



## REPORT ON CORPORATE GOVERNANCE (Contd...)

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.

As per directions of SEBI, Equity Shares of the Company can be traded by all the investors only in dematerialized form. The Company's Shares are traded on BSE.

### l. Plant Location: Unit A & Unit B

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
Ms.Cynthia.S, Company Secretary 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

### Chief Executive Officer's Declaration on Code of Conduct

I hereby declare that the Board of Directors of the Company have adopted a Code of Conduct for the Board Members and Senior Management of the Company and the same has also been posted in the Company's website and that all the Board Members and senior Management personnel to whom this Code of Conduct is applicable have affirmed the compliance of the said Code of Conduct during the year 2014-15.

Salem  
27<sup>th</sup> August, 2015

**P. Palaniappan**  
Chairman cum Managing Director  
DIN : 001577805

### 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 Clause 49(V) of the Listing Agreement.

- a) We have reviewed the financial statements and the cash flow statement of the Company for the year ended 30<sup>th</sup> June, 2015 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omission of any material fact or includes 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 the 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 year which are fraudulent, illegal or in violation of the Company's code of conduct.
- c) we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify those deficiencies.



## REPORT ON CORPORATE GOVERNANCE (Contd...)

- 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

**P. PALANIAPPAN,**  
Chairman cum Managing Director.  
DIN : 01577805

Salem  
27<sup>th</sup> August, 2015

**Auditors' Certificate on Compliance of Conditions of Corporate Governance 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, for the year ended on 30<sup>th</sup> June, 2015, as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchange.

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.

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 / Investors Grievance 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  
27<sup>th</sup> August, 2015

**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 30TH JUNE, 2015

(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: 07th March, 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 Building', 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	92%

### 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	
<b>A. Promoters &amp; promoter group</b>									
a) Individual / HUF	2,343,561	0	2,343,561	54.50	2,344,166	2,000	2,346,166	54.56	0.06
b) Bodies Corporate	14,500	0	14,500	0.34	14500	0	14,500	0.34	0.00
<b>Sub-total (A)(1):-</b>	<b>2,358,061</b>	<b>0</b>	<b>2,358,061</b>	<b>54.84</b>	<b>2,358,666</b>	<b>2,000</b>	<b>2,360,666</b>	<b>54.90</b>	<b>0.06</b>
(2) Foreign	0	0	0	0	0	0	0	0	0
<b>Sub-total (A)(2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total promoter Shareholding (A) = (A) (1)+(A) (2)</b>	<b>2,358,061</b>	<b>0</b>	<b>2,358,061</b>	<b>54.84</b>	<b>2,358,666</b>	<b>2,000</b>	<b>2,360,666</b>	<b>54.90</b>	<b>0.06</b>
<b>B. Public Share holding</b>									
(1) Institutions									
a) Mutual Fund	0	500	500	0.01	0	500	500	0.01	0
<b>Sub-total (B)(1) :-</b>	<b>0</b>	<b>500</b>	<b>500</b>	<b>0.01</b>	<b>0</b>	<b>500</b>	<b>500</b>	<b>0.01</b>	<b>0</b>



