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	Smt. P. Umayal
Managing Director	Shri P. Palaniappan
Directors	Shri A. Alagappan Shri Perumal Madhavagopal Shri PL. Subbiah Shri S. Ravichandran Shri A. Annamalai 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
CHIEF FINANCIAL OFFICER	Shri A. Subramanian

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Contact Details

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

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 36th Annual General Meeting will be held on Thursday, the 15th day of September, 2016 at 5.00 P.M at Sarathy Classic, 8/3, Park Street, Fairlands, Salem– 636016 to transact the following business. All the Shareholders are requested to attend the same.

ORDINARY BUSINESS :

1. To consider and adopt the audited Annual Financial Statements including Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss Account and Cash Flow Statement for the period ended(9 months) as on that date and the Reports of the Board of Directors and Auditors thereon.

2. To appoint a Director in place of Smt. Vasantha (DIN. 00627405), Director who retires by rotation and being eligible, offers herself for re-election.

3. To appoint Auditors and to fix their remuneration and in this regard to pass the following Resolution as an Ordinary Resolution.

   "RESOLVED THAT pursuant to Section 139 and other applicable provisions, if any of the Companies Act, 2013, M/S.M.S.Jagannathan & Visvanathan, Chartered Accountants (Registration No. 001209S) Coimbatore be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company. The Board of Directors be and are hereby authorised to fix their remuneration on the recommendation of the Audit Committee".

SPECIAL BUSINESS

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

   "RESOLVED that pursuant to the provisions of Sections 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors Rule, 2014 including any statutory amendments and modifications thereof, for the time being in force, the remuneration payable to Sri V. Balasubramanian, Cost Accountant, Coimbatore having the Membership No.4771 appointed by the Board of Directors to conduct the Audit of the Cost accounting records of the Company for the Financial Year 2016 -17 amounting to Rs.21,000/- per annum exclusive of service tax as applicable and re-imbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed.

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

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

Place : Salem
Date : 23rd May, 2016.

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

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.

2. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in 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.

3. 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.

4. 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.

5. The Register of Members and Share Transfer books of the Company shall remain closed from **9th September, 2016** to **15th September, 2016** (both days inclusive).

6. Details under Regulation 36 of SEBI (Listing Obligations and disclosure Requirements) Regulation, 2015 and clause 1.2.5 of Secretarial Standard (SS-2) in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting are furnished and forms a part of the notice. The Directors have furnished the requisite consents / declarations for their appointment / re-appointment.

7. Members holding shares in Physical form are requested to intimate immediately, any changes in their address to the Company's Share Transfer Agent, M/S. Cameo Corporate Services Limited. 'Subramanian Building',No.1, Club House Road, Chennai - 600002 and members holding shares in electronic mode may inform the same to their respective Depository Participant.

8. 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.

9. 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 2016, the Notice of the 36th Annual General Meeting 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 36th Annual General Meeting and the Annual Report 2016 will be available on the Company's website, www.sncmindia.com. The physical copies of the aforesaid documents will also be available at the Company's Registered office for inspection during business hours on working days. Members who require communication, or have any other queries, may write to us at sncmro@gmail.com.

12. Members who have not so far dematerialized their shares are advised to demat the shares held in physical form which will ensure safety and security for their shares.

13. Members are requested to inform the Company their e-mail ID to facilitate quick response from the Company. Ministry of Corporate Affairs has recognised e-mail communication to share holders as effective and efficient means of communication from the Company and also member's communication to the Company. Members may register their e-mail ID with the Company and also keep the Company informed of any changes in their e-mail ID.

14. A member who needs any clarification on account or operations of the Company shall write to the Chief Financial Officer/Compliance Officer, so as to reach him/her at least 7 days before the meeting, so that the information required can be provided.

15. VOTING THROUGH ELECTRONIC MEANS

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2015, the Company is pleased to provide its members, facility to exercise their right to vote at the 36th Annual General Meeting by Electronic means and the business may be transacted through remote e- Voting Services provided by Central Depository Services (India) Limited (CDSL).

The instructions for members for voting electronically are as under:

(i) The e-voting period begins on **12th September, 2016 (9:00 a.m) and ends on 14th September, 2016 (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 **08.09.2016** may cast their vote electronically.The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The Shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on "Shareholders" tab.

(iv) 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.

(v) Next enter the image verification as displayed and click on Login.

(vi) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below.

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

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

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company in which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

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

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

(xii) 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.

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

(xiv) 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.

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

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

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

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

* Non-individual shareholders (i.e. other than individuals, HUF, NRI etc.) and Custodians are required to log on to www.evoting.com and register themselves as Corporates.

* A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e- mailed to helpdesk.evoting@cdslindia.com.

* After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

* The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

* A scanned copy of the Board Resolution and Power of Attorney(POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) In case 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.e-voting@cdslindia.com.

(xx) 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.

In case of members acquiring shares after the dispatch of the Notice

Any person who acquire shares of the Company and become a member of the Company as on the cut -off date shall taken the above instructions to cast their votes through e-voting process.

VOTING THROUGH POSTAL BALLOT

In terms of Regulation 44(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015 those Members, who do not have access to e- voting facility provided by the Company for the AGM in terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, may send their assent(FOR) or dissent (AGAINST) in writing on the Postal Ballot Form enclosed in Page no. 67. For details of the Scrutinizer and the steps followed for voting through postal ballot please refer instructions printed overleaf the postal ballot form.

VOTING AT THE VENUE OF THE AGM

i) The Company also offers the facility for voting through polling paper at the meeting. The Members as on the cut-off date **08.09.2016** 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 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 **08.09.2016**. 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 **08.09.2016**.

3. In case a Shareholder by inadvertence or otherwise has voted under more than one option, his voting by only one mode shall be taken as final and valid.

