil	Nil	Nil	Nil

iv. A. SHARE HOLDING PATTERN (Equity Share Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of Share Holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Changes during the year
	Demat	Physical	Total	% of Shares	Demat	Physical	Total	% of Shares	
A. Promoters & promoter group									
a) Individual / HUF	2,346,166	0	2,346,166	54.56	2,347,167	0	2,347,167	54.58	0.02
b) Bodies Corporate	14,500	0	14,500	0.34	14,500	0	14,500	0.34	0.00
Sub-total (A)(1):-	2,360,666	0	2,360,666	54.90	2,361,667	0	2,361,667	54.92	0.02
(2) Foreign	0	0	0	0	0	0	0	0	0
Sub-total (A)(2):-	0	0	0	0	0	0	0	0	0
Total promoter Shareholding (A) = (A) (1)+(A) (2)	2,360,666	0	2,360,666	54.90	2,361,667	0	2,361,667	54.92	0.02
B. Public Share holding									
(1) Institutions									
a) Mutual Fund	0	500	500	0.01	0	500	500	0.01	0
Sub-total (B)(1) :-	0	500	500	0.01	0	500	500	0.01	0



SRI NACHAMMAI COTTON MILLS LIMITED

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Category of Share Holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Changes during the year
	Demat	Physical	Total	% of Shares	Demat	Physical	Total	% of Shares	
(2) Non-Institutions									
(i) Bodies Corporate	111,956	3,533	115,489	2.68	110,377	3,533	113,910	2.65	-0.04
(ii) Individual shareholders holding nominal share capital up to Rs.1 lakh	758,250	398,032	1,156,282	26.89	430,447	374,178	804,625	18.72	-8.17
(iii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	578,816	43,266	622,082	14.47	932,186	43,266	975,452	22.68	8.21
Sub-total (B)(2):-	1,449,022	444,831	1,893,853	44.04	1,473,010	420,977	1,893,987	44.05	0.01
Total Public Shareholding (B)=(B)(1)+ (B)(2)	1,449,022	445,331	1,894,353	44.05	1,473,010	421,477	1,894,487	44.06	0.01
C. Others									
a) Hindu Undivided Families	41,634	0	41,634	0.97	41,199	0	41,199	0.96	-0.01
c) Non - Resident Indians	1,370	1,977	3,347	0.08	670	1,977	2,647	0.06	-0.02
Sub-total (C):-	43,004	1,977	44,981	1.05	41,869	1,977	43,846	1.02	-0.03
Grand total(A+B+C)	3,863,644	436,356	4,300,000	100.00	3,876,546	423,454	4,300,000	100.00	0.00

ii) Shareholding of Promoters (Equity)

Sl. No.	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged/encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged/encumbered to total Shares	
1.	Sri.P.Palaniappan	198,505	4.62	0	198,505	4.62	0	0
2.	Smt.P.Umayal	1,036,343	24.10	0	1,036,343	24.10	0	0
3.	Sri.P.Palaniappan (Huf)	617,161	14.35	0	618,162	14.37	0	0.02
4.	Smt. Geethanjali Ramasamy	398,981	9.28	0	398,981	9.28	0	0
5.	Sri.Ramasamy. MC	81,175	1.89	0	81,175	1.89	0	0
6.	Sri.MC.Ramasamy (Huf)	14,001	0.32	0	14,001	0.32	0	0
7.	Supreme Yarn Spinners Limited	14,500	0.34	0	14,500	0.34	0	0
	TOTAL	2,360,666	54.90	0	2,361,667	54.92	0	0.02

iii) Change in Promoter's Shareholding (Equity)

Sl. No. & Name of the Promoter		Share holding at the beginning of the year		Cumulative Share holding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1. Sri. P.Palaniappan (Huf)	At the beginning of the year	617,161	14.35	-	-
	24.02.2017 - By online purchase	701	0.016	617,862	14.36
	31.03.2017 - By online purchase	300	0.007	618,162	14.37
	At the end of the year			618,162	14.37



SRI NACHAMMAI COTTON MILLS LIMITED

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iv) **Shareholding Pattern of Top Ten Shareholders(Equity) (other than Directors, Promoters and Holders of GDRs and ADRs)**
THERE WERE CHANGES IN THE SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS DURING THE PERIOD -
01/04/2016 TO 31/03/2017)

Sl. No. & Name of the Shareholder	For Each of the Top 10 Share holders	Share holding at the beginning of the year		Cumulative Share holding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1. Mr. Raju Bhandari	At the beginning of the year	127,808	2.97	—	—
	At the end of the year	—	—	127,808	2.97
2. Mr. Raju Ajit Bhandari	At the beginning of the year	70,000	1.63	—	—
Changes in the Shareholding	30.09.2016 - By online sale	-70,000	-1.63	—	—
	30.09.2016 - By online purchase	70,000	1.63	70,000	1.63
	At the end of the year	—	—	70,000	1.63
3. Mrs. A.M.P.A. Valliammai	At the beginning of the year	66,862	1.55	—	—
	At the end of the year	—	—	66,862	1.55
4. Mr. Kanta Suresh Jain	At the beginning of the year	59,415	1.38	—	—
	At the end of the year	—	—	59,415	1.38
5. Ninja Securities Private Limited	At the beginning of the year	42,932	1.00	—	—
	At the end of the year	—	—	42,932	1.00
6. Mr. Rajendra Kumar Jain & Mrs. Achala Ramawat	At the beginning of the year	41,553	0.97	—	—
Changes in the Shareholding	30.09.2016 By online purchase	5	0	—	—
	At the end of the year	—	—	41,558	0.97
7. Mr. V. Palaniappan	At the beginning of the year	36,707	0.85	—	—
	At the end of the year	—	—	36,707	0.85
8. Mr. Ashok Dungershi Dedhia	At the beginning of the year	33,949	0.79	—	—
	At the end of the year	—	—	33,949	0.79
9. Mr. Raju Ajit Bhandari	At the beginning of the year	32,460	0.77	—	—
Changes in the Shareholding	29.04.2016 - By online purchase	500	0.012	32,960	0.767
	20.05.2016 - By online purchase	475	0.011	33,435	0.778
	27.05.2016 - By online purchase	20	0.000	33,455	0.778
	10.06.2016 - By online purchase	360	0.008	33,815	0.786
	17.06.2016 - By online purchase	1,010	0.023	34,825	0.810
	24.06.2016 - By online purchase	1,600	0.037	36,425	0.847
	30.06.2016 - By online purchase	1,000	0.023	37,425	0.870
	08.07.2016 - By online purchase	4,252	0.099	41,677	0.969
	15.07.2016 - By online purchase	479	0.011	42,156	0.980
	22.07.2016 - By online purchase	100	0.002	42,256	0.983
	12.08.2016 - By online purchase	1,645	0.038	43,901	1.021
	19.08.2016 - By online purchase	109	0.003	44,010	1.023
	09.09.2016 - By online sale	-1	0.000	44,009	1.023
	30.09.2016 - By online purchase	350	0.008	44,359	1.032
	21.10.2016 - By online purchase	200	0.005	44,559	1.036
	28.10.2016 - By online purchase	1,380	0.032	45,939	1.068
	11.11.2016 - By online purchase	277	0.006	46,216	1.075
	25.11.2016 - By online purchase	5,153	0.120	51,369	1.195



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Sl. No. & Name of the Shareholder	For Each of the Top 10 Share holders	Share holding at the beginning of the year		Cumulative Share holding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	02.12.2016 - By online purchase	100	0.002	51,469	1.197
	23.12.2016 - By online purchase	3,000	0.070	54,469	1.267
	31.12.2016 - By online purchase	707	0.016	55,176	1.283
	13.01.2017 - By online purchase	900	0.021	56,076	1.304
	20.01.2017 - By online sale	-400	-0.009	55,676	1.295
	10.02.2017 - By online purchase	118	0.003	55,794	1.298
	03.03.2017 - By online purchase	408	0.009	56,202	1.307
	10.03.2017 - By online purchase	8,559	0.199	64,761	1.506
	24.03.2017 - By online purchase	200	0.005	64,961	1.511
	31.03.2017 - By online purchase	1,675	0.039	66,636	1.550
	At the end of the year	-	-	66,636	1.55
10. Mr.V.Annamalai	At the beginning of the year	32,314	0.75	-	-
	At the end of the year	-	-	32,314	0.75

v) Shareholding of Directors and Key Managerial Personnel (Equity) :

