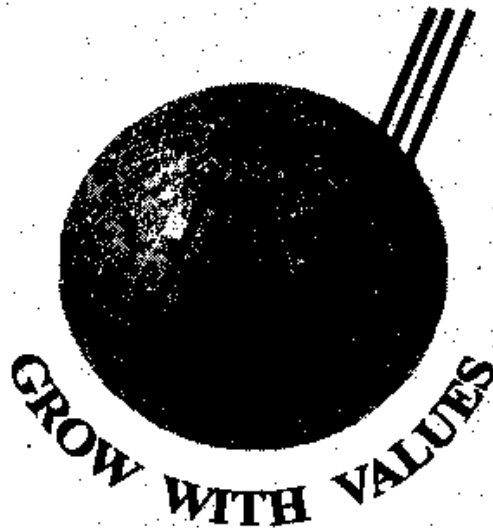


SRI NACHAMMAI COTTON MILLS LIMITED



35th ANNUAL REPORT 2014 - 2015



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
Joint Managing Director
Directors

Shri P. Palaniappan
Smt. P. Umayal
Shri A. Annamalai
Shri A. Alagappan
Shri Perumal Madhavagopal
Shri PL. Subbiah
Shri S. Ravichandran
Smt. Vasantha
Smt. Shantha Radhakrishnan
Shri A. Arunkumar

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

Miss. Cynthia. S

CHIEF FINANCIAL OFFICER

Shri A. Subramanian

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Contact Details

<u>Registered Office</u>	30, Sugavaneswara Road Balaji Nagar Salem - 636 004
<u>Mills at</u>	Near Railway Station Chettinad - 630 102 Sivaganga District
<u>Phone Numbers</u>	0427-2331879, 2330847 2330466
<u>Fax</u>	0427 - 2331951
<u>E-mail</u>	sncm@rediffmail.com
<u>Website</u>	www.sncmindia.com



SRI NACHAMMAI COTTON MILLS LIMITED

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 35th Annual General Meeting will be held on Tuesday, the 15th of December, 2015 at 10.45 A.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 30th June, 2015, the Statement of Profit and Loss Account and Cash Flow Statement for the year ended as on that date and the Report 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 re-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. M.S.Jagannathan & Visvanathan, Chartered Accountants (Registration No. 001209S) Coimbatore be and are hereby re-appointed as Auditors of the Company, to hold office for a period of one year from the conclusion of this Annual General Meeting, till the conclusion of the next Annual General Meeting of the Company, at a remuneration to be decided by the Board of Directors in consultation with the Auditors, plus applicable service tax and re-imbursment of travelling and out of pocket expenses incurred by them for the purpose of audit.

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 2015 -16 amounting to Rs.21,000/- per annum exclusive of service tax as applicable and re-imbursment of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed.

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

RESOLVED that pursuant to Section 161 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri. A.Arunkumar (DIN. 07176491) who was appointed as an Additional Director with effect from 06.05.2015, and who holds office upto the date of this Annual general Meeting and in respect of whom, the Company has received a Notice of Candidature in writing under Section 160 of the Companies Act, 2013 from a member proposing him for the office of the director, be and is hereby appointed as a Director with effect from 15th December, 2015 and is liable to retire by rotation.

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

RESOLVED that pursuant to Section 106 of the Companies Act, 1956 and Sections 55 and 110 of the Companies Act, 2013, corresponding rules thereof and other applicable provisions of the Companies Act, 2013 if any, the rights and terms and conditions of the Preference shares be and is hereby ratified by conducting Postal Ballot.

1. 15,00,000/- 10% Cumulative Redeemable Preference Shares of Rs. 100/- each shall now and hereafter be 15,00,000/- 0% Redeemable preference shares of Rs. 100/- each with effect from 25.04.2015.
2. The period of redemption of Preference shares shall be extended for a period not exceeding 13 years from the date of issue of Preference Shares.
3. Notwithstanding anything contained above, the Board of Directors shall be at liberty, to vary any of the terms and conditions in respect of the Preference Shares as they may deem fit in the best interest of the Company, taking into consideration the circumstances prevailing on the respective date of redemption thereof as aforesaid.
4. Save as mentioned hereinabove, all other terms and conditions of the said Preference shares shall remain the same.



SRI NACHAMMAI COTTON MILLS LIMITED

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

Resolved that pursuant to Section 13 and 48 of the Companies Act, 2013 and Section 106 of the Companies Act, 1956 and other applicable provisions of Companies Act, 2013 and 1956, (including amendment to or re-enactment thereof) the consent of the Board of Directors, be and is hereby accorded, subject to the approval of the Shareholders in the General Meeting, for substituting Clause V of the Memorandum of Association of the Company with the following Clause.

- V. The Authorized Share Capital of the Company shall be Rs. 19,30,00,000/- divided into:
- 43,00,000 Equity Shares of Rs.10/- (Rupees Ten Only) each; and
 - 15,00,000 - 0% Redeemable Preference Shares of Rs.100/- (Rupees Hundred Only) each.

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

Resolved that pursuant to Section 14 of the Companies Act, 2013 and other applicable provisions if any of the Companies Act, 2013 (including amendment to or re-enactment thereof) the consent of the Board of Directors, be and is hereby accorded, subject to the approval of the Shareholders in the General Meeting, to alter the existing Clause 29 of the Articles of Association of the Company as follows:

29. a) The period of redemption of the 0% Preference Shares shall be extended for a period not exceeding 13 years from the date of the issue of Preference Shares.
- b) Notwithstanding anything contained above, the Board of Directors shall be at liberty to vary any terms and conditions in respect of the Preference Shares as they may deem fit in the best interests of the Company, taking into consideration, the circumstances prevailing on the date of redemption.
- c) The Company shall be at liberty to create and issue further Preference Shares from time to time as it may deem fit.

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

Cynthia Sivanantham,
Company Secretary.

Place : Salem
Date : 27th August, 2015

Notes:

- 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.
- A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the 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.
- The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 will be available for inspection for the members at the AGM.
- 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.
- The Register of Members and Share Transfer books of the Company shall remain closed from 9th December, 2015 to 15th December, 2015 (both days inclusive).
- Information as required under Clause 49 of the Listing Agreement in respect of re-appointment of Director is provided in the Annexure to the notice.
- 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 form may inform the same to their respective Depository Participant.
- 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.
- 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.