4. Mr.M.R.L. Narasimha, Company Secretary in Practice, Coimbatore (Membership No. 2851, CP No. 799) has been appointed as Scrutinizer to scrutinize the e-voting & Postal ballot process in a fair and valid.

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.

(vii) 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.

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

ITEM No.4

The Board of Directors on the recommendation of the Audit Committee, has approved the appointment of Sri V. Balasubramanian, Cost Accountant for the audit of Cost accounting records of the Company pursuant to the Companies (Cost Records and audit) Rules, 2014 for the financial year 2016-17 at a remuneration of Rs.21,000/- per annum excluding the applicable service tax and reimbursement of out of pocket expenses incurred by him in connection with the audit. Board of Directors has accepted the recommendation of the Audit Committee and approved their appointment. As per the provisions of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, remuneration payable to the Cost Auditor as approved by the Board of Directors of the Company shall be ratified by the Shareholders.

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

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

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

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

Place : Salem
Date : 23rd May, 2016.

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

Name	:	**Smt. Vasantha**
DIN No.	:	00627405
Date of Birth & Age	:	28.04.1946 (70 yrs)
Nationality	:	Indian
DOA on the Board	:	21.08.2014
Relation with other Director	:	None
Qualification	:	SSLC
Experience	:	25 Years
No. of Shares held	:	Nil
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

SRI NACHAMMAI COTTON MILLS LIMITED

REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS

Dear Shareholders,

The Board of Directors of your Company are pleased to present the 36th Annual report on the business of the Company along with summary of financial statements for the period ended 31st March, 2016. The report is prepared in accordance with the provisions of the Companies Act, 2013.

Financial Highlights

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

Particulars	31.03.2016 (9 months)	30.06.2015 (12 months)
Profit before finance costs and Depreciation	**5,06,11,025**	10,38,00,528
Finance costs	**(4,39,26,234)**	(6,80,78,625)
Depreciation	**(3,00,81,041)**	(4,17,85,632)
Profit / (Loss) before taxation	**(2,33,96,250)**	(60,63,729)
Less : Tax expense	**24,31,163**	16,47,058
Profit / (Loss) after tax	**(2,09,65,087)**	(44,16,671)

Financial Year

The Company in compliance with Section 2(41) of the Companies Act, 2013 will henceforth have 1st April to 31st March as its Financial year instead of 1st July to 30th June being adopted before and hence the current Financial year is for the period of 9 months commencing 1st July, 2015 and ended on 31st March, 2016.

Dividend

In view of the Losses, no dividend is proposed by the Board of Directors.

Review of Operations

During the 9 months under review, the Company has made a turnover of Rs. 113,54,64,664/-. The Company incurred a loss of Rs. 2,33,06,250/- in the previous 9 months mainly due to uneconomical yarn prices in the domestic market. There was oversupply of yarn both in the domestic and international market. Hence the Company was forced to sell bags at uneconomical prices. Thus, the company had to incur losses.

During the Current year, the Company has bought quality cotton at reasonable prices, the power cost will come down this year due to soaring power from cheaper sources. Other expenses like labour wages, fixed interest and other overheads will reduce as a percentage of turnover, due to increase in production at all departments.

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

Pursuant to the provisions of Section 152 of the Companies Act, 2013 Smt.Vasantha retire by rotation and being eligible offers herself for appointment and the resolution is placed before the members for approval.

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

Smt. Vasantha was appointed at the 34th AGM held on 10th December, 2014 and Sri A.Arunkumar was appointed as Director of the Company at the 35th AGM held on 15th December, 2015 and they are eligible to retire by rotation.

At the Board Meeting held on 21st August, 2014, Sri P.Painaiappan, Chairman cum Managing Director and Smt. P.Umayal, Joint Managing Director of the Company was reappointed for a term of five years from 19.12.2014 to 18.12.2019 and designated as "Key Managerial Personnel" of the Company pursuant to Section 2(51), 203 of the Companies Act, 2013 read with Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014. Company's Code of Conduct applicable to the Board has been adopted by the Board and all Directors of the Company have confirmed compliance with the Code of Conduct.

Sri.P.Palaniappan, resigned from Chairman cum Managing Director from the Office of the Board of Directors with effect from 18th November, 2015 and he shall continue to be the Managing Director of the Company.

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

Declaration by Independent Directors

Pursuant to the provisions of Section 149 of the Act, which came into effect from 1st April, 2014, Sri Perumal Madhavagopal, Sri A.Alagappan, Sri S.Ravichasndran, Sri PL.Subbiah and Smt. Shantha Radhakrishnan were appointed at the 34th AGM of the Company held on 10th December, 2014 for a term of five consecutive years from 10/12/2014 to 09/12/2019. The terms and conditions of appointment of Independent Directors are as per Schedule IV of the Act, They have submitted a Declaration that each of them meets the criteria of Independent as provided in Section 149(6) of the Companies Act, 2013 and there has been no change in the circumstances which may affect their status as Independent Directors during the year.

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.

Familiarization Programmes

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

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.

Nomination and Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The salient aspects covered in the Nomination and Remuneration Policy, covering the policy on appointment and remuneration of Directors and other matters as provided under Section 178(3) of the Companies Act, 2013 have been outlined in the Corporate Governance Report which forms part of this Report.

Number of Board Meetings and Committee Meetings

During the Financial year 2015-16, 3 (Three) Board Meetings on the following dates – 27.08.2015, 31.10.2015 and 30.01.2016 were held.

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

They have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of financial year (March 31, 2016) to which the financial statements relate and the date of the report.