Sl. No. & Name of the Director	For Each of the Directors and KMP	Share holding at the beginning of the year		Cumulative Share holding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1. Smt. P. Umayal	At the beginning of the year	1,036,343	24.10	-	-
	At the end of the year	-	-	1,036,343	24.10
2. Sri P. Palaniappan	At the beginning of the year	198,505	4.62	-	-
	At the end of the year	-	-	198,505	4.62
3. Sri. A. Alagappan	At the beginning of the year	100	0.00	-	-
	At the end of the year	-	-	100	0.00
4. Sri. Perumal Madhavagopal	At the beginning of the year	100	0.00	-	-
	At the end of the year	-	-	100	0.00
5. Sri. A. Annamalai	At the beginning of the year	3,718	0.09	-	-
	At the end of the year	-	-	3,718	0.09
6. Smt. Vasantha	At the beginning of the year	0	0	0	0
	At the end of the year	0	0	0	0
7. Sri. S. Ravichandran	At the beginning of the year	8,234	0.19	-	-
	At the end of the year	-	-	8,234	0.19
8. Sri. PL. Subbiah	At the beginning of the year	0	0	0	0
	At the end of the year	0	0	0	0
9. Smt. Shantha Radhakrishnan	At the beginning of the year	0	0	0	0
	At the end of the year	0	0	0	0
10. Sri. A. Arunkumar	At the beginning of the year	2,552	0.06	-	-
	At the end of the year	-	-	2,552	0.06
11. Sri. A. Subramanian	At the beginning of the year	0	0	0	0
	At the end of the year	0	0	0	0



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IV B. SHARE HOLDING PATTERN (Preference Share Breakup as percentage of Total Preference Capital)

i) Category-wise Shareholding

Category of Share Holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Changes during the year
	Demat	Physical	Total	% of Shares	Demat	Physical	Total	% of Shares	
A. Promoters & promoter group									
a) Individual / HUF	-	1,500,000	1,500,000	100.00	-	1,500,000	1,500,000	100.00	0.00
b) Bodies Corporate	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):-	-	1,500,000	1,500,000	100.00	-	1,500,000	1,500,000	100.00	0.00
(2) Foreign	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):-	-	-	-	-	-	-	-	-	-
Total promoter Shareholding (A) = (A) (1)+(A) (2)	-	1,500,000	1,500,000	100.00	-	1,500,000	1,500,000	100.00	0.00
B. Public Share holding									
(1) Institutions									
Sub-total (B)(1) :-	-	-	-	-	-	-	-	-	-
(2) Non-Institutions									
(i) Individual shareholders holding nominal share capital upto of Rs.1 lakh	-	-	-	-	-	-	-	-	-
(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Others									
Sub-total (C):-	-	-	-	-	-	-	-	-	-
Grand total(A+B+C)	-	1,500,000	1,500,000	100.00	-	1,500,000	1,500,000	100.00	0.00

ii) Shareholding of Promoters (Preference)

Sl. No.	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged/ encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged/ encumbered to total Shares	
1.	Sri. P. Palaniappan	500,000	33.33	0	500,000	33.33	0	0
2.	Smt. P. Umayal	1,000,000	66.67	0	1,000,000	66.67	0	0
	TOTAL	1,500,000	100.00	0	1,500,000	100.00	0	0



SRI NACHAMMAI COTTON MILLS LIMITED

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- iii) **Change in Promoter's Shareholding (Preference) - There were no changes in the Shareholding Pattern of any other Promoters other than as mentioned below:**

Sl. No. & Name of the Promoter		Share holding at the beginning of the year		Cumulative Share holding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1. Sri. P. Palaniappan	At the beginning of the year	500,000	33.33	–	–
	At the end of the year	–	–	500,000	33.33
2. Smt. P. Umayal	At the beginning of the year	1,000,000	66.67	–	–
	At the end of the year	–	–	1,000,000	66.67

- iv) **Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) - NIL, AS THE PREFERENCE SHARES ARE ENTIRELY HELD BY THE PROMOTERS CUM DIRECTORS**

- (v) **Shareholding of Directors and Key Managerial Personnel (Preference) :**

Sl. No. & Name of the Director		Share holding at the beginning of the year		Cumulative Share holding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1. Sri P. Palaniappan	At the beginning of the year	500,000	33.33	–	–
	At the end of the year	–	–	500,000	33.33
2. Smt. P. Umayal	At the beginning of the year	1,000,000	66.67	–	–
	At the end of the year	–	–	1,000,000	66.67

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment (in Rs. /-)

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial year				
i) Principal Amount	418,945,457	224,767,000	–	643,712,457
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	418,945,457	224,767,000	–	643,712,457
Change in Indebtedness During the financial year				
● Addition	–	24,950,000	–	24,950,000
● Reduction	68,065,786	–	–	-68,065,786
Net Change	-68,065,786	24,950,000	–	-43,115,786
Indebtedness at the end of the Financial year				
i) Principal Amount	350,879,671	249,717,000	–	600,596,671
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due paid	–	–	–	–
Total (i+ii+iii)	350,879,671	249,717,000	–	600,596,671



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VI. REMUNERATION TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole - Time Director and/or Manager

S. No.	Particulars of Remuneration	Name of MD's		Total Amount
		Sri.P.Palaniappan	Sri.P.Umayal	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,500,000	1,500,000	3,000,000
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit - Insurance policy	4,370	7,614	11,984
	- others, specify... PF	21,600	21,600	43,200
5	Others, Please specify - Club fee	20,000	-	20,000
	Total (A)	1,545,970	1,529,214	3,075,184

Note : Remuneration shown above includes salary, perquisites and contribution to Company's Provident Fund

B. (i) Remuneration to other Directors:

S. No.	Particulars of Remuneration	Name of Directors					Total
		Sri.Perumal Madhavagopal	Sri. A. Alagappan	Sri. S.Ravichandran	Sri. PL.Subbiah	Smt. Shantha Radhakrishnan	
1	Independent Directors						
	Fee for attending board/ committee meetings	20,000	8,000	16,000	8,000	8,000	60,000
	Commission	-	-	-	-	-	-
	Others, Please specify	-	-	-	-	-	-
	Total (1)	20,000	8,000	16,000	8,000	8,000	60,000
2	Other Non-Executive Directors						
	Fee for attending board/ committee meetings	10,000	10,000	6,000			26,000
	Commission	-	-	-			-
	Others, Please specify	-	-	-			-
	Total (2)	10,000	10,000	6,000			26,000
	Total (B) = (1 + 2)						
	Total Managerial Remuneration (A+B)	86,000					

Note : Remuneration shown above only sitting fees paid to the Directors for attending Board Meeting & Committee Meetings.



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C. Remuneration to Key Managerial Personnel other than MD/Manager/WTB

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary	CFO	
1	Gross Salary	12,258	272,400	284,658
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	—	—	—
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	—	13,200	13,200
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	—	—	—
2	Stock Option	—	—	—
3	Sweat Equity	—	—	—
4	Commission	—	—	—
	- as % of profit	—	—	—
	- others, specify...	—	—	—
5	Others, Please specify - Bonus	—	6,800	6,800
	Total (C)	12,258	292,400	304,658

Note : Remuneration shown above includes Salary, Bonus and PF.

VII. PENALTIES /PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding Fee imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A. Company					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. Directors					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. Other Officers in Default					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil



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Form No. AOC - 2 – ANNEXURE - V

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

Details of contracts or arrangements or transactions not at arm's length basis : Nil

Details of material contracts or arrangements or transactions at arm's length basis : Nil

All transactions entered by the Company with Related Parties were in the Ordinary Course of Business and at Arm's Length pricing basis. The Audit Committee granted omnibus approval for the transactions (which are repetitive in nature) and the same was reviewed by the Audit Committee and the Board of Directors. There were no materially significant transactions with Related Parties during the Financial Year 2016-17 which were in conflict with the interest of the Company. Hence the related party transactions of the Company for the financial year 2016-17 not fall under the purview of disclosure under Form AOC-2. Disclosures as required under AS- 18 have been made in Note No.16 on the Additional information to Financial Statements.

Salem
29th May, 2017

P. Umayal,
Chairman cum Managing Director.
DIN: 00110260.

PARTICULARS OF REMUNERATION - ANNEXURE – VI

The information required under Section 197 of the Act and the Rules made there-under with subsequent amendments thereto, in respect of employees of the Company is as follows:-

- (a) the ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year; Non Executive Directors : Nil

Sl. No.	Name	Category	Ratio
1.	Smt. P. Umayal	Chairman cum Managing Director	10.04
2.	Sri. Palaniappan	Managing Director	10.04

* Non- Executive directors don't receive commission, or any other fees etc except sitting fees for attending board / committee meetings.

* Smt.P.Umayal, CMD and Sri P.Palaniappan, MD did not receive any sitting fees in their capacity as non-executive director but only receives remuneration

- (b) percentage increase in remuneration of each director, CMD, CFO and Company Secretary Non Executive Directors : Nil
- (c) percentage increase in median remuneration of the employees during the financial year : 0.33%
- (d) the number of permanent employees on the rolls of the company : 208
- (e) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration : The percentage increase in salaries of employees is 4.2%. There is no increase in the managerial remuneration.
- (f) The Company affirms that the remuneration is as per the Remuneration Policy of the Company.