10. Copies of the Annual Report 2015, the Notice of the 35th Annual General Meeting of the Company and instructions for e-voting, along with the Attendance Slip and Proxy Form, are being sent by permitted mode.
11. Members may also note that the Notice of the 35th Annual General Meeting and the Annual Report 2015 will be available on the Company's website, www.sncm.india.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 sncm@gmail.com.
12. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail address with the Company, in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in Demat form to enable the Company to serve documents in electronic form.
13. A member who needs any clarification on account or operations of the Company shall write to the Company Secretary, so as to reach her at least 7 days before the meeting, so that the information required can be provided.
14. Means of Voting:
 - a. 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 35th 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).
 - b. In terms of Clause 35B of the Listing Agreement, in order to enable its members, who do not have access to e-voting facility, to send their assent or dissent in writing in respect of the resolutions as set out in the Notice, a postal ballot Form is annexed. A member desiring to exercise vote by postal ballot shall complete the enclosed Ballot Form with assent (for) or dissent (against) and send it to Mr. M.R.L. Narasimha, Preceding Company Secretary, C/O. Sri Nachammai Cotton Mills Limited, Salem so as to reach him on or before 14th December, 2015, by 5.00 p.m. Any Ballot Form received after the said date and time shall be treated as if the reply from the members has not been received.
In case of Members casting their vote both by postal ballot and e-voting, then voting done through e-voting shall prevail and voting done by Physical Ballot will be treated as invalid.
 - c. The Company also offers the facility for voting through polling paper at the venue of the Meeting. Please note that a Shareholder can vote under only one of the three options mentioned above.

- d. The voting rights of Members shall be in proportion to their share of the Paid – up Equity Share Capital of the Company as on the cut-off date of 08.12.2015
1. Remote e – voting (Voting through electronic means)
The instructions for members for voting electronically are as under:
 - (i) The e-voting period begins on 12th December, 2015 (9:00a.m) and ends on 14th December, 2015 (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 08.12.2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the venue of the meeting.
 - (iii) The Shareholders should log on to the e-voting website www.evotingindia.com.
 - (iv) Click on "Shareholders".
 - (v) Now enter your User ID.
 - a) For CDSL : 16 digits beneficiary ID.
 - b) For NSDL : 8 Character DP ID followed by 8 Digits Client ID.
 - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (vi) Next enter the image verification as displayed and click on Login.
 - (vii) If you are holding shares in Demat form and have logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - (viii) 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 and physical as well as Physical shareholders)</p> <p>* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 5-Digits of the sequence number in the PAN field.</p> <p>* In case the sequence number is less than 5-digits enter the applicable Number of 0's before the number after the first two characters of the name in CAPITAL letters. Sequence Number has been provided as Sl.no. in the address label.</p> <p>Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
DOB	<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 (v).</p>



SRI NACHAMMAI COTTON MILLS LIMITED

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(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) 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.

(xi) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN of "Sri Nachammai Cotton Mills Limited" on which you choose to vote.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the voting page.

(xviii) 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.

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

* Non-individual shareholders (i.e. other than individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.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.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Question (FAQs) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

(xxi) In case of members receiving the Physical copy.

A. Please follow all steps from Sl. Nos. (i) to (xvi) above to cast vote.

B. In case you have any queries or issues regarding e-voting, you may refer the 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

2. Voting by Postal Ballot:

(i) A member desiring to exercise vote by Postal Ballot may complete this Postal Ballot Form and send it to the Scrutinizer in the enclosed self addressed envelope. Postages will be borne and paid by the company. However, envelope containing Postal Ballot if sent by courier at the expense of the registered Shareholder will also be accepted.

(ii) The self addressed envelope shall be sent to Mr.M.R.L.Narasimha, Practising Company Secretary, C/o. SRI NACHAMMAI COTTON MILLS LIMITED, 30 SUGAVANESWARA ROAD, BALAJI NAGAR, SALEM-636004

(iii) This form should be completed and signed by the Shareholder. (as per the specimen signature registered with the company). In case of joint holding, this form should be completed and signed by the first named Shareholder and in his absence, by the next named Shareholder.



- (iv) Incomplete, unsigned, improperly or incorrectly tick marked Postal Ballot Forms will be rejected. Postal Ballot Forms bearing tick marks in both the columns will render the form invalid.
- (v) Duty completed Postal Ballot Form should reach the address of the scrutinizer not later than 5:00 PM on 14th December, 2015. Postal Ballot Form received after this date and time will be strictly treated as if the reply from the member has not been received.
- (vi) In case of shares held by companies/trusts, societies etc., the duty completed Postal Ballot Form should be accompanied by a certified true copy of Board resolution/relevant authorisation for the purpose. In case the Postal Ballot Form is signed by a Power of Attorney (POA) holder, POA registration number should be mentioned.
- (vii) Exercise of vote by Postal Ballot through proxy is not permitted. Members are requested to carefully read the instructions printed and tick (/) mark should be placed in the relevant box signifying assent (FOR) / dissent (AGAINST) for the resolution, as the case may be before mailing the postal ballot form.
- (viii) The members are requested not to send any other paper along with the Postal Ballot Form in the enclosed self-addressed postage prepaid envelope, as all such envelopes will be sent to the scrutinizer and any extraneous paper found in such envelope would be destroyed by the scrutinizer.
- (ix) A member may request for a duplicate Postal Ballot Form, if required. However, the duty filled in duplicate Postal Ballot Form should reach the Scrutinizer before the specified date and time as mentioned in Serial No. (v)
- (x) The scrutinizer's decision on the validity of postal ballot shall be final.

Members are requested to read the instructions contained on the backside of the Postal Ballot Form and follow the same.

As the Company has provided e-voting / Postal Ballot voting in terms of Clause 35B of the Listing Agreement, Members may please note that there will be only one mode of voting either through e-voting or by Postal Ballot.

Voting at AGM

- (i) The Company also offers the facility for voting through polling paper at the meeting. The Members as on the cut-off date 08.12.2015 attending the AGM are entitled to exercise their voting right at the meeting in case they have not already cast their vote by e-voting/Postal Ballot.

- (ii) Members who have cast their vote by e-Voting/Postal Ballot are also entitled to attend the AGM but they cannot cast their vote at the AGM.
- (iii) The Chairman will fix the time for voting at the Meeting. Shareholders present in person or by proxy can vote at the Meeting.