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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	
<b>(2) Non-Institutions</b>									
(i) Bodies Corporate	143,820	3,533	147,353	3.43	112,316	3,533	115,849	2.69	-0.74
(ii) Individual shareholders holding nominal share capital up to Rs.1 lakh	606,625	407,969	1,014,594	23.59	601,127	398,118	1,000,245	23.26	-0.33
(iii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	687,185	43,266	730,451	18.99	732,332	43,266	775,598	18.04	1.05
<b>Sub-total (B)(2):-</b>	<b>1,437,630</b>	<b>454,768</b>	<b>1,892,398</b>	<b>44.01</b>	<b>1,445,775</b>	<b>445,917</b>	<b>1,891,692</b>	<b>43.99</b>	<b>-0.02</b>
<b>Total Public Shareholding (B)-(B)(1)+ (B)(2)</b>	<b>1,437,630</b>	<b>455,268</b>	<b>1,892,898</b>	<b>44.02</b>	<b>1,445,775</b>	<b>446,417</b>	<b>1,891,692</b>	<b>44.00</b>	<b>-0.02</b>
<b>C. Others</b>									
a) Clearing Members	4,341	0	4,341	0.10	1,312	0	1,312	0.03	-0.07
b) Hindu Undivided Families	41,083	0	41,083	0.95	42,483	0	42,483	0.99	-0.04
c) Non - Resident Indians	1,640	1,977	3,617	0.08	1,370	1,977	3,347	0.08	0.00
<b>Sub-total (C):-</b>	<b>47,064</b>	<b>1,977</b>	<b>49,041</b>	<b>1.13</b>	<b>45,165</b>	<b>1,977</b>	<b>47,142</b>	<b>1.10</b>	<b>-0.04</b>
<b>Grand total(A+B+C)</b>	<b>3,842,755</b>	<b>457,245</b>	<b>4,300,000</b>	<b>100.00</b>	<b>3,849,608</b>	<b>450,394</b>	<b>4,300,000</b>	<b>100.00</b>	<b>-0.02</b>

## 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)	613,556	14.27	0	617,161	14.35	0	0.08
4.	Smt. Geethanjali Ramasamy	398,981	9.28	0	398,981	9.28	0	0
5.	Sri.Ramasamy, MC	81,175	1.90	0	81,175	1.90	0	0
6.	Sri.MC.Ramasamy (Huf)	14,001	0.30	0	14,001	0.30	0	0
7.	RM.Umayal	1,000	0.02	0	0	0.00	0	-0.02
8.	Supreme Yarn Spinners Limited	14,500	0.34	0	14,500	0.34	0	0
	<b>TOTAL</b>	<b>2,358,061</b>	<b>54.84</b>	<b>0</b>	<b>2,360,666</b>	<b>54.90</b>	<b>0</b>	<b>0.06</b>



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iii) **Change in Promoter's Shareholding ( Equity) - 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 (Huf)	At the beginning of the year	613,556	14.27	-	-
	<b>Date wise Increase in the shareholding during the year</b>				
	i. 14.08.14 - By transfer	159	0	613,715	14.27
	ii. 05.12.14 - By transfer	323	0	614,038	14.28
	iii. 07.01.15 - By transfer	123	0	614,161	14.28
	iv. 12.03.15 - By transfer	320	0	614,481	14.29
	v. 13.04.15 - By online purchase	625	0	615,106	14.30
	vi. 21.04.15 - By online purchase	55	0	615,161	14.31
	vii. 22.06.15 - By transfer	2,000	0.05	617,161	14.35
	At the end of the year	-	-	617,161	14.35

iv) **Shareholding Pattern of Top Ten Shareholders( Equity) (other than Directors, Promoters and Holders of GDRs and ADRs) THERE WERE NO CHANGES IN THE SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS DURING THE FINANCIAL YEAR - 01/07/2014 TO 30/06/2015)**

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 Ajit Bhandari	At the beginning of the year	85,925	2	-	-
	At the end of the year	-	-	85,925	2
2. Mr. Raju Ajit Bhandari	At the beginning of the year	70,000	1.63	-	-
	At the end of the year	-	-	70,000	1.63
3. Mrs. A.M.P.A. Vallammal	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. Mr. Raju Bhandari	At the beginning of the year	41,223	0.97	-	-
	At the end of the year	-	-	41,223	0.97
6. Mr. Rajendra Kumar Jain & Mrs. Achala Remawat	At the beginning of the year	41,344	0.96	-	-
	At the end of the year	-	-	41,344	0.96
7. Mr. V. Palaniappan	At the beginning of the year	36,707	0.85	-	-
	At the end of the year	-	-	36,707	0.85



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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
8. Mr. Ashok Dungershi Dethla	At the beginning of the year	33,949	0.79	-	-
	At the end of the year	-	-	33,949	0.79
9. Ninja Securities Private Limited	At the beginning of the year	32,332	0.75	-	-
	At the end of the year	-	-	32,332	0.75
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	24.1	-	-
	At the end of the year	-	-	1,036,343	24.1
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 Madhava Gopal	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. Shanthe 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
12. Miss. Cynthia Sivanantham	At the beginning of the year	0	0	0	0
	At the end of the year	0	0	0	0

Note : Mrs. RM.Umayal ceased to be Director with effect from 06/05/2015.