Particulars of Employees

- (a) Employed throughout the year and in receipt of remuneration aggregating to Rs.1.02 Crore or more - Nil
- (b) Employed for part of the year and in receipt of remuneration of Rs.8,50,000 or more per month - Nil

Note : Remuneration includes salary and value of perquisites. The nature of employment is contractual.



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ANNEXURE - VII

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

Form No. MR - 3

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To

The Members,

Sri Nachammai Cotton Mills Limited,

CIN : L17115TZ1980PLC000916

No : 30, Sugavaneswara Road, Balaji Nagar, Salem - 636 004.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Sri Nachammai Cotton Mills Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the **M/S. Sri Nachammai Cotton Mills Limited** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/S. Sri Nachammai Cotton Mills Limited** ("the Company") for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings does not arise;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ;
 - (c) The Company has not issued any securities during the year under review and hence the question of compliance of provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 does not arise;
 - (d) The Company has not issued any securities during the year under review and hence the question of compliance of provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 does not arise;



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- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 does not arise;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Company has not delisted its securities from any of the Stock Exchanges in which it is listed during the period under review and hence the question of complying with the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 does not arise;
- (h) The Company has not bought back any securities during the period under review and hence the question of complying with the provisions of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
- (i) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 .

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India effective 1st July, 2015
- (ii) The Listing Agreements entered into by the Company with BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Based on the verification of the records and the Minutes, the decisions of the Meetings of the Board/Committees of the Company were carried out with the consent of the majority of the Board of Directors/ Committee Members and there were no dissenting members as per the Minutes.

Further in the Minutes of the General Meeting, the particulars of the members who voted against the resolutions have been properly recorded.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Salem
Date : 29th May, 2017

M.R.L. NARASIMHA,
Practicing Company Secretary,
Membership No. **F2851**,
Certificate of Practice No. **799**.

This report is to be read with my letter of even date which is Annexed as Annexure A and forms an integral part of this report.



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ANNEXURE - A TO SECRETARIAL REPORT OF EVEN DATE

To

The Members,

Sri Nachammai Cotton Mills Limited,

CIN : L17115TZ1980PLC000916

No : 30, Sugavaneswara Road, Balaji Nagar, Salem - 636 004.

My Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to make a report based on the secretarial records produced for my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my report.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. I have obtained the management's representation about the compliances of laws, rules and regulations and happenings of events, wherever required.
5. Compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management.
6. This Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Salem

Date : 29th May, 2017

M.R.L. NARASIMHA,
Practicing Company Secretary,
Membership No. **F2851**,
Certificate of Practice No. **799**.

Details of Top 10 Employees in terms of gross remuneration paid during the year ended 31st March, 2017

ANNEXURE - VIII

Statement containing the particulars of employees in accordance with Rule 5(2) of the Companies (Appointment and remuneration of Managerial Personnel)

Sl No.	Name of the Employees	Designation	Remuneration Rs.	Qualification	Experience (Years)	Joining Date	Age (Years)	Last Employment
1.	Smt.P.Umayal	Chairman cum Managing Director	15,00,000	B.Sc.,	30	18.08.1982	68	—
2.	Sri P.Palaniappan	Managing Director	15,00,000	BE,M.S (USA)	40	10.08.1981	73	—
3.	Sri C.Thatchinamoorthy	Chief General Manager	5,47,098	DTT	28	09.11.2015	49	Sri Shanmugavel Mills
4.	Sri SP.Chidambaram	General Manager	4,91,990	DMTT	30	21.01.2013	48	Jayamurugan Textiles
5.	Sri S.Srinivasan	General Manager Personnel	3,59,320	BA BL		10.03.2006	69	Sree Jayajothi Textiles
6.	Sri Kirupa Jesudos	Senior Manager	3,19,685	DTT	26		46	—
7.	Sri A.Sivakumar	Manager-Purchase	3,00,437	B.Com.,	27	24.01.1990	50	—
8.	Sri M.Ramasubbu	Manager-Engineering	2,99,837	BE	25	19.05.2006	46	—
9.	Sri V.Shanmugha Sundaram	Mill Manager	2,94,835	DTT, B.Com.	22	16.09.2012	41	Subburaj Cotton Mills
10.	Sri A.Subramanian	Chief Financial officer	2,92,400	M.Com.	20	03.10.1997	53	PA Mills India Ltd



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M. S. JAGANNATHAN & VISVANATHAN
CHARTERED ACCOUNTANTS
INDEPENDENT AUDITORS' REPORT

To the Members of **SRI NACHAMMAI COTTON MILLS LIMITED**, Salem.

Report on the Financial Statements

We have audited the accompanying financial statements of **Sri Nachammai Cotton Mills Limited** ('the Company'), which comprise the Balance Sheet as at **31st March, 2017** the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at **31st March, 2017** and its Profit and its cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
 2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
-



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- (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed its pending litigations in Note No 27(1).
 - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. As the Company has not declared any dividends in the earlier years, transferring of dividends to Investor Education and Protection Fund does not arise.
 - iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company.

For **M.S.JAGANNATHAN & VISVANATHAN**,
Chartered Accountants,
Firm Regd No: 001209 S.
M.V.JEGANATHAN,
Partner,
Membership No.214178.

Salem
29th May, 2017

Annexure A to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended **31st March, 2017** we report that:

1.
 - a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the period and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
 - c. According to the information and explanations given to us and the records examined by us and based on the confirmations directly received by us from Banks, Immovable properties whose title deeds have been pledged as security for Term Loans and Cash Credit facilities availed from Banks are held in the name of the Company.
2.
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification as Compared to the book records.



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3. During the year, the Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 and hence, Clause (b) and (c) is not applicable.
4. During the year, Company has not made any loans or investments or given any guarantees and hence disclosure under this clause related to compliance with the provisions of Section 185 and 186 of the Act does not arise.
5. The Company has not accepted any deposits from the public and as such clause 3(v) of the Order is not applicable.
6. We have broadly reviewed the cost records maintained by the Company specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, as applicable to the Company, and are of the opinion that prima facie the specified cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. a. According to the information and explanations given to us the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State insurance, Income tax, Service Tax, value added tax, and any other statutory dues with the appropriate authorities during the year.
According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2017 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us, there are no dues of Income tax, Service tax or Value added tax which have not been deposited with the appropriate authorities on account of any dispute.
8. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to any of the banks.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause 3 (ix) of the Order is not applicable.
10. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year that causes the financial statements to be materially misstated.
11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, clause 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with him. Accordingly paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under Section 45-1A of the Reserve Bank of India Act 1934.

For **M.S.JAGANNATHAN & VISVANATHAN,**
Chartered Accountants,
Firm Regd No: 001209S.
M.V.JEGANATHAN,
Partner,
Membership No.214178.

Salem
29th May, 2017



SRI NACHAMMAI COTTON MILLS LIMITED

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Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the Internal Financial Controls over financial reporting of **Sri Nachammai Cotton Mills Ltd** as of **31st March, 2017** in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at **31st March, 2017** based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M.S.JAGANNATHAN & VISVANATHAN**,
Chartered Accountants,
Firm Regd No: 001209S.
M.V.JEGANATHAN,
Partner,
Membership No.214178.

Salem
29th May, 2017



SRI NACHAMMAI COTTON MILLS LIMITED

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BALANCE SHEET AS AT 31ST MARCH, 2017

PARTICULARS	Note No	Year ended 31.03.2017 Rs.	Period ended 31.03.2016 Rs.
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	2	192,864,000	192,864,000
Reserves and surplus	3	-24,116,301	-31,087,045
Non-current liabilities			
Long Term Borrowings	4	294,300,437	289,155,000
Long Term Provisions	5	6,139,916	3,852,684
Current liabilities			
Short Term Borrowings	6	286,520,234	327,855,457
Trade payables	7		
Due to Micro, Small & Medium Enterprises		88,597	179,444
Other Trade Payables		29,516,105	37,325,585
Other current liabilities	8	67,755,580	53,722,866
Short-term provisions	9	1,273,225	949,180
Total		854,341,793	874,817,171
ASSETS			
Non-current assets			
Property, Plant & Equipment			
Tangible assets (Property, Plant & Equipment)	10	114,799,335	146,609,661
Capital work in Progress		462,442	4,163,801
Non-current Investments	11	1,007,600	1,007,600
Deferred Tax Assets (Net)	12	24,364,610	22,796,118
Long-term loans and advances	13	18,422,878	26,485,833
Other non-current Assets	14	4,030,761	6,063,057
Current assets			
Inventories	15	458,524,936	473,522,485
Trade receivables	16	187,114,667	168,377,201
Cash and cash equivalents	17	29,098,510	17,279,087
Short-term loans and advances	18	15,996,838	7,869,728
Other current assets	19	519,216	642,600
Total		854,341,793	874,817,171
Significant Accounting Policies	1		
Additional information to financial statements	27		
See accompanying notes of financial statements			

In terms of our report of even date
For **M.S.JAGANNATHAN & VISVANATHAN**
Chartered Accountants
FRN. 001209S

M.V.JEGANATHAN
Partner
M.No. 214178

Salem
29th May, 2017

For and on behalf of Board of Directors of
SRI NACHAMMAI COTTON MILLS LTD.