General Instructions

1. The cut-off date for the purpose of e-voting has been fixed as 08.12.2015. Members holding shares as on this cut off date should endeavour to cast their vote in any one of the three modes.
2. Voting rights of Shareholders shall be in proportion to their shareholding in the Company as on the cut-off date of 08.12.2015.
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 the Scrutinizer to scrutinize the e-voting & Postal Ballot process in a fair and transparent manner.
5. The Scrutinizer will after the conclusion of voting at the AGM
 - (i) First count the votes cast through postal ballot.
 - (ii) Then count the votes cast at the Meeting through polling paper.
 - (iii) Thereafter unblock the votes cast through remote e-voting.
 - (iv) All the above will be done in the presence of two witnesses not in the employment of the Company.
 - (v) The Scrutinizer not later than three days of the conclusion of the AGM shall submit a Consolidated report of the total votes cast through remote e-voting process, postal ballot and poll cast at the AGM to the Chairman.
 - (vi) The Chairman or a person authorised by him in writing shall declare the result of the voting based on Scrutiniser's Report.
 - (vii) Subject to receipt of requisite number of votes, the Resolution shall be deemed to be passed on the date of AGM.
 - (viii) 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.cdsl.com immediately after the result is declared and also communicated to BSE.



SRI NACHAMMAI COTTON MILLS LIMITED

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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 as amended on 31.12.2014 for the financial year 2015-16 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.

As per Section 148 of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014, the remuneration payable to Cost Auditor as determined by the Board is required to be ratified by the members of the Company. The Board recommends this resolution for the approval of the members.

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.

ITEM NO. 5

Sri. A. Arunkumar (DIN: 07176491) as recommended by the Nomination and Remuneration Committee was appointed as an additional Director by the Board of Directors in their meeting held on 06.05.2015 to hold office until the conclusion of this Annual General Meeting. The Company has received a Notice of Candidature in writing from one of its member, along with a deposit of Ra. 1,00,000/- proposing Sri. A.Arunkumar for the office of a Director. Accordingly, the consent of the Members is required to appoint Sri. A.Arunkumar to be a Director of the Company with effect from December 15th, 2015.

None of the Directors except Sri.A. Arunkumar and Sri A. Annamalai being related to Sri.A.Arunkumar are concerned or interested in the above appointment

ITEM NO. 6

The Preference Shares were issued on 26.04.2012 to be redeemed as 15 half yearly instalments on the expiry of 3 years from the date of allotment thereof, after giving three months notice to the Preference Shareholders. The due date for the 1st instalment falls on 24.10.2015.

In spite of the best efforts of the Company and in view of the carried over losses, the inability to infuse massive fresh funds and the non-feasibility of making fresh issue of shares for the purpose of redemption of the preference shares has inevitably led the Board of Directors to approach the Preference Shareholders for extension of redemption of shares and vary the terms and conditions of the shares.

The Preference Shareholders of the Company holding 15,00,000/- 10% Cumulative Redeemable Preference shares of Rs.100/- each have accorded their consent to extend the Redemption period of the Preference shares along with variation in its terms and conditions in the Extra-Ordinary General Meeting of Preference Shareholders held on 22nd July, 2015.

Pursuant to Section 106 of the Companies Act, 1956 and Sections 55 and 110 of the Companies Act, 2013 and other applicable provisions, if any, the extension of redemption period and variation of terms and conditions of the preference shares as approved by the Preference Shareholders is placed for ratification by the members in this Annual General meeting.

None of the Directors, Key managerial personnel or their relatives is concerned or interested in the resolution except to their extent of shareholding in the Company, except Sri. P.Palaniappan, Smt. P.Umayal, Sri. MC.Ramasamy and Smt. Geethanjali Ramasamy.

ITEM NO's. 7 & 8

The Preference Shareholders of the Company holding 15,00,000/- 10% Cumulative Redeemable Preference shares of Rs.100/- each have accorded their consent to extend the Redemption period of the Preference shares along with variation of its terms and conditions in the Extra-Ordinary General Meeting of Preference Shareholders held on 22nd July, 2015.

Pursuant to Section 106 of the Companies Act, 1956 and Sections 55 and 110 of the Companies Act, 2013 and other applicable provisions, if any, the extension of redemption period and variation of terms and conditions of the preference shares as approved by the Preference Shareholders is placed for ratification by the members in this Annual General meeting.

The variation of Preference shares on ratification by the Shareholders in this Annual General Meeting requires alteration in the existing clauses of Memorandum of Association and Articles of Association.

None of the Directors, Key managerial personnel or their relatives is concerned or interested in the resolution except to their extent of shareholding in the Company.

The Altered Memorandum of Association and Articles of Association shall be available for inspection for the Members at the Registered Office of the Company during its business hours (9.00 A.M. to 6.00 P.M.)



SRI NACHAMMAI COTTON MILLS LIMITED

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Details of Directors seeking appointment / and re-appointment at the AGM

1. Name : Sri A. Annamalai
DIN No. : 00625832
Date of Birth & Age : 15.02.1956 (59 yrs)
Nationality : Indian
DOA on the Board : 19.09.1997
Relation with other Director : Father of Sri. A. Arunkumar
Qualification : SSLC
Experience : 25 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

2. Name : Sri A. Arunkumar
DIN No. : 07178491
Date of Birth & Age : 20.02.1982 (33 yrs)
Nationality : Indian
DOA on the Board : 06.05.2015
Relation with other Director : Son of Mr. Sri A. Annamalai
Qualification : (B.E)
Experience : 5 Years in the field of engineering
No. of Shares held : 2552
List of Directorships held in other Companies : Nil
Chairman/Member of the Committees of the Board of other Companies in which he / she is Director : Nil



SRI NACHAMMAI COTTON MILLS LIMITED

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REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS

Dear Shareholders,

Your Directors are hereby presenting this 35th Annual Report together with the Audited Statement of Accounts for the Year ended 30th June, 2015.

Financial Highlights

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

Particulars	30.06.2015	30.06.2014
Profit before finance costs and Depreciation	10,38,00,528	14,11,75,517
Finance costs	(6,80,78,625)	(6,55,63,174)
Depreciation	(4,17,85,632)	(3,98,42,234)
Profit / (Loss) before taxation	(60,63,729)	3,57,70,109
Less : Tax expense	16,47,058	(96,78,646)
Profit / (Loss) after tax	(44,16,671)	2,60,91,463

Dividend

Due to inadequacy of Profit, the Company is unable to declare any Dividend for the year 2014-15.