Adequacy of Internal Financial Controls with Reference to Financial Statements

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

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

Sl. No.	Period of making Loan	Details of Lender	Amount in Rs.	Purpose for which the loan is to be utilized by the recipient	Time period for which it is given	Date of BR	Rate of interest
1	01.07.2015 to 31.03.2016	Supreme Yarn Spinners Limited 30, Sugavaneswara Road, Salem-4	11,725,000/-	Inter Corporate Loan	Repayable on Demand	27.08.2015 31.10.2015 30.01.2016	12%
2	01.07.2015 to 31.03.2016	Raja Yarn Spinners Limited 30, Sugavaneswara Road, Salem-4	51,534,500/-	Inter Corporate Loan	Repayable on Demand	27.08.2015 31.10.2015 30.01.2016	5.5%

Details of Significant & Material orders passed by the Regulations or courts or Tribunal

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

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 2015-2016 no compliant was received before the committee.

Management Discussion and Analysis Report

The Report on Management Discussion and Analysis, as per the Regulation 34(1) (e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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**

Corporate Governance

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

Extract of Annual Return

The extract of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014, in format MGT - 9, for the Financial Year 2015-16 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 2015-16 is given **AOC – 2 - Annexure – V.**

The Board had devised a Policy on dealing with Related party transactions and the Policy has been uploaded on the Company's website http.www.sncmindia.com

Vigil Mechanism/Whistle Blower Policy

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

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

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

Audit Committee

Audit Committee is in existence in accordance with the provisions of Section 177 of the Companies Act, 2013. Kindly refer to the Section of Corporate Governance, under the head, 'Audit Committee' for matters relating to the composition, meetings, and functions of the Committee. The Board was accepted the Audit Committee recommendations during the year whenever required, hence no disclosure required under Section 177(8) of the Companies Act, 2013 with respect to rejection of any recommendations of Audit Committee by Board.

Risk Management Policy

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

Board Evaluation

On the advice of the Board of Directors, the Nomination and Remuneration Committee of the Board of Directors the Company formulated the criteria for the evaluation of the performance of the Board of Directors & its Committees, Independent Directors, Non-Independent Directors, Chairman cum Managing Director and Managing Director. Based on that performance valuation has been undertaken.

Remuneration Policy of the Company

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The salient aspects covered in the Nomination and Remuneration Policy, covering the policy on appointment and remuneration of Directors and other matters as provided under Section 178(3) of the Companies Act, 2013 have been outlined in the Corporate Governance Report which forms part of 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.

Internal Control systems and their Adequacy

Your Company has established adequate Internal Control procedures, commensurate with the nature of its business and size of its operations.

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

The Board of Directors of the Company have adopted various Policies like Related Party Transactions Policy, Whistle Blower Policy, Policy to determine Material Subsidiaries and such other procedure for ensuring the orderly and efficient conduct of its business for safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

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.

Auditors and Secretarial Auditor Report

There no disqualifications, reservation or adverse remarks or disclaimers in the Auditors and Secretarial Auditors Report.

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

M/S. M.S.Jaganathan & Visvanathan , Chartered Accountants were appointed as the Auditors of the Company with effect from this Annual General Meeting to hold office till the conclusion of next Annual General Meeting.

Internal Auditor

The Company has appointed Mr. H. Venugopal as the Internal Auditor of the Company for the financial year 2016-17. 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.

Cost Auditor

Cost Audit was not applicable for the Company 2014-15. In view of the Company maintaining the Cost Records continuously, and in order to provide the comparable audited figures for the year 2014-15 in the Cost Audit report for the year 2015-16, Cost Audit for the year 2014-15 was carried out on a voluntary basis.

In accordance with the amendments effected in the Cost Audit rules, Cost Audit is applicable for the year 2015-16, and the Cost Audit report for the year 2015-16 in XBRL format will be filed with MCA on or before 30th September, 2016.

On the recommendation of the Audit Committee Mr.V.Balasubramanian, Cost Accountant was reappointed as Cost Auditor of the Company for the financial year 2016-17 and Board places before the members the resolution for ratification of remuneration payable to Cost Auditor.

Secretarial Auditor

Sri M.R.L. Narasimha, Practising Company Secretary was appointed to conduct the Secretarial Audit of the Company for the Financial Year 2015-16 as required under Section 204 of the Act, and Rules made there under. The Secretarial Audit Report for the Financial Year 2015-16 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 BSE Limited and the Company has duly paid the Annual listing fees for the year 2015-16.

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

Acknowledgements

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

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

Salem,
23rd May, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

ANNEXURE - I

A. INDUSTRY STRUCTURE AND DEVELOPMENTS

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

During the previous 9 months, there was an oversupply of yarn both in the domestic and international markets. Hence, the spinning mills were not able to fetch good prices for their yarn. Cotton prices were stable during the last year but since the demand for quality yarn was low, spinning mills were competing with each other and selling their yarn at uneconomical prices, thus majority of the spinning mills suffered losses.

B. OPPORTUNITIES, THREATS, RISKS AND CONCERNS

Your company has covered required cotton at reasonable prices for the season ending October 2016, hence the company is expected to perform well for these months. The spinning industry is dependent on cotton which is an agricultural product and this single input will be about 60% of the selling price of yarn, hence, price fluctuations and availability of cotton will play major role in the performance of spinning mills always.

C. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

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

D. OUTLOOK

The prices of cotton has increased manifold. The company has covered cotton at reasonably lower prices for the season ended October 2016. Hence, we expect the company to do well during these months. The power situation in Tamil Nadu has improved considerably as compared to the previous years, thus there will not be any drop in utilization due to power interruptions. The demand for yarn will increase in a rising cotton market.