P.PALANIAPPAN
Managing Director
DIN : 01577805

A.SUBRAMANIAN
Chief Financial Officer

P.UMAYAL
Chairman cum Managing Director
DIN : 00110260

SARITA JAIN.G
Company Secretary



SRI NACHAMMAI COTTON MILLS LIMITED

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CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2017

PARTICULARS	Year ended 31.03.2017 Rs.	Period ended 31.03.2016 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / Loss before tax and extra-ordinary items	6,285,140	-23,396,250
Adjustments for:		
Depreciation	43,591,420	30,081,041
Interest Expense	45,157,469	40,437,929
Profit on Sale of Fixed Assets (Net)	-460,958	—
Interest Received	-1,402,256	-948,951
Operating profit before working capital changes	93,170,815	46,173,769
Trade & Other Receivables	-16,554,141	19,529,941
Inventories	14,997,549	24,765,275
Trade and other payables	8,743,664	-18,421,379
Cash generated from operations	100,357,887	72,047,606
Direct Taxes	-783,959	437,945
Net cash flow from operating activities	99,573,928	72,485,551
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets / Capital Work in Progress	-8,458,934	-4,602,950
Sale of Fixed Assets	840,157	—
Interest Received	1,211,527	948,060
Net Cash Flow from Investing Activities	-6,407,250	-3,654,890
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long term Borrowings Received	39,081,000	38,695,000
Long term Borrowings Repaid	-33,935,563	-29,743,000
Proceeds / (Repayments) Short Term Loans (Net)	-41,335,223	-35,260,920
Interest paid	-45,157,469	-40,437,929
Net Cash Flow from Financing Activities	-81,347,255	-66,746,849



SRI NACHAMMAI COTTON MILLS LIMITED

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CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2017 (Contd...)

PARTICULARS	Year ended 31.03.2017 Rs.	Period ended 31.03.2016 Rs.
Net Changes in Cash and Cash Equivalent (A+B+C)	11,819,423	2,083,812
Cash and Cash Equivalent Opening	17,279,087	15,195,275
Cash and Cash Equivalent Closing	<u>29,098,510</u>	<u>17,279,087</u>
	11,819,423	2,083,812
Closing cash and cash equivalent consist of the following:		
Cash on Hand	40,283	184,753
Balance with Scheduled Banks:-		
- In Current Accounts	11,177,101	3,322,041
- In Deposits Accounts :		
LC Margin	17,333,900	13,233,812
LG Margin	<u>547,226</u>	<u>538,481</u>
Total	<u>29,098,510</u>	<u>17,279,087</u>

Previous Year comparatives have been reclassified to confirm to Current period presentation, wherever applicable.

See accompanying notes to Financial Statements

In terms of our report of even date
For **M.S.JAGANNATHAN & VISVANATHAN**
Chartered Accountants
FRN. 001209S

M.V.JEGANATHAN
Partner
M.No. 214178

Salem
29th May, 2017

For and on behalf of Board of Directors of
SRI NACHAMMAI COTTON MILLS LTD.

P.PALANIAPPAN
Managing Director
DIN : 01577805

A.SUBRAMANIAN
Chief Financial Officer

P.UMAYAL
Chairman cum Managing Director
DIN : 00110260

SARITA JAIN.G
Company Secretary



SRI NACHAMMAI COTTON MILLS LIMITED

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STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2017

PARTICULARS	Note No	Year ended 31.03.2017 Rs.	Period ended 31.03.2016 Rs.
REVENUE			
Revenue from operations	20	1,684,213,449	1,135,464,664
Other income	21	9,137,921	2,094,607
Total Revenue		1,693,351,370	1,137,559,271
EXPENSES			
Cost of materials consumed	22	1,017,138,335	647,512,560
Changes in inventories of finished goods, work in process and stock in trade	23	86,059,733	59,497,540
Power and diesel Consumed		182,619,124	158,410,657
Employee benefits expense	24	130,777,784	98,827,178
Finance costs	25	45,157,469	40,437,929
Depreciation	10	43,591,420	30,081,041
Lease rent		15,000,000	11,250,000
Conversion charges		24,869,521	17,416,895
Other expenses	26	141,852,844	97,521,721
Total Expenses		1,687,066,230	1,160,955,521
Profit before tax		6,285,140	-23,396,250
Tax expense:			
Current Tax / MAT		616,260	—
Less : MAT Credit utilied / Entitlement		-616,260	—
Income Tax for prior year		-882,888	—
Deferred Tax (liability) / Assets		1,568,492	2,431,163
Profit after tax transferred to Surplus account		6,970,744	-20,965,087
Earnings per equity share (Basic and Diluted)		1.48	-4.89
Nominal value of share		10	10
Significant Accounting Policies	1		
Additional information to financial statements	27		
See accompanying notes to financial statements			

In terms of our report of even date
For **M.S.JAGANNATHAN & VISVANATHAN**
Chartered Accountants
FRN. 001209S

M.V.JEGANATHAN
Partner
M.No. 214178

Salem
29th May, 2017

For and on behalf of Board of Directors of
SRI NACHAMMAI COTTON MILLS LTD.

P.PALANIAPPAN
Managing Director
DIN : 01577805

A.SUBRAMANIAN
Chief Financial Officer

P.UMAYAL
Chairman cum Managing Director
DIN : 00110260

SARITA JAIN.G
Company Secretary



SIGNIFICANT ACCOUNTING POLICIES

(In the order of applicability of Accounting Standards)

AS – 1 Disclosure and Basis of Accounting

- The Financial Statements have been prepared under the Historical Cost Convention and is in accordance with the provisions of the Companies Act, 2013 and accounting principles generally accepted in India and comply with the Accounting Standards as prescribed under 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of the Companies Act, 2013 to the extent notified. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.
- The Company has been consistently following the accrual basis of accounting in respect of its Income and Expenditure.
- The Accounts are prepared on the basis of Going Concern concept only.

AS – 2 Valuation of Inventories

Inventories are valued at lower of cost and net realizable value, where

- Cost of Raw materials is determined on specific identification method.
- Stock of stores, spares and packing materials is determined on weighted average method.
- Finished goods and work in progress is determined under FIFO method where cost includes conversion and other costs incurred in bringing the inventories to their present location and condition.

AS – 3 Cash Flow Statement

Cash flows are reported using the indirect method, where by the profit before tax is adjusted for the effect of transactions of a non cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. Cash and cash equivalent include cash on hand and balances with banks in current and deposit accounts with necessary disclosure of cash and cash equivalent balances that are not available for use by the company.

AS – 6 Depreciation Accounting

Depreciation on Fixed Assets has been provided as per Schedule II of the Companies Act, 2013 adopting the methods as under:

- On Assets acquired before 01.04.1990 - Written Down Value Method.
- On Assets acquired from 01.04.1990 - Straight Line Method

The useful life of the fixed assets is adopted as specified in part C of schedule II of The Companies Act, 2013. For additions and deletions depreciation is provided on pro-rata basis.

AS – 9 Revenue Recognition

- Revenue from sale transactions is recognized as and when the property in the goods sold is transferred to the buyer for a definite consideration. Revenue from service transactions are recognized on the completion of the contract at the contracted rate and when there is no uncertainty regarding the amount of consideration or collectability.
- Other Income except dividend is accounted on accrual basis.
- Sales as reported are exclusive of Sales Tax (VAT), Insurance and Transport charges.

AS – 10 Property, Plant and Equipment

The cost of fixed assets is shown at historical cost of acquisition including installation, commissioning less accumulated depreciation.

AS – 11 Foreign Currency Transactions

Foreign currency transactions are recorded at the prevailing exchange rates at the time of initial recognition. Exchange differences are recognized as income or expense in the profit and loss account. Outstanding balances of monetary items denominated in foreign currency are restated at closing exchange rates and recognized as income or expenses in the profit and loss account in other cases.

The premium on discount arising at the inception of forward exchange contracts is accounted as income or expense over the life of the contract. Any profit or loss arising on cancellation or renewal exchange contract is recognized as income or as expense in the period in which they arise.

AS – 13 Accounting for Investments

Long term investments are stated at cost. A provision for diminution, if any, is made to recognize a decline, other than temporary, in the value of long term investments.

AS – 15 Employee Benefits

Short term employee benefits (other than termination benefits) which are payable within 12 months after the end of the period in which the employees render service are accounted on accrual basis.



Defined Contribution Plans

Company's contributions paid / payable during the year to Provident Fund is recognized in the profit and loss account.

Defined Benefit Plans

Company's Liabilities towards gratuity is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognized on a straight line basis over the average period until the amended benefits becomes vested. Actuarial gains or losses are recognized immediately in the statement of profit and loss account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate.

AS – 16 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as expenses in the period in which they are incurred.