Review of Operations

During the year, the company has made a turnover of Rs. 1,62,22,00,164/- as against Rs. 1,82,75,35,588/- in the previous year. The Company turned around during the current year with a Net Loss before tax being Rs. 60,63,729/- as compared to Net Profit before tax being Rs. 3,57,70,109/- during the year 2013-14.

During the current year, the company is expected to improve its performance.

Fixed Deposits : Your Company has not accepted any fixed deposit from public and there are no outstanding dues in respect of thereof.

Details of Directors and Key Managerial Personnel

The Companies Act, 2013 ("the Act") provides for appointment of Independent Directors. Sub-section (10) of Section 149 of the Act (effective April 1, 2014) provides that an Independent Director shall hold office for a term up to five consecutive years on the Board of the Company.

The Independent Directors have submitted their disclosures to the Board that they fulfil all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed/continue as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

During the year, one separate meeting of Independent Directors was held. All the Independent Directors were present at this meeting. In the said meeting, 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.

The Company has put in place required programme for Independent Directors to get familiarized with the Organisation and also about their duties and responsibilities.

The tenure of office of Shri P.Palanisappan, Chairman cum Managing Director and Smt. P.Umayal, Joint Managing Director expired on 18th December, 2014. The Board of Directors, at their meeting held on 21st August, 2014, re-appointed them as Chairman cum Managing Director and Joint Managing Director of the company respectively for a period of five consecutive years effective from 19.12.2014 to 18.12.2019.

Sri A. Annamalai, Director is liable to retire by rotation and is eligible for re-appointment. Sri. A. Arunkumar, was appointed as an Additional Director of the Company with effect from 06.05.2015.

A brief resume, expertise, shareholding in the company and details of other entities in which the Directors are interested as stipulated under Clause 49 of the Listing Agreement entered with the Stock Exchange, form part of the Notice of Annual General Meeting.

Smt. RM. Umayal, tendered her resignation from Directorship due to ill health on 06.05.2015. The Board expresses its appreciation for the service rendered by Smt. RM. Umayal during her tenure as Director towards the growth of the Company



REPORT OF BOARD OF DIRECTORS (Contd...)

Evaluation of Board's Performance

On the advice of the Board of Directors, the Nomination and Remuneration Committee of Board of Directors, the Company have formulated the criteria for the evaluation of the performance of Board of Directors, Independent Directors, Non-Independent Directors and the Chairman of the Board. Based on that performance evaluation has been undertaken. The Independent Directors of the Company have also convened a separate meeting for this purpose. All the results and evaluation has been communicated to the Chairman of the Board of Directors. All Directors of the Board are familiar with the business of the Company.

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

Number of Board Meetings and Committee Meetings

During the Financial year 2014-15, 5 (Five) Board Meetings on the following dates - 21.08.2014, 27.10.2014, 24.01.2015, 06.05.2015 and 18.06.2015 of the company were held. Details of Committee Meetings is mentioned in the Corporate Governance Report.

Subsidiaries, Joint Ventures and Associates : The Company does not have any Subsidiary, Joint venture or Associate Company.

Corporate Social Responsibility

Pursuant to Section 135 of the Act, the Company does not satisfy the eligibility criteria with regard to networth, turnover and net profit. Hence the company is not required to comply with the provisions relating to CSR.

Material Changes and Commitments affecting the Financial Position of the Company

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

Internal Control Systems and their adequacy

The Company has an adequate Internal Control System commensurate with the size, scale and complexity of its operations.

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

Sl. No.	Period of making Loan	Details of Borrower	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	01.07.2014 to 30.06.2015	Supreme Yarn Spinners Limited 30, Sugaveneswara Road, Salem - 4	6,025,000	Inter Corporate Loan	Repayable on Demand	21.08.2014 27.10.2014 24.01.2015 06.05.2015	12%
2	01.07.2014 to 30.06.2015	Raja Yarn Spinners Limited 30, Sugaveneswara Road, Salem - 4	49,787,500	Inter Corporate Loan	Repayable on Demand	21.08.2014 27.10.2014 24.01.2015 06.05.2015	12%

Investments made under Section 186 of the Companies Act, 2013

No investments were made by the Company under Section 186 of the Companies Act, 2013 during the year under review.

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 year 2014-2015 no complaint was received before the committee.

Management Discussion and Analysis Report

The Report on Management Discussion and Analysis, as required under Clause 49(VIII)(9) of the Listing Agreement with Stock Exchange covering industry structure and developments, opportunities and threats, outlook, discussion on financial performance, etc., is contained "Management Discussion and Analysis Report" that forms an integral part of this Report and annexed as Annexure -1

Statement showing details of 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



SRI NACHAMMAI COTTON MILLS LIMITED

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REPORT OF BOARD OF DIRECTORS (Contd...)

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, 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 2014-15 is enclosed with this report. - Annexure - IV

Particulars of Contracts or Arrangements with Related Parties

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 for the Financial Year 2014-15 is given in Annexure - V

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>.

Risk Management Policy

In accordance with Clause 49 of the Listing Agreement 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.

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.

Remuneration Policy of the Company

The remuneration policy of the Company comprising the appointment and remuneration of the Directors, Key Managerial Personnel and Senior Executives of the Company including criteria for determining qualifications, positive attributes, independence of a Director and other related matters has been provided in the Corporate Governance report which is attached to this report. The Remuneration details to Directors is given in Annexure - VI

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

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.



REPORT OF BOARD OF DIRECTORS (Contd...)

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 the aggregate at the rate of not less than Rs.60,00,000/- if employed throughout the year or Rs.5,00,000/- per month if employed for part of the year.

Statutory Auditors

The Auditors of the Company M/S. M.S. Jaganathan & Viavanathan, Chartered Accountants were appointed at the last AGM to hold office till the conclusion of 35th Annual General Meeting and being eligible, they offer themselves for their continuance as auditors of the Company.

Internal Auditor

The Company has appointed Mr. H. Venugopal as the Internal Auditor of the Company for the financial year 2015-16. 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.

Secretarial Auditor

Sri M.R.L. Narasimha, Practising Company Secretary was appointed to conduct the Secretarial Audit of the Company for the Financial Year 2014-15 as required under Section 204 of the Act and Rules made there under. The Secretarial Audit Report for the Financial Year 2014-15 forms part of the Annual Report as annexure to the Board's Report (Annexure - VII)

Listing

The Equity Shares of the Company are listed in Bombay Stock Exchange Ltd and the Company has duly paid the Annual listing fees for the year 2014-15.