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## iv. B. SHARE HOLDING PATTERN (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	
<b>A. Promoters &amp; promoter group</b>									
a) Individual / HUF	-	1,500,000	1,500,000	100	-	1,500,000	1,500,000	100	0.00
b) Bodies Corporate	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):-	-	1,500,000	1,500,000	100	-	1,500,000	1,500,000	100	0.00
(2) Foreign	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):-	-	-	-	-	-	-	-	-	-
Total promoter Shareholding (A) = (A) (1)+(A) (2)	-	1,500,000	1,500,000	100	-	1,500,000	1,500,000	100	0.00
<b>B. Public Share holding</b>									
(1) Institutions									
a) Mutual Fund	-	-	-	-	-	-	-	-	-
Sub-total (B)(1) :-	-	-	-	-	-	-	-	-	-
(2) Non-institutions									
(i) Bodies Corporate	-	-	-	-	-	-	-	-	-
(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	-	-	-	-	-	-	-	-	-
(iii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
<b>C. Others</b>									
a) Clearing Members	-	-	-	-	-	-	-	-	-
b) Hindu Undivided Families	-	-	-	-	-	-	-	-	-
c) Non - Resident Indians	-	-	-	-	-	-	-	-	-
Sub-total (C):-	-	-	-	-	-	-	-	-	-
<b>Grand total(A+B+C)</b>	-	1,500,000	1,500,000	100	-	1,500,000	1,500,000	100	0.00

### ii) Shareholding of Promoters - Preference Shares

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. Umeyal	1,000,000	66.67	0	1,000,000	66.67	0	0
	<b>TOTAL</b>	<b>1,500,000</b>	<b>100.00</b>	<b>0</b>	<b>1,500,000</b>	<b>100.00</b>	<b>0</b>	<b>0</b>



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**iii) Change in Promoter's Shareholding (Preference) - There were no changes in the Shareholding Pattern of the Promoters**

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 AND 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

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the Financial year</b>				
i) Principal Amount	161,802,600	116,561,500	51,233,000	329,597,100
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>161,802,600</b>	<b>116,561,500</b>	<b>51,233,000</b>	<b>329,597,100</b>
<b>Change in Indebtedness During the financial year</b>				
● Addition	-	191,909,000	-	191,909,000
● Reduction	44,967,600	112,082,500	51,233,000	208,283,100
<b>Net Change</b>	<b>-44,967,600</b>	<b>79,826,500</b>	<b>-</b>	<b>-16,374,100</b>
<b>Indebtedness at the end of the Financial year</b>				
i) Principal Amount	116,835,000	196,388,000	-	313,223,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>116,835,000</b>	<b>196,388,000</b>	<b>-</b>	<b>313,223,000</b>





# SRI NACHAMMAI COTTON MILLS LIMITED

**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	WTD Sri A.Annamalai	
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	36,120	30,36,120
	(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 - others, specify...	-	-	-	-
5	Others, Please specify	Club fee - 34,484	Club fee - 22,927	7,349 (P.F)	64,760
	<b>Total (A)</b>	<b>1,534,484</b>	<b>1,522,927</b>	<b>43,469</b>	<b>3,100,880</b>
	• Ceiling as per the Act	Due to inadequacy of Profit, the remuneration payable was in accordance with Schedule V of the Companies Act, 2013			