AS – 19 Lease

Lease, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating lease. Operating lease payments are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

AS – 20 Earnings per Share

The Earnings considered in ascertaining the Company's earnings per share comprise of Net Profit after tax.

AS – 22 Accounting for taxes on Income

Deferred Tax resulting from timing differences between book and tax profits is accounted under liability method at enacted or substantively enacted rate as on the balance sheet date. Deferred tax asset, other than those arising on account of unabsorbed depreciation or carried forward of losses under tax loss, are recognised and carried forward subject to consideration of prudence only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

Deferred tax asset, arising on account of unabsorbed depreciation or carried forward of losses under tax loss, are recognized and carried forward subject to consideration of prudence only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

Current tax is determined at the amount of tax payable in respect of estimated taxable income for the year.

AS – 28 Impairment of Assets

An asset is impaired when the carrying amount of the assets exceeds its recoverable amount. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of the recoverable amount.

AS – 29 Provisions, Contingent liability and Contingent Assets

- Provisions involving degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources.
- Contingent liabilities are disclosed by way of notes to accounts. Provision is made if it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability.
- Contingent liability under various fiscal laws includes those in respect of which the Company / Department is in appeal.

Others

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities as at the date of the financial statements and reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to the estimates is recognized prospectively.

VAT

- The value of VAT benefits is being reduced from the value of purchase of materials
- The value of benefits eligible in respect of Capital items is reduced from the cost and depreciation is calculated accordingly.



SRI NACHAMMAI COTTON MILLS LIMITED

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Notes forming part of Financial Statements

2 Share Capital	Numbers	Numbers	In Rupees	
			Amount	Amount
Authorised:	31.3.2017	31.3.2016	31.3.2017	31.3.2016
Number and amount of Equity Shares	4,300,000	4,300,000	43,000,000	43,000,000
Number and amount of 0% Redeemable Pref. shares	1,500,000	1,500,000	150,000,000	150,000,000
Issued:				
Number and amount of Equity shares	4,300,000	4,300,000	43,000,000	43,000,000
Number and amount of 0% Redeemable Pref. shares	1,500,000	1,500,000	150,000,000	150,000,000
Subscribed and Paid up:				
Number and amount of Equity shares	4,300,000	4,300,000	43,000,000	43,000,000
Less : Calls in arrears	—	—	136,000	136,000
			42,864,000	42,864,000
Number and amount of 0% Redeemable Pref. shares	1,500,000	1,500,000	150,000,000	150,000,000
Total			192,864,000	192,864,000
Par value per Equity share (In Rs.)			10	10
Par value per 0% Redeemable Pref. share (In Rs.)			100	100
Reconciliation of number of shares				
Number of Equity shares at the beginning	4,300,000	4,300,000		
Less : Adjustments during the year	—	—		
Number of Equity shares at the end of the reporting period	4,300,000	4,300,000		
Reconciliation of Redeemable Pref. Shares				
0% Redeemable Pref. Shares at the beginning	1,500,000	1,500,000		
Add : Adjustments during the year	—	—		
Number of 0% Redeemable Pref. shares at the end of the reporting period	1,500,000	1,500,000		
Shareholders holding more than 5 percent shares	No. of Equity	No. of Equity	No. of Pref.	No. of Pref.
Particulars	Shares 2017	Shares 2016	Shares 2017	Shares 2016
Shri P. Palaniappan (HUF)	618,162	617,161	—	—
Smt. P. Umayal	1,036,343	1,036,343	—	—
Smt. Geethanjali Ramasamy	398,981	398,981	—	—
Shri Rajubhandari	264,444	230,268	—	—
Shri P. Palaniappan	—	—	500,000	500,000
Smt. P. Umayal	—	—	1,000,000	1,000,000
Shareholders holding more than 5 percent shares	% of Holding of Equity	% of Holding of Equity	% of Holding of Preference	% of Holding of Preference
Particulars	Shares 2017	Shares 2016	Shares 2017	Shares 2016
Shri P. Palaniappan (HUF)	14.37%	14.35%	—	—
Smt. P. Umayal	24.10%	24.10%	—	—
Smt. Geethanjali Ramasamy	9.28%	9.28%	—	—
Shri Rajubhandari	6.15%	5.36%	—	—
Shri P. Palaniappan	—	—	33.33%	33.33%
Smt. P. Umayal	—	—	66.67%	66.67%



SRI NACHAMMAI COTTON MILLS LIMITED

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Notes forming part of Financial Statements (Contd...)

Terms & Conditions of shares:

The Company has two class of shares namely Equity having a par value of Rs 10/- and Preference having a par value of Rs. 100/- per share. Each Share holder is eligible for one vote per share.

In the event of liquidation, the Equity Share holders are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion of their share holding.

There are no shares allotted as fully paid without payments being received in cash, bonus shares or shares bought back in the immediately preceeding 5 years.

The 0% Redeemable Preference shares are to be redeemed within 13 years from the year of issue. (26.04.2012)

	Rupees 31.3.2017	Rupees 31.3.2016
3 Reserves and Surplus		
Securities Premium Reserve		
As per last Balance Sheet	66,950,000	66,950,000
Less : Calls in arrears	-985,100	-985,100
Closing balance	65,964,900	65,964,900
Surplus		
As per last Balance Sheet	-97,051,945	-76,086,858
Add : Transfer from Profit & Loss statement	6,970,744	-20,965,087
Closing balance	-90,081,201	-97,051,945
Total	-24,116,301	-31,087,045
Non current liabilities		
4 Long Term Borrowings		
Secured		
Term Loan from Banks	44,583,437	64,388,000
Unsecured		
Loans and advances from Directors	183,719,500	161,507,500
Intercompany loans - Related parties	65,997,500	63,259,500
Total	294,300,437	289,155,000

There is no case of continuing default as on the balance sheet date in repayment of loans and interest.

Term loans and non fund limits from Indian Overseas Bank are secured by first charge on entire block of assets, both present and future and the Company's Managing Director and Chairman have given personal guarantees for the above loans to the extent of Rs 17.29 Crores.

Particulars	Outstanding amount	No of instalments	Interest %	Periodicity
Indian Overseas Bank				
TUF Loan III	62,172,600	41	11.15%	Monthly
Term Loan IV	2,186,837	23	11.15%	Monthly



SRI NACHAMMAI COTTON MILLS LIMITED

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Notes forming part of Financial Statements (Contd...)

		In Rupees	
		Amount 31.3.2017	Amount 31.3.2016
5 Long Term Provisions			
Provision towards Gratuity		6,139,916	3,852,684
Total		6,139,916	3,852,684
Current liabilities			
6 Short Term Borrowings			
Secured			
Open Loan (Cash Credit)		154,612,167	139,494,341
Acceptances		131,908,067	188,361,116
Total		286,520,234	327,855,457
There is no case of continuing default as on the balance sheet date in repayment of loans and interest.			
Working capital limits from Indian Overseas Bank are secured by first charge on entire block of assets, both present and future and the Company's Managing Director and Chairman have given personal guarantees for the above loans to the extent of Rs.17.29 Crores.			
7 Trade Payables			
Due to Micro, Small & Medium Enterprises		88,597	179,444
Other Trade Payables		29,516,105	37,325,585
Total		29,604,702	37,505,029
8 Other Current Liabilities			
Current maturities of long term debt		19,776,000	26,702,000
Liabilities for expenses		33,058,556	19,776,809
Liability towards statutory dues		7,847,099	5,560,894
Liability towards Employee benefits		524,724	492,184
Liability for other finance		6,549,201	1,190,979
Total		67,755,580	53,722,866
9 Short-term provisions			
Provision for gratuity		1,233,225	916,180
Provision for Leave encashment		40,000	33,000
Total		1,273,225	949,180

SRI NACHAMMAI COTTON MILLS LIMITED

Notes forming part of Financial Statements (contd.)