M/s. Cameco 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.

Salem,
27th August, 2015

For and on behalf of the Board of Directors,
P. PALANIAPPAN
Chairman cum Managing Director
DIN : 01577805



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.

The cotton industry faced major challenges during the year. Yarn prices remained less due to lower demand both in domestic and international market. Cotton prices were less when compared to the previous years. The Chinese government policy on usage of their cotton reserves and reduction of import of cotton made an impact on cotton yarn price and exports. CCI procured cotton at the minimum support price in large quantity during the previous year. Hence, the cotton price in India remained high as compared to international cotton prices. Thus, Indian cotton yarn was not competitive.

B. OPPORTUNITIES, THREATS, RISKS AND CONCERNS

The formation of a stable government in the centre is expected to boost the demand for textile goods. Due to excess production and significant erosion in margins due to severe competition have had a negative impact on the profitability of the industries. The operating margins are also high due to input cost like electricity and manpower.

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

Cotton supply is expected to decline since farmers may shift to alternate crops. Even then cotton availability will be comfortable due to higher carry forward stocks and decline in export of cotton to China. The policy of stocking by CCI will continue to have an impact on the cotton price and the competitiveness of cotton yarn in the global market. The target of new government to improve industrial production is expected to improve the demand for cotton yarn in the second half of the current year. The company has taken measures to cut cost and rationalize its operations wherever possible to yield better results.

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 programmes 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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Conservation of Energy, technology absorption and research and development and foreign exchange and outgo – Annexure - II

A. CONSERVATION OF ENERGY

a. Conservation of energy receives top most priority due to energy quota restrictions and also high costs.

The Company continuously monitors the energy usage in all its Units on a weekly basis and in depth studies are carried out.

b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy will be an ongoing process.

c. Impact of measures (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

FORM A

Form for disclosure of particulars with respect to Conservation of Energy.

	<u>Current Year Ended</u> 30.06.2015	<u>Previous Year Ended</u> 30.06.2014
POWER AND FUEL CONSUMPTION		
1. Electricity		
(a) Purchased		
Units	3,03,76,345	3,24,80,067
Total Amount (Rs.)	23,03,96,088	21,07,08,198
Rate Per unit (Rs.)	7.58	6.49
(b) Own Generation		
(i) Through Diesel Generator		
Units	4,37,942	7,29,292
Units per litre of Diesel	3.43	3.42
Cost/Unit (Rs.)	14.67	16.55
(ii) Through Steam Turbine / Generator	Nil	Nil
2. Coal	Nil	Nil
3. Furnace Oil	Nil	Nil
4. Other / Internal Generation	Nil	Nil
Yarn produced (kgs)	88,01,327	88,32,252
Electricity Consumed (Units)	3,08,16,287	3,32,09,359
Electricity Consumed	3.50	3.76
Rate per Kg. of Yarn (Units)		

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.	82,48,853	Rs.	36,52,322
	Import of Capital Goods	Rs.	Nil	Rs.	41,98,120
	Import of Raw Material	Rs.	21,04,82,929	Rs.	23,09,16,251
		Rs.	<u>21,87,31,782</u>	Rs.	<u>23,87,66,693</u>

Salem
27th August, 2015

For and on behalf of the Board of Directors
P.PALANIAPPAN
Chairman cum Managing Director
DIN : 01577805



REPORT ON CORPORATE GOVERNANCE – ANNEXURE - III

The principles of Corporate Governance introduced by SEBI through Clause 49 of the Listing Agreement with Stock Exchange and from time to time is complied with in all respects by the Company. This Report is furnished in terms of Clause 49 of the Listing Agreement. Auditors' Certificate on Corporate Governance as prescribed is also attached. Further, this Report also discloses relevant information in terms of Section 143(3) of the Companies Act, 2013 and forms an integral part of the Board's Report to Shareholders.

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 Clause 49 of the Listing Agreement with the Stock Exchange where its shares are listed.

Amendments of Corporate Governance provisions

The Companies Act, 2013 (the "Act") provided for a major overhaul in the Corporate Governance norms for all companies. SEBI reviewed the provisions of Listing Agreement with the objective to align same with the Act and adopt best practices on Corporate Governance framework to make it more effective. SEBI, by its circular dated 17th August, 2014, advised the changes to Clause 35B and Clause 49, which, again underwent another revision, vide Circular dated 15th September, 2014. The revised Clause 49 came into force with effect from 1st October 2014.

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.

3. Composition

Board of Directors is constituted in such a way that it conforms to the provisions of the Companies Act, 2013 and to the conditions of the Listing Agreement. The composition of the Board ensures a mix of Executive and Non-Executive Directors as well as the combination of Independent and Non-Independent Directors.

As on date, the Board consists of ten Directors, comprising one Chairman cum Managing Director, a Joint Managing Director, two other women Directors and six Non-Executive Directors. Out of the six Non-Executive Directors, there is one Additional Director and five Independent Directors. Thus, the Company complies with the stipulation of having 50% of the strength of the Board as Independent Directors. Brief resume of Directors seeking appointment/re-appointment is given in the Notice of the AGM. No Director holds membership in more than 10 Committees of Board nor is a Chairman of more than 5 such Committees, as stipulated in Clause 49. The age of every Director, including Independent Director, is above 21.

4. Independent Directors

Independent Directors are appointed for a tenure of five years taking into account the transitory provisions under Section 149(1) of the Act. They would be eligible for one more term on passing of a Special Resolution by members. Independent Directors were issued Letter of Appointment and the terms thereof have been posted on the Company's website. All the Independent Directors have given the declaration pursuant to Section 149(7) of the Act, affirming that they meet the criteria of independence as provided in Sub Section (6).

As required under the Companies Act, 2013 and Listing Agreement Clause-49 (as amended) a separate meeting of Independent Directors of the Company was held on 2nd June, 2015. All the Independent Directors viz. Sri Perumal Madhavagopal, Sri A. Alagappan, Sri S. Ravichandran, Sri PL. Subbiah and Smt. Shantha Radhakrishnan attended the meeting.

5. Board procedure and Access to Information

The Board of Directors (the "Board") is responsible for the management of the business of the Company and meets regularly for discharging its role and functions.