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

ANNEXURE TO DIRECTOR'S REPORT — ANNEXURE - II

Conservation of Energy, technology absorption and research and development and foreign exchange earnings and outgo

A. Conservation of energy

		Period ended on 31.03.2016	Previous year ended 30.06.2015
(a)	**Power And Fuel Consumption**		
1.	Electricity		
(i)	Purchased		
	Units	**2,28,02,782**	3,03,78,345
	Total Amount (Rs.)	**15,66,98,360**	23,03,96,088
	Rate Per unit (Rs.)	**6.87**	7.58
(ii)	Own Generation		
(a)	Through Diesel Generator		
	Units	**1,24,670**	4,37,942
	Units per litre of Diesel	**3.38**	3.43
	Cost/Unit (Rs.)	**12.29**	14.67
(b)	Through Steam Turbine / Generator	**Nil**	Nil
2.	Coal	**Nil**	Nil
3.	Furnace Oil	**Nil**	Nil
4.	Other	**Nil**	Nil
(b)	**Consumption per unit of production**		
	Yarn produced (kgs)	**56,89,579**	88,01,327
	Electricity Consumed (Units)	**2,29,27,452**	3,08,16,287
	Consumption per Kg, of Yarn	**4.03**	3.50

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.**	**60,17,930**	Rs.	62,48,853
		Import of Capital Goods	**Rs.**	**Nil**	Rs.	Nil
		Import of Raw Material	**Rs.**	**10,92,01,292**	Rs.	21,04,82,929
			Rs.	**11,52,19,222**	Rs.	21,67,31,782

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

Salem
23rd May, 2016

SRI NACHAMMAI COTTON MILLS LIMITED

REPORT ON CORPORATE GOVERNANCE

ANNEXURE - III

The Directors present the Company's Report on Corporate Governance for the period (9 months) ended on 31st March, 2016 in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1. Company's Philosophy on Code of Corporate Governance

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

2. Board of Directors

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

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

a. Composition

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

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

Sl. No.	Name of the Director	Shares held	Category	Attendance particulars		Director ships in other public companies	Committee positions across all Public Companies	
				Board Meetings	AGM		Chairman / Vice chairman	Member
1.	Shri P. Palaniappan* (Managing Director) Din. 01577805	198505	ED(P)	3	Yes	–	1	–
2.	Smt. P. Umayal* (Chairman cum Managing Director) Din. 00110260	1038343	ED(P)	3	Yes	1	1	–
3.	Shri A.Annamalai Din. 00625832	3718	NED	2	Yes	1	–	–
4.	Shri A. Alagappan** Din. 00363600	100	ID	2	No	–	2	–
5	Shri Perumal Madhavagopal** Din. 00363963	100	ID	3	Yes	1	3	1
6.	Shri S. Ravichandran** Din. 00759455	8234	ID	3	Yes	–	1	3
7.	Shri PL. Subbiah** Din. 02131140	–	ID	2	No	1	–	–
8.	Smt. Shantha Radhakrishnan** Din. 06976554	–	ID	1	No	–	–	–
9.	Smt. Vasantha Din. 00627405	–	NED	2	No	–	–	–
10.	Shri A. Arunkumar** Din. 07176491	2552	NED	2	Yes	–	–	–

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

Shri P.Palaniappan and Smt. P. Umayal re- appointed them as Chairman cum Managing Director and Joint Managing Director of the Company for a period of 5 years effective from 19.12.2014 to 18.12.2019.

*Shri P.Palaniappan, was appointed as Chairman cum Managing Director upto 17.11.2015 and consequently there was a change in designation from Chairman cum Managing Director to Managing Director w.e.f 18.11.2015.

*Smt.P. Umayal , was appointed as Joint Managing Director upto 17.11.2015 and consequently she was appointed as Chairman cum Managing Director w.e.f 18.11.2015.

** 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 a Director w.e.f. 15.12.2015

b. **Board Meetings**

During the financial year 2015-16, Three (3) Board Meetings were held on **27th August 2015, 31st October 2015,** and **30th January 2016.** No Board Meeting was conducted through video conferencing or other audio visual means.

c. **Independent Directors**

All the Independent Directors of the Company viz., Sri Perumal Madhavagopal, Sri A.Alagappan, Sri S.Ravichandran, Sri PL.Subbiah and Smt. Shantha Radhakrishnan were appointed at the 34th AGM of the Company held on 10th December, 2014 for a term of five consecutive years from 10/12/2014 to 09/12/2019.

During the year under review, the Independent Directors met on 26th February, 2016 , inter alia, to discuss /review the matters specified in Regulation 25 of SEBI LODR/ Schedule IV of the Companies Act, 2013. All the Independent Directors were present at the meeting.

3. **Committees of Directors**

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

a. **Audit Committee**

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

b. **Terms of Reference**

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

During the Financial year 2015-2016, Three(3) meetings of the Committee were held on **27th August, 2015, 30th October, 2015** and **30th January, 2016.**

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

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

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

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

4. **Nomination and Remuneration Committee**

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

a. **Terms of Reference**

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

b. **Composition and Attendance at the Meeting**

The Committee comprises of 3 Independent Directors. The Chairman is a Non-Executive Independent Director

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

c. **Performance Evaluation criteria for Independent Directors.**

- Attendance and active participation in Board, Committees and General Meetings
- Qualification, Knowledge, Skills and Expertise
- Updation of skills and knowledge
- Participation in familiarization programmes
- Independent and unbiased opinion
- Informed and balanced decision making
- Leadership qualities
- Safeguarding Stakeholders interest
- Compliance with Articles of Association, Companies Act, 2013 and other laws and regulations
- Compliance with ethical standards, Corporate governance practices and code of conduct of the Company
- Review of integrity of financial information and risk management

- Active participation in determination of remuneration of Directors, KMPs and other senior management
- Reporting of frauds, violation etc
- Safeguard of confidential information
- Information about the company and the external environment in which it operates
- Reviewing vigil mechanism and safeguarding interest of whistle blowers
- Effective participation in the deliberations of related party transactions
- Seek expert opinion if required
- Moderates and arbitrates conflicts of interest between Stakeholder and Management in the interest of the Company as a whole.