(In Rupees)

10. Fixed Assets

[illegible]



SRI NACHAMMAI COTTON MILLS LIMITED

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Notes forming part of Financial Statements (Contd...)				In Rupees	
Non Current Assets	Face Value	Numbers	Numbers	Amount	Amount
11 Non Current Investments		31.3.2017	31.3.2016	31.3.2017	31.3.2016
Investments in Equity instruments (At Cost)					
Non Trade (Quoted) Fully paidup					
Indian Overseas Bank	10	10600	10600	153,600	153,600
Non Trade (Quoted) Partly paidup					
Industrial Development Bank of India (Rs 5/- paid up)	10	17800	17800	650,000	650,000
Non Trade (Un quoted) Fully paidup					
Suryadev Alloys and Power Private Limited	10	1500	1500	204,000	204,000
	Total			1,007,600	1,007,600
Aggregate value of Quoted Investments					
Cost				153,600	153,600
Market Value				284,080	321,180
Aggregate value of Un-Quoted Investments					
				204,000	204,000
12 Deferred Tax Assets (Net)					
Deferred Tax Assets : On account of carry forward of losses				18,310,840	27,868,890
On account of Gratuity				2,278,300	1,473,579
On account of 43 B				193,358	1,025,726
On account of Depreciation				2,582,112	—
	Total			24,364,610	30,368,195
Deferred Tax Liability : On account of Depreciation				—	7,572,077
Net Deferred Tax Assets					
				24,364,610	22,796,118
13 Long-term loans and advances					
(Unsecured, considered good)					
Security Deposits				4,393,482	7,674,454
Capital Advances				6,146,909	10,563,335
MAT Credit Entitlement				7,872,485	8,139,113
Advance tax (Net of Provisions)				10,002	108,931
	Total			18,422,878	26,485,833
14 Other non Current Assets					
Trade Receivables (Unsecured, considered good)					
Outstanding for a period exceeding six months from the due date				4,030,761	6,063,057
	Total			4,030,761	6,063,057
Current Assets					
15 Inventories (At lower of cost or net realisable value)					
Raw materials				192,263,261	119,090,246
Process Stock				34,834,517	37,145,365
Finished goods				216,389,440	303,371,254
Waste				4,473,864	1,240,935
Stores and spares etc.,				10,563,854	12,674,685
	Total			458,524,936	473,522,485
16 Trade Receivables					
(Unsecured, considered good)					
Outstanding for a period exceeding six months from the due date				—	—
Others				187,114,667	168,377,201
	Total			187,114,667	168,377,201



SRI NACHAMMAI COTTON MILLS LIMITED

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Notes forming part of Financial Statements (Contd...)

		In Rupees	
		Amount 31.3.2017	Amount 31.3.2016
17 Cash and cash equivalents			
Balances with banks			
In Current Account		11,177,101	3,322,041
Cash on hand		40,283	184,753
Other Bank Balances			
Deposits held as Margin Money		17,881,126	13,772,293
Total		29,098,510	17,279,087
Details of Specified Bank Notes(SBN) held and transacted during demonetisation period from 08-11-2016 to 30-12-2016	SBNs	Other Denomination notes	Total
Closing cash on hand as on 08-11-2016	2,401,500	454,661	2,856,161
(+) Permitted receipts	–	3,184,865	3,184,865
(-) Permitted payments	–	2,726,371	2,726,371
(-) Amounts deposited in Banks	2,401,500	–	2,401,500
Closing cash on hand as on 30-12-2016	–	913,155	913,155
18 Short-term loans and advances			
(Unsecured, Considered Good)			
Advances recoverable in cash or in kind, or for value to be received		1,908,199	1,416,819
Advance for Purchases		12,546,003	4,169,607
Balance with Central Excise, Sales Tax, Customs etc		47,619	51,410
Prepaid expenses		1,495,017	2,231,892
Total		15,996,838	7,869,728
19 Other current assets			
Interest accrued on Bank Deposits		308,026	117,297
Income Receivable:			
TUF Subsidy Receivable		18,257	365,175
Hank yarn obligation receivable		192,933	160,128
Total		519,216	642,600
20 Revenue from operations			
Sale of products :			
Yarn		1,544,567,773	1,047,670,070
Fabric		126,822,176	80,769,491
Waste		12,823,500	7,025,103
Total		1,684,213,449	1,135,464,664
21 Other income			
Interest Income		1,402,256	948,951
Insurance Claim Received		–	100,307
Profit on sale of assets		460,958	–
Miscellaneous receipts		7,274,707	1,045,349
Total		9,137,921	2,094,607
22 Cost of materials consumed			
Opening Stock			
Raw material - Cotton		119,090,246	85,527,442
Add : Purchases		1,090,311,350	681,075,364
		1,209,401,596	766,602,806
Less : Closing Stock			
Raw material - Cotton		192,263,261	119,090,246
Total		1,017,138,335	647,512,560



SRI NACHAMMAI COTTON MILLS LIMITED

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Notes forming part of Financial Statements (Contd...)

	In Rupees	
	Amount 31.3.2017	Amount 31.3.2016
23 Changes in inventory of Finished Goods and WIP		
Opening Stock		
Finished Goods - Yarn	303,371,254	358,552,359
Process stock	37,145,365	40,211,201
Waste	1,240,935	2,491,534
Total	341,757,554	401,255,094
Closing Stock		
Finished Goods - Yarn	216,389,440	303,371,254
Process stock	34,834,517	37,145,365
Waste	4,473,864	1,240,935
Total	255,697,821	341,757,554
Stock (Decrease) / Increase	-86,059,733	-59,497,540
24 Employee Benefits Expenses		
Salaries, wages and Bonus	106,041,196	80,858,479
Contribution to provident and other funds	6,127,685	4,973,255
Welfare expenses	15,533,719	10,688,693
Managerial Remuneration	3,075,184	2,306,751
Total	130,777,784	98,827,178
25 Finance cost		
Interest expenses		
On bank loans	26,372,240	25,354,531
On loan from directors	10,564,599	7,131,902
On Intercompany deposit	3,406,662	3,272,324
On others	4,813,968	4,679,172
Total	45,157,469	40,437,929
26 Other Expenses		
Consumption of stores and spare parts	50,213,765	30,860,528
Consumption of packing materials	18,143,596	14,452,567
Repairs to buildings	12,879,299	10,263,577
Repairs to machinery	8,669,360	6,655,512
Repairs to others	13,620,946	8,939,600
Insurance	1,143,385	824,627
Rates and taxes, excluding, taxes on income.	3,524,537	2,687,211
Legal and Professional charges	1,408,710	767,694
Filing Fees	25,162	18,065
Brokerage & Commission	16,015,891	7,265,970
Auditors Remuneration	246,763	195,106
Sitting Fees	86,000	52,000
Rent paid	743,850	568,700
Foreign exchange fluctuation	-	4,314,564
Bank charges	5,350,496	3,488,305
Miscellaneous expenses	9,781,084	6,167,695
Total	141,852,844	97,521,721



SRI NACHAMMAI COTTON MILLS LIMITED

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27 Additional Information to Financial Statements		Rupees	Rupees
1 Contingent Liabilities not provided for:		31.03.2017	31.3.2016
a) In respect of outstanding export obligation to export goods worth Rs 31,07,93,052/- under EPCG Scheme in respect of various years from 2009, the company has fulfilled obligation to the extent of Rs 12,66,31,365/- upto 31.03.2017			
b) The Bank has given guarantees for Rs.54,02,115/- (previous year - Rs. 53,14,665/-) towards payment of customs duty in respect of import of Machinery.			
c) Future Lease rental payable		5,000,000	6,250,000
d) The amount called up but not paid for IDBI Shares including interest		5,702,233	5,702,233
e) Appeal before the Labour Court by the dismissed employees for their back wages was decided infavour of the employees by the Labour Court vide their Order dated 23.02.2017. As per the above award provision for Rs. 54,85,300/- is made in the accounts on the basis of quantum determined by the Court per employee.			
2 Interest in respect of partly paid shares is not presently ascertainable for the Current year and hence not included under IDBI partly paid shares.			
3 Estimated amount of contracts remaining to be executed on Capital account.		61,469,090	59,822,181
4 Value of Imports : CIF Value			
i) Raw Material		383,555,816	109,201,292
ii) Components and Spares		5,207,994	6,130,725
5 Consumption			
i) Raw Materials			
Imported		392,545,214	139,244,660
		38.59%	21.50%
Indigenous		624,593,121	508,267,900
		61.41%	78.50%
		1,017,138,335	647,512,560
ii) Spares & Components			
Imported		5,207,994	5,417,930
		7.62%	11.96%
Indigenous		63,149,367	39,895,165
		92.38%	88.04%
		68,357,361	45,313,095
6 Expenditure in Foreign Currency on account of			
Royalty		NIL	NIL
Sales Commission		NIL	NIL
Professional and Consultancy fees		NIL	NIL
Others		NIL	NIL
7 Amount remitted during the year in Foreign currencies			
Number of Non-resident Shareholders		5	6
Number of shares held by them		2,647	3,347
On account of dividends		NIL	NIL
Year to which the Dividend relates		NIL	NIL
8 Earnings in Foreign exchange			
Export of goods on FOB basis		NIL	NIL



SRI NACHAMMAI COTTON MILLS LIMITED

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Additional Information to Financial Statements (Contd...)

	Rupees 31.03.2017	Rupees 31.3.2016
9 Auditors' Remuneration		
Audit Fees	98,325	73,744
Tax Matters	28,060	21,563
Certificate Fees	84,528	79,983
Travelling Expenses	35,850	19,816
Total	246,763	195,106

10 Income Tax Assessment upto A.Y. 2016 - 2017 has been completed.

11 The information required to disclosed under the Micro, Small and Medium enterprises Development Act,2006 has been determined to the extent such parties have been identified on the basis of the information available with the Company. There are no overdues to parties on accounts of principal amount and / or interest and accordingly no additional disclosures have been made.