REPORT ON CORPORATE GOVERNANCE (Contd...)

The Board of the Company reviews all information provided periodically for discussion and consideration at its meetings as provided under the Companies Act, 2013 (including any amendment and re-enactment thereof). The information as required under Annexure X of Clause 49 of the Listing Agreement such as annual operating plans and budgets, quarterly results for the Company, minutes of meetings of Audit Committee and other Committees of the Board, quarterly details of foreign exchange exposures and risk management etc., are placed before the Board of Directors.

Annual calendar for the Board and its committee meetings is circulated in advance to the Directors, to facilitate them in attending the meetings. The Directors are provided with detailed agenda for the meetings along with necessary annexures to effectively participate in discussions. In special and exceptional circumstances, additional item(s) on the agenda are permitted to be discussed at the meeting. The Board meets at least once in a quarter to review the quarterly Results and other items on the agenda. Additional meetings are held, whenever necessary. The meetings of the Board are generally convened at the Registered Office of the Company. In case of urgency or when the Board meeting is not practicable to be held, the matters are resolved via Circular Resolution, which is then noted by the Board in its next meeting. The minutes of the Board Meetings are circulated to all Directors.

6. Board Meetings

Audit Committee and Board Meetings are convened on two consecutive days to obviate avoidable travel and recognizing time constraints of Independent Directors.

During the financial year 2014-15, Five (5) Board Meetings were held on 21st August 2014, 27th October 2014, 24th January 2015, 6th May 2015 and 18th June, 2015. No Board Meeting was conducted through video conferencing or other audio visual means.

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.	Shri P. Palaniappan (Chairman cum Managing Director) Din. 01577805	815688	ED(P)	5	Yes	-	-	1
2.	Smt. P. Umayal (Joint Managing Director) Din. 00110280	1036343	ED(P)	5	Yes	1	-	1
3.	Smt. RM. Umayal* Din. 02198664	1000	NED(P)	3	Yes	1	-	-
4.	Shri A. Annamalai Din. 00625832	3718	NED	4	Yes	1	-	-
5.	Shri A. Alagappan** Din. 00383808	100	ID	4	No	-	-	2
6.	Shri Perumal Mathavar Gopal** Din. 00383883	100	ID	5	Yes	2	1	3
7.	Shri S. Ravichandran** Din. 00759455	8234	ID	3	No	-	3	1
8.	Shri PL. Subbiah** Din. 02131140	-	ID	2	Yes	1	-	-
9.	Smt. Shanthe Radhakrishnan Din. 08978554	-	ID	2	No	-	-	-
10.	Smt. Vasantha Din. 09827486	-	NED	4	No	-	-	-
11.	Shri A. Arunkumar*** Din. 07176491	2552	NED	1	NA	-	-	-

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

* Smt. RM. Umayal resigned from her Office as a Director w.e.f 06.05.2015

** ID - Independent Directors were appointed w.e.f 10.12.2014 to 09.12.2019 (for a period of 5 years)

*** Sri A. Arunkumar was appointed as an Additional Director w.e.f. 06.05.2015



REPORT ON CORPORATE GOVERNANCE (Contd...)

7. 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 Audit Committee comprises three Independent Directors who have adequate knowledge of finance, accounts and textile industry. The quorum for audit committee meeting is two independent Directors.

The Chairman of Audit Committee is an Independent Director and was present at the last Annual General meeting of the Company. It meets at regular intervals not exceeding 120 days between any two meetings and subject to a maximum of 4 meetings in a year. The Chairman cum Managing Director (CEO), and CFO are present as invitees while Statutory Auditors, and the Internal Auditor are also present in most of the meetings. The Company Secretary acts as the Secretary of the Audit Committee.

The terms of reference of the Audit Committee are as per the provisions of the Listing Agreement read with Section 177 of the Companies Act, 2013. The roles of the Audit Committee inter-alia, includes, review of:

- i) Quarterly/Annual financial statements with statutory auditors and management before submission to the Board.
- ii) Internal control systems, findings of any internal investigations by the Internal Auditors into matters where there is suspected irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- iii) Internal audit function, internal audit reports relating to internal control weakness and functioning of whistle blower mechanism.
- iv) Management discussion and analysis of financial condition, results of operation, financial and risk management policies of the Company.
- v) Defaults, if any, in payments to shareholders/creditors and the status of the inter-corporate loans and investments for scrutiny in detail.
- vi) Related party transactions and to approve the same, including any subsequent modifications thereto.
- vii) Compliance with listing and other legal requirements relating to financial statements.
- viii) Changes, if any, in accounting policies and practices and record reasons for the same, major accounting entries involving estimates based on the exercise of judgment by management and significant arising out of the audit findings.
- ix) Valuation of undertakings or assets of the Company, as and when required.

The Audit Committee recommends appointment of Auditors and their remuneration and approves the Appointment of CFO. In compliance with Clause 41 of the Listing Agreement, the audit committee reviews the quarterly unaudited financial results and annual audited financial results of the Company. The quarterly unaudited financial Results are subjected to Limited Review by the statutory auditors. The audit committee also reviews all mandatory information under Clause 49 of the Listing Agreement.

During the Financial year 2014-2015, Four (4) meetings of the Committee were held on 21st August, 2014, 27th October, 2014, 24th January, 2015 and 6th May, 2015.

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	3

8. Nomination and Remuneration Committee

a. The Nomination and Remuneration (NRC) constituted by the Board in terms of Section 178 of the Companies Act, 2013 and the Rules notified thereunder and Clause 49 of the Listing Agreement, comprises the following Directors as its members. The Committee met one time during the year on 27.08.2015.

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



REPORT ON CORPORATE GOVERNANCE (Contd...)

Terms of Reference:

- i) To formulate criteria for determining qualifications, positive attributes and independence of director and evaluation of Independent Directors and the Board.
- ii) To formulate policies for remuneration of Directors, Key Management Personnel and Senior Management Personnel who are Functional Heads one level below the Board.
- iii) To identify persons for the position of Director, Key Management Personnel and Senior Management Personnel who are Functional Heads one level below the Board.
- iv) To recommend to the Board on appointment/removal of Directors, Key Managerial Personnel and Senior Management Personnel who are Functional Heads one level below the Board.
- v) To evaluate the performance of Directors (other than Independent Directors) and make recommendation to the Board and Key Managerial Personnel and Senior Management Personnel who are Functional Heads one level below the Board, as a team.
- vi) Devising a policy on Board diversity.

b. The remuneration payable to the Executive Directors is determined by the Board on the recommendation of the Nomination and Remuneration Committee. The remuneration so approved is subject to the approval of the Shareholders at the General Meeting and such other authorities as the case may be. The company does not have employee stock option scheme.