**B. (I) Remuneration to other Directors:**

S. No.	Particulars of Remuneration	Name of Directors					Total
		Sri.Perumal Madharagopal	Sri. A. Alogappan	Sri. S.Ravichandran	Sri. PL.Subbiah	Smt. Shantha Radhakrishnan	
1	Independent Directors						
	Fee for attending board/ committee meetings	21,000	15,000	14,000	6,000	6,000	62,000
	Commission	-	-	-	-	-	-
	Others, Please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>21,000</b>	<b>15,000</b>	<b>14,000</b>	<b>6,000</b>	<b>6,000</b>	<b>62,000</b>
2	Other Non-Executive Directors						
	Fee for attending board/ committee meetings	8,000	2,000	6,000	8,000	-	24,000
	Commission	-	-	-	-	-	-
	Others, Please specify	-	-	-	-	-	-
	<b>Total (2)</b>	<b>8,000</b>	<b>2,000</b>	<b>6,000</b>	<b>8,000</b>	<b>-</b>	<b>24,000</b>
	<b>Total (B) = (1 + 2)</b>						<b>86,000</b>
	<b>Total Managerial Remuneration ( A+B)</b>			<b>3,186,880</b>			
	• Ceiling as per the Act	Due to inadequacy of Profit, the remuneration payable was in accordance with Schedule V of the Companies Act, 2013					

Note: Mrs. RM.Umayal ceased to be Director with effect from 06/05/2015.



# SRI NACHAMMAI COTTON MILLS LIMITED

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

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary	CFO	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,81,200	2,72,400	4,53,600
	(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	-	-	-
	- others, specify...	-	-	-
5	Others, Please specify - P.F	-	14,474	14,474
	<b>Total (C)</b>	<b>181,200</b>	<b>286,874</b>	<b>468,074</b>
	Ceiling as per the Act			

## 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)
<b>A. Company</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. Directors</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. Other Officers In Default</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil



# SRI NACHAMMAI COTTON MILLS LIMITED

## Form No. AOC - 2 – ANNEXURE - V

[Pursuant to clause (h) 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 material contracts or arrangement or transactions at arm's length basis

Name(s) of the related party and nature of relationship	Nature of contracts / Arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advance, if any
Supreme Yarn Spinners Limited  Interested through Directors and their relatives	1. Lease rent paid	One Year 01/07/2014 to 30/06/2015	This Company has agreed to grant operational lease of its entire fixed assets, which shall be renewed from time to time on a monthly rent as agreed upon in the Lease agreement	If was approved at the following Board Meetings conducted during the financial year 21.08.2014 27.10.2014 24.01.2015 06.05.2015	Nil
Supreme Yarn Spinners Limited  Interested through Directors and their relatives	2. Rendering of Services	One Year 01/07/2014 to 30/06/2015	Repairs and Maintenance of its Plant & Machinery	If was approved at the following Board Meetings conducted during the financial year 21.08.2014 27.10.2014 24.01.2015 06.05.2015	Nil

## PARTICULARS OF REMUNERATION – ANNEXURE - VI

i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year is as mentioned below.

Sl. No.	Name	Category	Ratio
1.	Sri. Palaniappan	Chairman & Managing Director	11.90 : 1
2.	Smt. P. Umayal	Joint Managing Director	11.90 : 1
3. *	Sri. A. Annamalai	Whole Time Director	0.29 : 1

Note : For this purpose, sitting fees paid to the Directors have not been considered for remuneration.

\* Sri. A. Annamalai resigned from the Company with effect from 21.08.2014

- ii) The Percentage increase in remuneration of each Director and CEO in the financial year : There was no increase in the remuneration of the Directors, CFO, CEO and the Company Secretary in the financial year.
- iii) Percentage increase in the median remuneration of employees in the financial year : Nil
- iv) Number of permanent employees on the rolls of company : 276
- v) Explanation on the relationship between average increase in remuneration and Company performance : On an average, employees received an increase of 3.35% in accordance with the contract entered into by the Company with the Employees.



# SRI NACHAMMAI COTTON MILLS LIMITED

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vi) Comparison of the remuneration each Key Managerial Personnel against the performance of the Company : (in Rupees).