12 In the opinion of the Board of Directors, assets other than fixed assets have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

13 Balances of certain sundry debtors, advances and sundry creditors are subject to confirmation / reconciliation, as the Company has received replies only from few parties for the confirmation statements sent by the Company. The adjustments thereof, if any, having an impact of revenue nature will be made in the year in which the same are finalized and settled.

Disclosures as required under Accounting Standards

14 Gratuity Disclosure (AS-15)

I	Defined Benefit Plans	Gratuity Funded		
1	Financial year of valuation	31.03.2017	31.03.2016	30.06.2015
A	Movements during the financial year (For definitions of 2,3,4,5 & 9 below refer AS 15 (revised 2005) Para 7 Definitions.			
1	Movement period in years	1	9 Months	1
2	Present Value of Benefit Obligations as at beginning of the period in Rs.	14,727,794	13,343,891	13,667,996
3	Interest Cost assuming that claims paid in middle of financial year	1,147,951	796,048	1,202,784
4	Current service cost in Rs.	599,427	627,084	686,638
5	Past Service cost in Rs.	-	-	-
6	Curtailment cost / (credit) in rs. (refer Para 110-116 of AS 15 (revised 2005)	-	-	-
7	Settlement cost / (credit) in rs. (refer Para 110-116 of AS 15 (revised 2005)	-	-	-
8	Benefits paid in Rs.	-3,031,230	-1,091,563	-3,513,194
9	Actuarial gain / loss on benefit obligations(experience Adjustment) in Rs.	1,598,839	1,052,334	1,299,667
10	Present Value of Benefit Obligations as at the end of the period in Rs.	15,042,781	14,727,794	13,343,891
	(9)=(10)-(2)-(3)-(4)-(5)-(6)-(7)+(8) Note: Actuarial gain/loss is the balancing item.			
B	Movements in respect of Plan Assets during the valuation year			
1	Fair value of Plan Assets at the beginning in Rs.	9,958,930	10,348,875	12,417,326
2	Expected rate of return on Plan Assets per unit (see Part I C 3)	0.03	0.03	0.09
3	Expected rate of return on Plan Assets assuming that movements occur in mid year	796,147	693,739	1,117,559
4	Contributions received during the financial year	200,000	200,000	144,092
5	Benefits paid (claims settled)	-3,031,230	-1,091,563	-3,513,194
6	Actuarial Gain/Loss on plan assets in Rs.	-254,207	-192,121	183,092
	A6 = A7-A1-A3-A4+A5 is the balancing item			
7	Fair value Plan Assets at the end of the Financial year in Rs.	7,669,640	9,958,930	10,348,875



SRI NACHAMMAI COTTON MILLS LIMITED

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Additional Information to Financial Statements (Contd...)

1	Defined Benefit Plans	Gratuity Funded		
	Financial year of valuation	31.03.2017	31.03.2016	30.06.2015
C	Net Actuarial Gain/Loss recognised in the Financial Year in Rs.			
1	Actuarial Gain/Loss on Benefit Obligations in Rs.	1,598,839	1,052,334	1,299,667
2	Actuarial Gain/Loss on plan assets in Rs.	-254,207	-192,121	-183,092
3	Net Actuarial Gain/Loss recognised in the Financial Year in Rs. B3 = B1-B2	1,853,046	1,244,455	1,116,575
D	Expenses recognised in the Profit and Loss Account			
1	Interest cost on Benefit Obligations	1,147,951	796,048	1,202,784
2	Current Service cost on Benefit Obligations	599,427	627,084	686,638
3	Past Service cost on Benefit Obligations	-	-	-
4	Curtailment cost / (credit)	-	-	-
5	Settlement cost/(credit)	-	-	-
6	Expected return on Plan Assets	-796,147	693,739	1,117,559
7	Net Actuarial Gain/Loss recognised in the Financial Year in Rs.	1853,046	1,244,455	1,116,575
8	Effect of limit as per para 59(b) read with para 61(g) of AS 15 R	-	-	-
9	Expenses recognised in the Profit and Loss Account	2,804,277	1,973,848	1,888,438
	C9 = C1+C2+C3+C4+C5-C6+C7			
E	Liability recognised in the Balance Sheet			
1	Actuarial Present value of Benefit Obligations at the end of the financial year in Rs.	15,042,781	14,727,794	13,343,891
2	Fair value of Plan Assets at the end of the Financial year in Rs.	7,669,640	9,958,930	10,348,875
3	Funded Status at the end of the financial year in Rs.	-7,373,141	-4,768,864	-2,995,016
4	Present value of future reduction under para 59 (b) of AS 15 R (net asset to be recognised as per para 59 of AS 15 R)	-	-	-
F				
1	Expected return on Plan Assets (part III A3 above) in Rs.	796,147	-693,739	1,117,559
2	Actuarial Gain/Loss on plan assets (part III B2) in Rs.	-254,207	-192,121	183,092
3	Actual return on Plan assets (E1+E2) in Rs.	541,940	501,618	1,300,651
G	Balance Sheet Reconciliation			
1	Expenses recognised C9	2,804,277	1,973,848	1,888,438
2	Add unfunded liability at the beginning of the financial year in Rs.	-7,373,141	-4,768,864	-2,995,016
3	Less contribution received A4	200,000	200,000	144,092
4	Closing unfunded Status = F1+F2+F3 = -D4	-7,373,141	-4,768,864	-2,995,016

2 Assumptions:

(a) Interest Rate for discount per unit per annum	6.80%	7.80%	8%
(b) Salary escalation rate per unit per annum	2%	2%	2%
(c) Attrition Rate	Indian assured lives Mortality (2006 - 2008)		
(d) Mortality Rate	1%	1%	1%

3 The estimates of salary escalation considered in Actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

II. Defined Contribution Plans

Provident Fund Contributions (Rs.)	4,131,810	3,486,785	4,668,193
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15 Segment Report (AS-17)

As the Company operates under single segment related to Textiles, segment reporting is not applicable to the Company for the year under review.



SRI NACHAMMAI COTTON MILLS LIMITED

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Additional Information to Financial Statements (Contd...)

16 Related Party Disclosure (AS-18) (as identified by the Management)

i) Names of related parties and description of relationship

- a) Enterprises in which KMP along with their relatives have significant influence : Supreme Yarn Spinners Ltd
Raja Yarns Private Limited
- b) Key Management Personnel : 1. Smt. P.Umayal, Chairman cum Managing Director
2. Shri P.Palaniappan, Managing Director
3. Sri. A.Subramanian (CFO)
4. Miss.Sarita Jain.G (Company Secretary) (From 13.03.2017)
- c) Relatives of Key Management Personnel : 1. Smt. Geethanjali Ramasamy
2. Shri MC.Ramasamy
3. Shri P.Palaniappan (HUF)
4. Shri MC.Ramasamy (HUF)

ii) Related Party Transactions

Nature of Transactions	Enterprises in which KMP along with their relatives have significant influence Rs.		Key Management Personnel Rs.		Relatives of Key Management Personnel Rs.	
	31.03.17	31.03.16 (9 Months)	31.03.17	31.03.16 (9 Months)	31.03.17	31.03.16 (9 Months)
Corporate Loan taken Raja Yarns Private Limited	2,345,000	2,700,000	-	-	-	-
Supreme Yarn Spinners Limited	7,500,000	5,700,000	-	-	-	-
Corporate Loan Repaid Raja Yarns Private Limited	1,407,000	933,000	-	-	-	-
Supreme Yarn Spinners Limited	5,700,000	-	-	-	-	-
Unsecured Loan taken Shri P.Palaniappan	-	-	25,119,000	26,975,000	-	-
Smt.P.Umayal	-	-	4,117,000	3,320,000	-	-
Unsecured Loan Repaid Shri P.Palaniappan	-	-	6,077,000	8,717,000	-	-
Smt.P.Umayal	-	-	947,000	666,000	-	-
Rendering of Services Supreme Yarn Spinners Ltd	177,079	144,030	-	-	-	-
Lease Rent Paid Supreme Yarn Spinners Ltd	15,000,000	11,250,000	-	-	-	-
Managerial Remuneration Shri P.Palaniappan	-	-	1,545,970	1,165,551	-	-
Smt. P.Umayal	-	-	1,529,214	1,141,200	-	-
Sri. A.Subramanian	-	-	292,400	226,576	-	-
Miss. Sarita Jain .G	-	-	12,258	-	-	-
Interest Paid on Unsecured Loans Raja Yarns Private Limited	2,679,321	2,727,597	-	-	-	-
Supreme Yarn Spinners Limited	727,341	544,727	-	-	-	-
Shri P.Palaniappan	-	-	7,489,141	4,905,851	-	-
Smt. P.Umayal	-	-	2,475,458	1,773,996	-	-
Outstanding payables as on 31st March Raja Yarns Private Limited	52,472,500	51,534,500	-	-	-	-
Supreme Yarn Spinners Limited	13,525,000	11,725,000	-	-	-	-
Shri P.Palaniappan	-	-	135,290,500	116,248,500	-	-
Smt. P.Umayal	-	-	43,429,000	40,259,000	-	-
Outstanding Receivable as on 31st March	NIL	NIL	NIL	NIL	NIL	NIL



SRI NACHAMMAI COTTON MILLS LIMITED

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Additional Information To Financial Statements (Contd...)