The Remuneration paid/payable to the Executive Directors of the Company for the year ended 30th June, 2015.

Name of the Director	Salary (Rs.)	Commission (Rs.)	Perquisites and Others (Rs.)	Total	Service Contract
Shri P. Palaniappan Chairman cum Managing Director	15,00,000	-	34,484	15,34,484	19.12.2014 to 18.12.2019
Smt. P. Umayal Joint Managing Director	15,00,000	-	22,927	15,22,927	19.12.2014 to 18.12.2019
Shri A. Annamalai Whole Time Director	41,120	-	2,349	43,469	01.07.2014 to 20.08.2014

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

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

Sl. No.	Name of the Director	Sitting Fees Rs.
1.	Shri A. Alagappan	15000
2.	Shri Perumal Madhavagopal	21000
3.	Shri S. Ravichandran	14000
4.	Shri PL. Subbiah	6000
5.	Sri A. Annamalai	8000
6.	Smt. P.M. Umayal	6000
7.	Smt. Sharitha Rajakrishnan	6000
8.	Smt. Vasanth	8000
9.	Shri A. Anantharam	2000

There has been no materially relevant pecuniary transaction or relationship between the Company and its non-executive Directors and Independent Directors during the year.



REPORT ON CORPORATE GOVERNANCE (Contd...)

10. Stakeholders Relationship Committee

The Stakeholders Relationship Committee has been constituted pursuant to Section 178 of the Companies Act, 2013 and as per the requirement under Clause 49 of the Listing Agreement to look into all types of grievances from Stakeholders and redress them expeditiously. The following are its members.

Sl. No.	Name of the Director	Designation	Category	No. of Committee Meetings	
				Held	Attended
1.	Shri S. Ravichandran	Independent Director	Chairman	4	3
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. Cynthia S, Company Secretary was designated as the Compliance Officer of the Company as per the requirements of Listing Agreement with Stock Exchange.

The Committee met Four (4) times during the year : 21.08.2014, 27.10.2014; 24.01.2015 and 06.05.2015.

The Committee attends inter-alia to complaints from Stakeholders / Investors and for their redressal. All complaints/grievances were also placed before the Board for information. Based on the information provided by the Company's Registrar & Share Transfer Agents, there are no investor complaints pending unresolved at the end of the financial year 2014-2015.

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

11. General Body Meetings

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

Year	Venue	Date & Time
2014	Hotel Sarathy Classic, 8/3, Park Street, Fairlands, Salem - 636 016	10 th December 2014 at 10.15 A.M.
2013	Hotel Sarathy Classic, 8/3, Park Street, Fairlands, Salem - 636 016	18 th December 2013 at 05.00 P.M.
2012	Hotel Sarathy Classic, 8/3, Park Street, Fairlands, Salem - 636 016	19 th December 2012 at 05.00 P.M.

One (1) Special Resolution, Three (3) Ordinary Business and Eight (8) Special Business were transacted through e-voting and Postal ballot in the Annual General Meeting during the year 2013-2014.

One (1) Extra Ordinary General Meeting of shareholders was held during the Financial year 2014-15 Four(4)Special Resolutions were put to vote through e-voting/Postal ballot and poll was conducted during the meeting.

During the current year, the Company proposes to pass all Resolutions including that of Ordinary Business and Special Business by e-voting/postal ballot as mandated by Clause 49 of the Listing Agreement.

12. Disclosures

a. Related Party Transactions

Details of transactions with related parties are provided in note no.17 (II) forming part of the accounts in accordance with the provision of accounting standard 18. There is no materially significant related party transaction that may have potential conflict with the interest of the Company at large.

b. No strictures/ penalties have been imposed on the Company by the Stock exchange or SEBI or any statutory authority on any matters related to the capital market during the last 3 years.

c. No significant and material orders were passed by the regulations, Courts or Tribunals impacting the going concern status and the Company's operations in future.



REPORT ON CORPORATE GOVERNANCE (Contd...)

d. Deposits

The Company has not accepted deposits from the public and there are no outstanding dues in respect thereof.

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 2014-15.

f. CEO/CFO Certificate

A Certificate signed by the CEO and CFO has been placed at all Board meetings. The Chief executive officer of the Company has certified to the Board with regard to the compliance made in terms of Clause 49(V) of the Listing Agreement, which forms part of Annual Report.

g. Whistle Blower Policy

In reference to Section 177(9) of the Act, read with relevant Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement, the Company has established a vigil mechanism overseen by the Audit Committee. No complaint was received in the Financial year 2014-2015.

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. Code of Conduct

The Board has formulated a Code of Conduct for Directors and Senior Management Personnel of the Company which is posted on its website. It is hereby affirmed that all the Directors and Senior Management Personnel have complied with the Code and a confirmation to this effect has been obtained from them individually for the Financial Year 2014-15.

Further, the senior Management Personnel have declared to the Board that no material, financial or commercial transactions were entered into by them during the Financial Year 2014-2015 where they have personal interest that may have a potential conflict with the interest of the Company.

j. Accounting treatment

The financial statements are prepared under the historical cost convention and have been prepared in accordance with applicable Accounting Standards and relevant requirements of the Companies Act, 2013.

k. Code for prevention of insider trading Policy

As per the SEBI Guidelines on Insider trading, all listed companies were required to set up an appropriate mechanism for regulating transactions in the shares of the Company by insiders. Your Company has framed a Code of Conduct for prevention of Insider Trading for Promoters, Directors, Designated Employees & their dependant family members. Miss Cynthia.S, Company Secretary has been appointed as the Compliance Officer for monitoring insider trading.

l. Training of Board Members and their evaluation

Majority of the Board members have been associated with the Company for a number of years and are well aware of the business model of the company as well as the risk profile of the business parameters of the company, their responsibilities as directors, and the best ways to discharge them.



REPORT ON CORPORATE GOVERNANCE (Contd...)