5. Remuneration Policy

The remuneration policy is in consonance with the existing industry practice and also with the provisions of the Companies Act, 2013. The Board of Directors based on the recommendation of the Nomination and Remuneration Committee has formulated a policy on remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The policy covers the appointment, including criteria for determining qualification, positive attributes, independence and remuneration of its Directors, Key Managerial Personnel and Senior Management Personnel. The Nomination and Remuneration Policy is annexed to this report and also can be accessed on the Company's website at http:/www.sncmindia.com.

a. Remuneration of Directors

The Remuneration paid/payable to the Executive Directors for the period ended (9 months) is given as under:

Name of the Director	Salary (Rs.)	Commission (Rs.)	Perquisites and Others (Rs.)	Total	Service Contract
Shri P. Palaniappan Managing Director	11,25,000	-	16,200	11,41,200	19.12.2014 to 18.12.2019
Smt. P. Umayal Chairman cum Managing Director	11,25,000	-	40,551	11,65,551	19.12.2014 to 18.12.2019

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

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

Sl. No.	Name of the Director	Sitting Fees Rs.
1.	Shri A. Alagappan	6000
2.	Shri Perumal Madhavagopal	12000
3.	Shri S.Ravichandran	12000
4.	Shri PL.Subbiah	6000
5.	Sri A. Annamalai	4000
6.	Smt. Shantha Radhakrishnan	2000
7.	Smt. Vasantha	4000
8.	Shri A. Arunkumar	6000

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

The Company currently does not have any stock option scheme.

6. Stakeholders' Relationship Committee

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

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

Stakeholders' Relationship Committee consists of the following Directors

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

Smt. R.Thamilselvi was designated as the Compliance Officer of the Company as per the requirements of Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also responsible for redressal of investors complaints. The Committee attends inter-alia to complaints from Stakeholders and for their redressal. All the complaints/grievances were also placed before the Board for information. Based on the information provided by the Company's Registrar & Share Transfer Agents, at the beginning of the year, no complaint was pending. During the period ended on 31st March, 2016, the Company has not received any complaint from investors and also no investor complaint was pending on 31st March, 2016.

The Committee met Three (3) times during the year : **27.08.2015, 31.10.2015** and **30.01.2016.**

Pursuant to Clause 47 (c) of the Listing Agreement/Regulation 40(9) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 a certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practising Company Secretary has been submitted to the Stock exchange within stipulated time.

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

7. Share Transfer Committee

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

Share Transfer Committee comprises the following Directors:

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

During the year, Two (2) Share Transfer Committee meetings were held.

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

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

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

8. General Body Meetings

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

Year	Venue	Date & Time
2015	**Hotel Sarathy Classic,** 8/3, Park Street, Fairlands, Salem – 636 016	15th December 2015 at 10.45 A.M.
2014	**Hotel Sarathy Classic,** 8/3, Park Street, Fairlands, Salem – 636 016	10th December 2014 at 10.15 A.M.
2013	**Hotel Sarathy Classic,** 8/3, Park Street, Fairlands, Salem – 636 016	18th December 2013 at 5.00 P.M.

Special Resolutions have been passed in the previous three Annual General Meetings held in 2013,2014 and 2015. Postal Ballot as well as electronic voting facility was provided to members for all the Resolutions included in the Notice of the 35th Annual General Meeting held on 15th December, 2015.

Postal Ballot

Pursuant to Section 108 and 110 of the Companies Act, 2013 and Rules 20(3)(xi) and 22(9) of the Companies (Management and Administration) Rules, 2014 the Company conducted Postal Ballot for passing Special and Ordinary Resolution at the 35th Annual General Meeting held on 15th December, 2015.

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

Shareholders were advised to send their assent (For) or dissent (Against) in writing on the Postal Ballot Form enclosed in page no. 67 and the details of the Scrutinizer and the steps followed for voting through postal ballot were instructed in the Postal Ballot form. The Postal Ballot was conducted in a fair and transparent manner.

Five (5) Ordinary Business and Three (3) Special Business was passed through e-voting and Postal ballot at the 35th Annual General Meeting held on 15th December, 2015.

One Extra Ordinary General Meeting was held during the financial year 2015-16.

One (1) Special Resolution was put to vote through e-voting/Postal ballot was conducted during the meeting.

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

9. Disclosures

a. Related Party Transactions

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

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

b. Strictures and Penalties

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

c. **Details of Compliance with mandatory requirements**

The Company has complied with all mandatory requirements laid down under the provisions of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 2015-16.

f. **CEO/CFO Certificate**

The CEO certification of the financial statements for the year has been submitted to the Board of Directors, in its meeting held on 23rd May, 2016 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

g. **Whistle Blower Policy**

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

h. **Risk Management**

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

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

i. **Disclosure of Accounting Treatment**

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

j. **Code of Conduct**

The Company has adopted a Code of Conduct for Directors and Senior Management of the Company, as required by Clause 49/ Regulation 17(5) of the SEBI LODR. The Company has received confirmation from the Directors and Senior Management regarding compliance with the code for the period ended March 31st, 2016. A Certificate from Managing Director to this effect is attached to this report. The Code has been displayed on the Company's website.

k. The Managing Director and Chief Financial Officer of the Company give annual Compliance Certificate in accordance with Regulation 17(8) read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/ Clause 49 of Listing Agreement with the Stock Exchange. The annual Compliance Certificate given by Managing Director and Chief Financial Officer is published in Annual report.