17 Lease Disclosure (AS-19)

Rupees
31.03.2017 Rupees
31.3.2016

The Company has taken the entire Fixed Assets of Supreme Yarn Spinners Limited under cancelable operating lease, which are normally renewed on expiry.

18 Earnings Per Share (AS-20)

Net Profit / (Loss) after tax	6,354,484	(20,965,087)
Weighted average No. of Equity Shares	4,286,400	4,286,400
Nominal value of shares	10	10
Basic and diluted Earnings per share	1.48	-4.89

19 Deferred Tax Liability / (Asset) (AS-22)

	Opening As on 01.04.2016	Adjustments for the period	Closing As on 31.03.2017
Deferred Tax Liability			
On Depreciation	7,572,076	10,154,187	-2,582,112
Deferred Tax Asset			
On account of carry forward of Losses	27,868,889	(9,558,049)	18,310,840
On account of Gratuity	1,473,579	804,722	2,278,300
On account of 43 B	1,025,726	167,632	1,193,358
	30,368,194	(8,585,695)	21,782,498
Net Deferred Tax (Liability) / Asset	22,796,118	1,568,492	24,364,610

- 20 (a) There are no derivative financial instruments either for hedging or for speculation outstanding as at the Balance Sheet date
(b) Foreign currency exposures that are not hedged by a derivative instrument or otherwise are as under:

Particulars	Currency	Amount in Foreign Currency		Equivalent amount - Rs.	
		31.03.2017	31.03.2016	31.03.2017	31.03.2016
Sundry Debtors	EURO	3,103.75	-	207,641	-
Sundry Creditors	USD	2,031,542.70	1,512,372.33	131,908,067	100,255,162

- 21 Previous year's figures have been regrouped and reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report of even date
For **M.S.JAGANNATHAN & VISVANATHAN**
Chartered Accountants
FRN. 001209S

M.V.JEGANATHAN
Partner
M.No. 214178

Salem
29th May, 2017

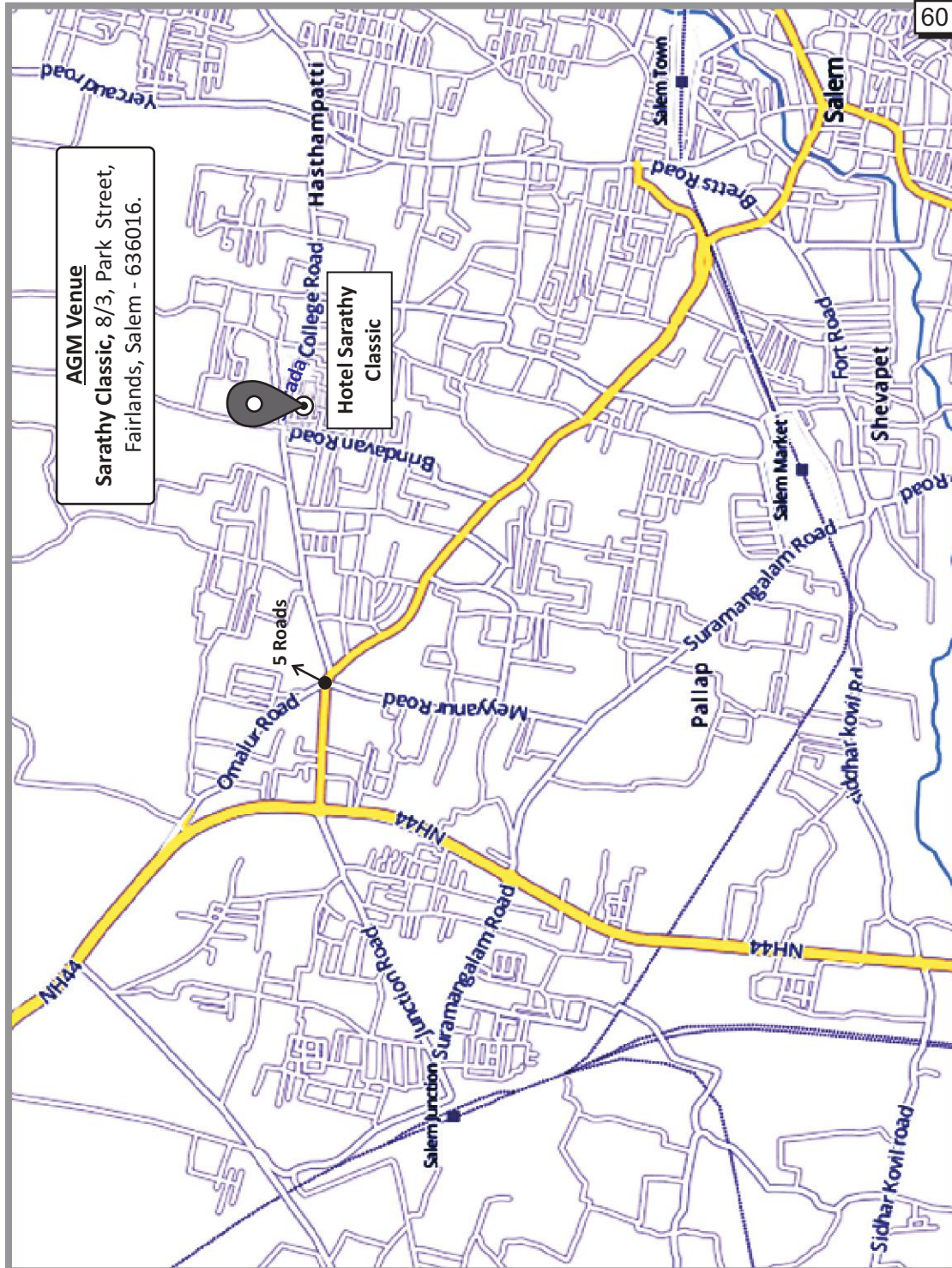
For and on behalf of Board of Directors of
SRI NACHAMMAI COTTON MILLS LTD.

P.PALANIAPPAN
Managing Director
DIN : 01577805

A.SUBRAMANIAN
Chief Financial Officer

P.UMAYAL
Chairman cum Managing Director
DIN : 00110260

SARITA JAIN.G
Company Secretary





SRI NACHAMMAI COTTON MILLS LIMITED

Registered Office: 30, Sugavaneswara Road, Balaji Nagar, SALEM 636 004.

CIN No. L17115TZ1980PLC000916

ATTENDANCE SLIP - AGM on 27th September, 2017

Folio No. DP ID No. Client ID No.

Name of the Member Signature

Name of the Proxy holder Signature

I/we hereby record my / our presence at the Annual General Meeting to the Company to be held on Wednesday, September 27th, 2017 at 5.00 P.M at Hotel Sarathy Classic, 8/3, Park Street, Fairlands, Salem - 636 016.

PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING HALL.

Form No. MGT - 11

PROXY FORM

(Pursuant to Section 105 (6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014)

CIN No	L17115TZ1980PLC000916	Name of the Shareholder	
Name of the Company	Sri Nachammai Cotton Mills Limited	Registered Address	
Registered Office :	30, Sugavaneswara Road, Balaji Nagar,	E-mail ID	
	Salem - 636 004.	Folio No/Client ID	
		DP ID	

Name of the Shareholder		Name of the Shareholder	
Registered Address		Registered Address	
E-mail ID		E-mail ID	
Folio No/Client ID		Folio No/Client ID	
DP ID		DP ID	

I/we hereby declare and authorise Mr/Mrs. as my/our proxy to attend and vote on behalf for me/us at the 37th Annual General Meeting of the Company, be held on Wednesday the 27th September, 2017 at 5.00 P.M at Hotel Sarathy Classic, 8/3, Park Street, Fairlands, Salem - 636016 and at any adjournment thereof in respect of such resolutions as are indicated below:

Put a tick mark for the resolutions (✓)

Resolutions — Ordinary Business	Yes	No
1. To consider and adopt the Audited Balance Sheet, Statement of Profit and Loss Account and Cash Flow Statement for the year ended 31 st March, 2017 and Reports of Board of Directors and Auditors thereon		
2. To Appoint a Director in the place of Sri. A.Annamalai who retires by rotation and being eligible, offers himself for re-appointment		
3. To appoint Auditors and fix their remuneration		
Special Business		
4. To ratify the Remuneration paid to Cost Auditor		

Signed this day of 2017.

Signature of the Shareholder :

Signature of Proxy holder(s) :

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

Affix
Re. 1
Revenue
Stamp

BOOK - POST

TO

If undelivered, please return to :
SRI NACHAMMAI COTTON MILLS LIMITED,
Registered Office : 30, Sugavaneswara Road,
Balaji Nagar, Salem - 636 004.