Remuneration of KMP	Remuneration	Revenue from operations	Remuneration (as % of revenue)	Profit Before Tax
Chairman & Managing Director	15,00,000	1622200164	0.09%	(60.64)
Joint Managing Director	15,00,000	1622200164	0.09%	(60.64)
Chief Financial Officer	2,72,400	1622200164	0.02%	(60.64)
Company Secretary	1,81,200	1622200164	0.01%	(60.64)

Bracket represents negative figures.

vii) The key parameters for any variable component of remuneration availed by the Directors : Not Applicable

viii) Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year

Particulars	30th June, 2015	30th June, 2014
Market Capitalisation of the Company (in Lakhs)	51385	78131
Closing price at BSE (in Rs.)	11.95	18.17
Earnings per share (in Rs.)	0	6.09
Price Earnings ratio as at the closing date	0	2.98

ix) Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer : Not applicable as the last public offer was in 1994 and the data is incomparable.

x) 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 average increase in salaries of employees other than managerial personnel in 2014 - 15 was 3.35%. During the year 2014 - 15, there was no increase in the remuneration of Managerial Personnel

xi) The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year : Not Applicable

xii) Affirmation that the remuneration is as per the remuneration policy of the Company : Yes

**Note :**

- The remuneration details are for the year 2014 - 2015 and all other particulars are at 30.06.2015
- The remuneration includes Company's contribution to provident fund, gratuity & perquisites.

## NOMINATION AND REMUNERATION POLICY

**INTRODUCTION:**

Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement requires the Board of Directors of every listed Company to constitute the Nomination and Remuneration Committee.

**OBJECTIVE:**

The Key Objectives of the Committee would be:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.



## APPLICABILITY:

The Policy shall be applicable to:

- (i) Directors (Executive and Non Executive & Independent)
- (ii) Key Managerial Personnel
- (iii) Senior Management Personnel

## DEFINITIONS:

- a) "Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- b) "Board" means Board of Directors of the Company.
- c) "Company" means "Sri Nachammai Cotton Mills Limited."
- d) "Employees' Stock Option" means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.
- e) "Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013.
- f) "Key Managerial Personnel" (KMP) means
  - (i) Chief Executive Officer or the Managing Director or the Manager,
  - (ii) Company Secretary,
  - (iii) Whole-time Director,
  - (iv) Chief Financial Officer and
  - (v) Such other officer as may be prescribed.
- g) "Committee" means Nomination and Remuneration Committee of the Company as Constituted or reconstituted by the Board from time to time.
- h) "Policy or This Policy" means, "Nomination and Remuneration Policy."
- i) "Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.

## CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE:

The Board has the power to constitute/ reconstitute the Committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement. At present, the Nomination and Remuneration Committee comprises of the following Directors:

- (i) Sri. Perumal Madhavagopal - Chairman (Independent Director)
- (ii) Sri. Sri.A.Alagappan - Member (Independent Director)
- (iii) Sri S.Ravichandran - Member (Independent Director)

## ROLE OF THE COMMITTEE:

The role of the Committee inter alia will be the following:

- a) To formulate a criteria for determining qualifications, positive attributes and independence of a Director
- b) Formulate criteria for evaluation of Independent Directors and the Board.
- c) Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- d) To carry out evaluation of every Director's performance.
- e) To recommend to the Board the appointment and removal of Directors and Senior Management.
- f) To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- g) To devise a policy on Board diversity.
- h) To perform such other functions as may be necessary or mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable or appropriate for the performance of its duties.



## **FREQUENCY OF MEETINGS:**

The meeting of the Committee shall be held at such regular intervals as may be required.

## **APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT:**

### **Appointment Criteria and Qualifications:**

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
3. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

### **Term / Tenure:**

1. **Managing Director/Whole-time Director/Manager (Managerial Person):**

The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. **Independent Director:**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1 October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

### **Evaluation:**

The Committee shall carry out an evaluation of performance of every Director, KMP and Senior Management on yearly basis.

### **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

### **Retirement:**

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.



## REMUNERATION

### REMUNERATION TO MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT:

Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

### REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR:

#### 1. Remuneration / Commission:

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

#### 2. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

#### 3. Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

### REMUNERATION TO OTHER EMPLOYEES:

The policy for determination of the remuneration of employees other than Directors, KMPs and Senior Management personnel shall be as per the norms followed by the Company.