l. **Code for prevention of insider trading Policy**

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

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

10. Other Compliance

i) Management Discussion and Analysis

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

ii) Quarterly Financial Results

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

b. ***Quarterly Compliance Report***

The Company has submitted for each of the three quarters (year end changed from June to March) during 2015-2016, the Compliance Report on Corporate Governance to Stock Exchange in the prescribed format within 15 days from the closer of each quarter.

c. **Online filing**

listing.bseindia.com - Quarterly Reports are filed to BSE through BSE Listing Centre as per the new XBRL format.

d. ***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, there were no complaints against our Company was posted at Scroes site.

iii) Reconciliation of Share Capital Audit

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

iv) Means of Communication

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

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

v) The Company has no subsidiary and hence there is no policy for deciding the material subsidiary.

vi) The Company has fully complied with the applicable requirement specified in Regulations 17 to 27 and Clause (b) to (i) of Sub-Regulation (2) of Regulation 46 of Listing Agreement and disclosure requirements.

SRI NACHAMMAI COTTON MILLS LIMITED

11. GENERAL SHAREHOLDERS INFORMATION:

a. **Annual General Meeting**

Day, Date & Time : **Thursday, 15th September,2016 at 5.00 P.M**

Venue : **Hotel Sarathy Classic, 8/3, Park Street, Fairlands, Salem - 636 016**

b. **Financial Calendar (Tentative)**

Year ending	:	31st March,2017
AGM	:	30th September, 2017
Unaudited results for the quarter ending June 30, 2016	:	2nd Week of August, 2016
Unaudited results for the quarter/half year ending September 30, 2016	:	2nd Week of November, 2016
Unaudited results for the quarter ending December 31, 2016	:	2nd Week of February, 2017
Audited Results for the year ending March 31, 2017	:	Before 31st May, 2017

c. **Book Closure Dates** : 9th September, 2016 to 15th September, 2016 (both days inclusive) for the purpose of the Annual General Meeting.

d. (i) **Listing on Stock Exchange** : BSE Limited –Stock Code No. 521234

(ii) **For Dematerialisation** : National Securities Depository Limited
Company ISIN Number. INE443E01016 — Central Depository Services(India) Limited

Listing Fee : Annual Listing fee for the financial year 2015-16 paid to BSE Limited

e. **Stock Code – Trading at** : BSE Limited (Demat) 521234 / SRI NACHA

Demat ISIN Numbers in NSDL & CDSL : Equity shares INE443E01016

f. **Stock market price data for the year 2015-2016**

The high and low prices during each month for the period ended (9 months) on BSE Limited are given below – Equity Shares of Rs. 10/- each.

Month	BSE	
	High	Low
July' 15	14.50	11.24
August' 15	15.63	13.55
September' 15	18.70	13.83
October' 15	15.22	12.56
November' 15	13.17	10.23
December' 15	13.66	11.31
January' 16	12.00	10.05
February' 16	12.88	10.07
March' 16	–	–

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

SRI NACHAMMAI COTTON MILLS LIMITED

h. (a) Shareholding pattern as on 31.03.2016

Category	No. of Holders	No. of Shares	%
Promoters	7	2360666	54.90
Non Resident Indians/OCBs/	6	3347	0.08
Bodies Corporate	67	129989	3.02
Resident Individual	3574	1805498	41.99
Mutual fund	1	500	0.01
Total	**3655**	**4300000**	**100.00**

b. Distribution of share holding as on 31.03.2016

Shareholding range	No. of Holders	%of Holders	No. of Shares	% of Shares
1 - 100	2491	68.10	228038	5.30
101 - 500	753	20.58	204253	4.75
501 - 1000	178	4.87	141901	3.30
1001 - 2000	112	3.06	167740	3.90
2001 - 3000	35	0.95	89874	2.09
3001 - 4000	23	0.63	79137	1.84
4001 - 5000	9	0.25	41935	0.98
5001 - 10000	22	0.60	152111	3.54
10001 & above	32	0.96	3195011	74.30
TOTAL	**3655**	**100.00**	**4300000**	**100.00**

i. **Dematerialisation of shares on liquidity**

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

Status of Dematerialisation of Shares as on 31st March, 2016

Holder	Physical		Demat		Total	
	No. of Shares	% to paidup Capital	No. of Shares	% to paidup Capital	No. of Shares	% to paidup Capital
Promoters	0	0	2360666	54.90	2360666	54.90
Public	436356	10.15	1502978	34.95	1939334	45.10
Total	**436356**	**10.15**	**3863644**	**89.85**	**4300000**	**100.00**

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

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

j. **Outstanding GDRs/ADRs/Warrants/Convertible instruments**

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

k. **Commodity Price Risk/Foreign Exchange Risk and Hedging**

The company did not engage in hedging activities.

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

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

m. **Address for Correspondence** **All corresponsence should be addressed to**

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

SRI NACHAMMAI COTTON MILLS LIMITED

Chief Executive Officer's Declaration on Code of Conduct

In accordance with Regulation 17(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 /Clause 49 of the Listing Agreement with the Stock Exchange(s). I hereby declare that all the Board members and Senior Management personnel of the Company have complied with the Code of Conduct of the Company for the period ended on 31st March, 2016.