13. Other Compliance

i) Management Discussion and Analysis

Management Discussion and Analysis Report is made in conformity with Clause 49(VIII)(D) of the Listing Agreement and is attached to the Board Report forming part of the Annual Report of the Company.

ii) Quarterly Financial Results

Pursuant to Clause 41 of the Listing Agreement, 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.

iii) Quarterly Compliance Report

The Company has submitted for each of the four quarters during 2014-2015, the Compliance Report on Corporate Governance to Stock Exchange in the prescribed format within 15 days from the close of each quarter.

iv) Online filing

listing.bseindia.com - Quarterly Reports to BSE are filed through BSE Listing, in addition to filing hard copy of such Reports.

SCORES - SEBI requires all listed Companies to process investor complaints in a centralized web based complaint called SEBI Complaints Redress System (SCORES). During the year, no complaints against our Company was posted at SCORES site.

v) 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.

vi) Cost Audit

Cost Audit was not applicable to our Company for the Financial Year 2014-15.

vii) Secretarial Audit

Pursuant to Section 204(1) of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. M.R.L. Narasimha, Practicing Company Secretary (C.P.No.799) to undertake the Secretarial Audit of the Company for Financial Year 2014-2015. The Secretarial Audit Report was placed before the Board on 27th August, 2015.

viii) Internal Auditor

Pursuant to Section 138(1) of the Companies Act, 2013, the Company has appointed Mr.H.Venugopal, Chartered Accountant, Salem, to conduct internal audit of the functions and activities of the Company for Financial Year 2015-2016.

ix) Review of Directors' Responsibility Statement

The Board in its Report has confirmed that the annual accounts for the year ended 30th June 2015 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

x) Auditor's Certificate on Corporate Governance

Certificate of Statutory Auditors has been obtained on the compliance of condition of Corporate Governance, in reference to Clause 49 (XI) of the Listing Agreement and the same is annexed.

xi) 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.



SRI NACHAMMAI COTTON MILLS LIMITED

REPORT ON CORPORATE GOVERNANCE (Contd...)

GENERAL SHAREHOLDERS INFORMATION:

a. Annual General Meeting

Day, Date & Time : Tuesday, 15th December, 2015 at 10.45 A.M
 Venue : Hotel Sarathy Classic, 8/3, Park Street, Fairlands, Salem - 636016

b. Financial Calendar (Tentative)

Year ending : 31st March, 2016
 AGM : 30th September, 2016
 First Quarter Results : 4th Week of October, 2015
 Second Quarter Results : 4th Week of January, 2016
 Third Quarter Results : 4th Week of May, 2016
 (Audited Results)

c. Book Closure Dates : 9th December, 2015 to 15th December, 2015 (both days inclusive) for the purpose of the Annual General Meeting.

d. Listing on Stock Exchange : The equity shares of the company are listed in Bombay Stock Exchange Limited. The Annual Listing fees for the Financial year 2015-2016 has been paid to the aforesaid Stock Exchange.

e. Stock Code & ISIN number

Name of the Stock Exchange	Stock Code	ISIN Number
Bombay Stock Exchange Limited, Mumbai	521234	INE443E01016

f. Stock market price data for the year 2014-2015

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

Month	BSE	
	High	Low
July' 14	20.90	16.15
August' 14	17.75	16.65
September' 14	22.20	15.30
October' 14	19.05	18.10
November' 14	16.40	12.70
December' 14	13.49	10.20
January' 15	16.00	10.72
February' 15	14.25	13.64
March' 15	13.96	12.00
April' 15	13.43	11.00
May' 15	12.40	10.60
June' 15	13.88	11.12

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@cameoindia.com, Website: www.cameoindia.com

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.



SRI NACHAMMAI COTTON MILLS LIMITED

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REPORT ON CORPORATE GOVERNANCE (Contd...)

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	9
2.	Smt. P. Umayal	Executive Director	Vice-Chairman	9
3.	Shri Perumal Madhavagopal	Independent Director	Member	9
4.	Shri S. Ravichandran	Independent Director	Member	9

During the year, Nine (9) Share Transfer Committee meetings were held.

The Registrar & Share Transfer Agent, after processing valid Share Transfer Forms, forwards the Transfer Register for the approval of the Share Transfer Committee. The said Committee meets and approves the Share Transfers. The Share Transfer Register duly signed by Committee Members is forwarded to the Registrar. The Registrar thereafter dispatches the Share Certificates duly endorsed to the Transferee.

The Company obtains from a Practicing Company Secretary, half-yearly certificate of compliance with the Share Transfer formalities as required under Clause 47 of the Listing Agreement with Stock Exchange and files a copy of the Certificate with the Stock Exchange.

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. Company also offers the facility of transfer-cum-demat as per SEBI Guidelines.

i. Consolidation of folios and avoidance of multiple mailing

In order to enable the Company to reduce costs and duplicity of efforts for investors servicing, members who have more than one folio in their individual name or jointly with other persons mentioned in the same order, are requested to consolidate all similar holdings under one folio. This would help in monitoring the folios more effectively. Members may write to the Registrars at the address given in para (g), indicating the folio numbers to be consolidated.

j. (a) Shareholding pattern as on 30.06.2015

(b). Distribution of share holding as on 30.06.2015

Category	No. of Holders	No. of Shares	%	Shareholding range	No. of Holders	% of Holders	No. of Shares	% of Shares
Promoters	8	2360666	54.90	1 - 100	2502	68.14	228786	5.32
Non Resident Indians/OCBs/ Clearing Members	6	3347	0.08	101 - 500	757	20.61	206148	4.79
Bodies Corporate	3	1312	0.03	501 - 1000	171	4.66	138243	3.21
Resident Individual	70	115849	2.69	1001 - 2000	117	3.19	175595	4.08
Mutual fund	3584	1818326	42.29	2001 - 3000	33	0.90	84732	1.98
	1	500	0.01	3001 - 4000	23	0.63	80189	1.86
				4001 - 5000	9	0.24	41935	0.98
				5001 - 10000	24	0.65	167186	3.89
				10001 & above	36	0.98	3177186	73.89
Total	3672	4300000	100.00	TOTAL	3672	100.00	4300000	100.00

k. Dematerialisation of shares as on 30th June, 2015

The Equity Shares of the Company are compulsorily traded in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Sl. No.	Particulars	No. of Shares	% (In Share Capital)
1.	National Securities Depository Limited	3252439	75.64
2.	Central depository Services (India) Limited	597167	13.89
3.	Physical	450394	10.47
	Total	4300000	100.00