### INSURANCE:

Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided, that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

### DISCLOSURE OF THE POLICY:

The Nomination and Remuneration policy shall be disclosed in the Board's report as required under the Companies Act, 2013 and the Listing Agreement.

### AMENDMENTS TO THE POLICY:

The Nomination and Remuneration Committee of the Company shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company when deemed necessary in the interests of the Company. Any subsequent amendment/modification in the listing agreement and/or other applicable laws in this regard shall automatically apply to this policy.



# SRI NACHAMMAI COTTON MILLS LIMITED

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## ANNEXURE - VII

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED JUNE 30, 2015

Form No. MR - 3

[Pursuant to section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial 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 a secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by M/s. Sri Nachammai Cotton Mills Limited (hereinafter called "the Company").

The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliance and expressing my opinion thereon.

Based on my verification of M/s. Sri Nachammai Cotton Mills Limited's 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, agent 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 June 30, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanisms in place to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with my letter of even date annexed to this report as Annexure - A.

1. 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 June 30, 2015 according to the applicable provisions of:
  - i) The Companies Act, 1956, 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;
  - 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, 1992;
    - c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
    - d) The securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; and
    - e) The securities and Exchange Board of India (Registrars to and issue and share transfer agents) Regulations, 1993 regarding the Companies Act and dealing with client.
  - vi) The Listing Agreement entered into by the Company with
    - a) BSE Limited





# SRI NACHAMMAI COTTON MILLS LIMITED

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2. I am informed that, for the financial year ended on June 30, 2015:

- i) The company was not required to maintain books, papers, minute books, forms and returns filed or other records according to the provisions of the following Regulations and Guidelines prescribed under SEBI Act:
  - a) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
  - c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
- ii) There are no laws specifically applicable to the company, the books, papers, minute books, forms and returns of which were required to be examined by me for the purpose of this report.

3. I have not examined compliance with the secretarial standards 1 and 2 issued by the Institute of the Company Secretaries of India as they become applicable only from 1st July, 2015.

4. During the period under review, to the best of my knowledge and belief and according to the information and explanations given to me, the company has complied with the provisions of the acts, Rules, Regulations and Agreements mentioned under paragraph 1 above, to the extent applicable.

5. I further report that:

- i) The board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Board also has a woman director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- ii) Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings along with agenda were sent at least seven days before the meeting.
- iii) A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings. Majority decision is carried through. I am informed that there were no dissenting members' views on any of the matters during the year that were required to be captured and recorded as part of the minutes.
- iv) 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.
- v) During the audit period:
  - a) The members of the Company have passed a special resolution under sections 180 (1) (c) of Act empowering the Board of Directors to borrow from time to time in one or more tranches, for the purpose company's business, such sum or sums of money, as they in their absolute discretion think fit, notwithstanding that the monies to be borrowed together with the monies already borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business and remaining outstanding will exceed the aggregate of the paid up share capital and free reserves, provided that the total amount up to which monies may be borrowed by the Board of Directors (apart from temporary loans obtained from the company's bankers) shall not exceed Rs. 300 crores (Rupees Three Hundred Crores only).
  - b) The members have passed a special resolution under section 180 (1) (a) of the Act, empowering the Board of Directors to sell, lease, mortgage or otherwise dispose of or to create charge, mortgage and or hypothecate the whole of or substantially the whole of the undertakings of the company at such time and on such terms and conditions as the Board may deem fit, in the best interest of the company.

Place : Salem  
Date : 27.08.2015

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



# SRI NACHAMMAI COTTON MILLS LIMITED

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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 compliance 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. My examination was limited to the verification of the procedures on test basis. Actions carried out by the company based on independent legal / professional opinion obtained have not been considered as non-compliance wherever there was a scope for multiple interpretations, especially since this is first full financial year in which the Companies Act, 2013 has become operational and also on account of the listings agreement undergoing major amendments from October 1, 2014.
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 : 27.08.2015

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



# SRI NACHAMMAI COTTON MILLS LIMITED

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

To  
the Members of  
M/s. 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 30th June 2015, 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 30th June 2015 and its loss and its cash flows for the year ended on that date.



## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("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 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.
  - (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 30th June 2015 taken on record by the Board of Directors, none of the Directors is disqualified as on 30th June 2015 from being appointed as a Director in terms of Section 164 (2) of the Act; and
  - (f) 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 under note no. 27
    - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
    - iii. Transferring of amount to the Investor Education and Protection Fund does not arise as the Company has not declared any dividend in the earlier years.

For **M.S.JAGANNATHAN & VISVANATHAN**

Chartered Accountants

Firm Regd No: 001209 S

**M.V.JEGANATHAN**

Partner

Membership No.214178

Salem  
27<sup>th</sup> August, 2015

## Annexure 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 30th June 2015, we report that:

1. In respect of its Fixed Assets:
  - a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. The company has physically verified fixed assets during the year in accordance with a regular and phased programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the company and nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
2. In respect of its inventories:
  - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.



# SRI NACHAMMAI COTTON MILLS LIMITED

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- 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.
3. 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, during the financial year. Hence, Clause (b) and (c) is not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. We have not observed any major weaknesses in internal control systems during the course of our audit.
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. According to the information and explanations given to us and on the basis of our examination of the records of the company in respect of the statutory dues:
  - a. The company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Service Tax, duty of customs, duty of excise, value added tax, cess 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 30th June 2015 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 or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute.
  - c. Transferring of amount to the Investor Education and Protection Fund does not arise as the Company has not declared any dividend in the earlier years.
8. The Company has accumulated losses of Rs. 7,60,86,858/- as at 30th June 2015. The Company has not incurred any cash losses either during the financial year covered by our audit or in the immediately preceding financial year.
9. 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.
10. According to the information and explanations given to us the company during the year has not given any guarantee for loans taken by others from banks or financial institutions.
11. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
12. 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.

For **M.S.JAGANNATHAN & VISVANATHAN**

Chartered Accountants

Firm Regd No: 001209 S

**M.V.JEGANATHAN**

Partner

Membership No.214178

Salem  
27<sup>th</sup> August, 2015



# SRI NACHAMMAI COTTON MILLS LIMITED

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## BALANCE SHEET AS AT 30th JUNE, 2015

PARTICULARS	Note No	30.06.2015	30.06.2014
		Rs.	Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	2	192,864,000	192,864,000
Reserves and surplus	3	-10,121,958	11,242,230
<b>Non-current liabilities</b>			
Long Term Borrowings	4	280,203,000	284,629,500
Long Term Provisions	5	2,995,016	1,250,670
<b>Current liabilities</b>			
Short Term Borrowings	6	363,116,377	421,578,704
Trade payables	7	46,878,310	82,327,429
Other current liabilities	8	64,525,972	92,500,998
Short-term provisions	9	61,840	75,000
<b>Total</b>		<b>940,512,557</b>	<b>1,086,468,531</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	10	168,070,075	229,633,017
Capital work in Progress		8,181,478	3,180,660
Non-current Investments	11	1,007,600	1,766,600
Deferred Tax Assets (Net)	12	20,364,955	11,139,340
Long-term loans and advances	13	26,680,298	29,079,450
Other non-current Assets	14	4,685,273	4,771,285
<b>Current assets</b>			
Inventories	15	498,287,761	507,349,350
Trade receivables	16	155,021,165	130,802,621
Cash and cash equivalents	17	15,195,275	92,063,755
Short-term loans and advances	18	42,198,056	73,597,509
Other current assets	19	820,621	3,084,944
<b>Total</b>		<b>940,512,557</b>	<b>1,086,468,531</b>
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,  
27<sup>th</sup> August, 2015

**P.PALANIAPPAN**  
Chairman cum Managing Director  
DIN : 01577805

**P.UMAYAL**  
Joint Managing Director  
DIN : 00110260

**A.SUBRAMANIAN**  
Chief Financial Officer

**CYNTHIA.S**  
Company Secretary