P. Palaniappan,
Managing Director,
Din.01577805.

Salem
23rd May, 2016

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION

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

Dear Sirs,

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

a) We hereby certify that we have reviewed the financial statements and the cash flow statement of the Company for the period ended on 31st March, 2016 and that to the best of our knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;

(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year 2015-16, which are fraudulent, illegal or violate any of the Company's code of conduct.

c) we accept responsibility for establishing and maintaining internal controls for financial reporting and that the same have been evaluated for the effectiveness of the internal control systems of the Company pertaining to financial reporting and the same have been disclosed to the Auditors and Audit Committee. We are of the opinion that the design or operations of internal controls are in order. There is no deficiency in the design or operation of internal controls of which we are aware.

d) we have indicated to the Auditors and the Audit Committee

i. significant changes in the internal control over financial reporting during the year,

ii. significant changes in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and

iii. that there were no instances of fraud of which we have become aware of and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

A. SUBRAMANIAN,
Chief Financial Officer.

P. PALANIAPPAN,
Managing Director,
Din. 01577805.

Salem
23rd May, 2016

SRI NACHAMMAI COTTON MILLS LIMITED

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

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 period ended on **31st March, 2016** as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange for the period **1st April, 2015 to 30th November, 2015** and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as referred to in Regulation 15 of these Listing Regulations for the period **1st December, 2015 to 31st March, 2016.**

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

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

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

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

For M S Jagannathan & Visvanathan,
Chartered Accountants, Auditors.
Firm Regd. No. 001209S

Salem
23rd May, 2016

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

SRI NACHAMMAI COTTON MILLS LIMITED

FORM NO. MGT - 9 – ANNEXURE - IV

EXTRACT OF ANNUAL RETURN FOR THE PERIOD ENDED ON 31ST MARCH, 2016

(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	99.8%

III. **PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

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

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

i) **Category-wise Shareholding**

Category of Share Holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Changes during the year
	Demat	Physical	Total	% of Shares	Demat	Physical	Total	% of Shares	
A. Promoters & promoter group									
a) Individual / HUF	2,344,166	2000	2,346,166	54.56	2,346,166	0	2,346,166	54.56	0.00
b) Bodies Corporate	14,500	0	14,500	0.34	14,500	0	14,500	0.34	0.00
Sub-total (A)(1):-	**2,358,666**	**2000**	**2,360,666**	**54.90**	**2,360,666**	**0**	**2,360,666**	**54.90**	**0.00**
(2) Foreign	0	0	0	0	0	0	0	0	0
Sub-total (A)(2):-	0	0	0	0	0	0	0	0	0
Total promoter Shareholding (A) = (A) (1)+(A) (2)	**2,358,666**	**2000**	**2,360,666**	**54.90**	**2,360,666**	**0**	**2,360,666**	**54.90**	**0.00**
B. Public Share holding									
(1) Institutions									
a) Mutual Fund	0	500	500	0.01	0	500	500	0.01	0
Sub-total (B)(1) :-	**0**	**500**	**500**	**0.01**	**0**	**500**	**500**	**0.01**	**0**

SRI NACHAMMAI COTTON MILLS LIMITED

Category of Share Holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Changes during the year
	Demat	Physical	Total	% of Shares	Demat	Physical	Total	% of Shares	
(2) Non-Institutions									
(i) Bodies Corporate	112,316	3,533	115,849	2.69	115,489	0	115,489	2.68	-0.01
(ii) Individual shareholders holding nominal share capital up to Rs.1 lakh	601,127	399,118	1,000,245	23.26	758,250	398,032	1,156,282	26.89	3.63
(iii) Individual shareholders holding nominal share capi -tal in excess of Rs.1 lakh	732,332	43,266	775,598	18.04	589,768	32,314	622,082	14.47	-3.57
Sub-total (B)(2):-	**1,445,775**	**445,917**	**1,892,192**	**43.99**	**1,463,507**	**430,346**	**1,893,853**	**44.04**	**0.05**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**1,445,775**	**446,417**	**1,892,192**	**44.00**	**1,463,507**	**430,846**	**1,894,353**	**44.05**	**0.05**
C. Others									
a) Hindu Undivided Families	43,795	0	43,795	1.02	41,634	0	41,634	0.97	-0.05
c) Non - Resident Indians	1,370	1,977	3,347	0.08	1,370	1,977	3,347	0.08	0.00
Sub-total (C):-	**45,165**	**1,977**	**47,142**	**1.10**	**43,004**	**1,977**	**44,981**	**1.05**	**-0.05**
Grand total(A+B+C)	**3,849,606**	**450,394**	**4,300,000**	**100.00**	**3,863,644**	**436,356**	**4,300,000**	**100.00**	**0.00**

ii) Shareholding of Promoters (Equity)

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

iii) **Change in Promoter's Shareholding (Equity) - There were no changes in the Shareholding Pattern during the year : Nil**

iv) **Shareholding Pattern of Top Ten Shareholders(Equity) (other than Directors, Promoters and Holders of GDRs and ADRs) THERE WERE CHANGES IN THE SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS DURING THE PERIOD 01/07/2015 TO 31/03/2016**

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**	41,883	0.97	–	–
Changes in the Shareholding	Date of Transfer 30.9.2015 - By online transfer from Raju Ajit Bhandari	85,925	2.00		
	At the end of the year	–	–	127,808	2.97
2. Mr. Raju Ajit Bhandari	**At the beginning of the year**	70,000	1.63	–	–
	At the end of the year	–	–	70,000	1.63
3. Mrs. A.M.P.A. Valliammai	**At the beginning of the year**	66,862	1.55	–	–
	At the end of the year	–	–	66,862	1.55
4. Mr. Kanta Suresh Jain	**At the beginning of the year**	59,415	1.38	–	–
	At the end of the year	–	–	59,415	1.38
5. Mr. Rajendra Kumar Jain & Mrs. Achala Ramawat	**At the beginning of the year**	41,344	0.96	–	–
Changes in the Shareholding	Date wise increase By online purchase - 31.07.2015	209	0.01		
	At the end of the year	–	–	41,553	0.97
6. Mr. V. Palaniappan	**At the beginning of the year**	36,707	0.85	–	–
	At the end of the year	–	–	36,707	0.85
7. Mr. Ashok Dungershi Dedhia	**At the beginning of the year**	33,949	0.79	–	–
	At the end of the year	–	–	33,949	0.79
8. Ninja Securities Private Limited	**At the beginning of the year**	32,332	0.75	–	–
Changes in the Shareholding	Date wise increase By online purchase - 26.02.2016	10,600	0.25		
	At the end of the year	–	–	42,932	1.00
9. Mr. V. Annamalai	**At the beginning of the year**	32,314	0.75	–	–
	At the end of the year	–	–	32,314	0.75

SRI NACHAMMAI COTTON MILLS LIMITED

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	25,745	0.60	–	–
Changes in the Shareholding	**Date wise increase**				
	10.07.2015 - By online purchase	745	0.02	26,490	0.62
	27.07.2015 - By online purchase	155	0.00	26,645	0.00
	07.08.2015 - By online purchase	3,099	0.08	29,744	0.70
	20.11.2015 - By online purchase	400	0.00	30,144	0.00
	11.12.2015 - By online purchase	900	0.02	31,044	0.72
	25.12.2015 - By online purchase	1,428	0.04	32,472	0.76
	29.01.2016 - By online purchase	500	0.01	32,972	0.77
	Date wise decrease				
	31.08.2015 - By online sale	300	0.00	32,672	0.00
	04.09.2015 - By online sale	100	0.00	32,572	0.00
	11.09.2015 - By online sale	50	0.00	32,522	0.00
	25.09.2015 - By online sale	50	0.00	32,472	0.00
	30.09.2015 - By online sale	10	0.00	32,462	0.00
	16.10.2015 - By online sale	1	0.00	32,461	0.00
	27.11.2015 - By online sale	1	0.00	32,460	0.00
	At the end of the year			**32,460**	**0.77**

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

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

SRI NACHAMMAI COTTON MILLS LIMITED

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
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: Miss.Cynthia sivanantham resigned her Secretaryship from the Company w.e.f. 01.04.2016

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

I) Category-wise Shareholding

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

SRI NACHAMMAI COTTON MILLS LIMITED

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. Umayal	1,000,000	66.67	0	1,000,000	66.67	0	0
	TOTAL	1,500,000	100.00	0	1,500,000	100.00	0	0

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

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

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

(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 Indebteness
Indebtedness at the beginning of the Financial year				
i) Principal Amount	116,835,000	196,388,000	–	313,233,000
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**116,835,000**	**196,388,000**	–	**313,233,000**
Change in Indebtedness During the financial year				
* Addition	–	38,695,000	–	38,695,000
* Reduction	25,745,000	–	–	25,745,000
Net Change	**-25,745,000**	**-10,316,000**	–	**36,061,000**

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebteness
Indebtedness at the end of the Financial year				
i) Principal Amount	91,090,000	224,767,000	–	315,857,000
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**91,090,000**	**224,767,000**	–	**315,857,000**

VI. REMUNERATION TO DIRECTORS AND KEY MANAGERIAL

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

S. No.	Particulars of Remuneration	Name of Md's		Total Amount
		Sri.P.Palaniappan	Sri.P.Umayal	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	1,125,000	1,125,000	2,250,000
	(b) Value of perquistes 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	–	4,351	4,351
	- others, specify...	16,200	16,200	32,400
5	Others, Please specify Club fee	–	20,000	20,000
	Total (A)	**1,141,200**	**1,165,551**	**2,306,751**

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

B. (i) Remuneration to other Directors:

S. No.	Particulars of Remuneration	Name of Directors					Total
		Sri.Perumal Madhavagopal	Sri. A. Alagappan	Sri. S.Ravichandran	Sri. PL.Subbiah	Smt. Shantha Radhakrishnan	
1	Independent Directors						
	Fee for attending board/ committee meetings	12,000	6,000	12,000	6,000	2,000	38,000
	Commission	–	–	–	–	–	–
	Others, Please specify	–	–	–	–	–	–
	Total (1)	**12,000**	**6,000**	**12,000**	**6,000**	**2,000**	**38,000**
		Sri A.Annamalai	Sri A. Arunkumar	Smt. Vasantha			
2	Other Non-Excecutive Directors						
	Fee for attending board/ committee meetings	4,000	6,000	4,000			14,000
	Commission	–	–	–			–
	Others, Please specify	–	–	–			–
	Total (2)	**4,000**	**6,000**	**4,000**			**14,000**
	Total (B) = (1 + 2)						
	Total Managerial Remuneration (A+B)			**52,000**			

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

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	135,900	204,300	340,200
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	–	–	–
	(b) Value of perquistes 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	–	10,854	10,854
	Total (C)	**135,900**	**215,154**	**351,054**

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

VII. **PENALTIES /PUINISHMENT/COMPOUNDING OF OFFENCES**

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

Form No. AOC - 2 – ANNEXURE - V

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

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

Details of 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 01/10/2015 to 31/08/2016	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 27.08.2015 31.10.2016 30.01.2016	Nil
Supreme Yarn Spinners Limited Interested through Directors and their relatives	2. Rendering of Services	11 months 01/10/2015 to 31/08/2016	Repairs and Maintenance of its Plant & Machinery	If was approved at the following Board Meetings conducted during the financial year 27.08.2015 31.10.2015 30.01.2016	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	Managing Director	10.07 : 1
2.	Smt. P. Umayal	Chairman cum Managing Director	10.07 : 1

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

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 : 229

v) Explanation on the relationship between average increase in remuneration and Company performance : On an average, employees received an increase of 1.92% in accordance with the contract entered into by the Company with the Employees.

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 cum Managing Director	11,25,000	1135464664	0.09%	(209.65)
Joint Managing Director	11,25,000	1135464664	0.09%	(209.65)
Chief Financial Officer	2,04,300	1135464664	0.02%	(209.65)
Company Secretary	1,35,900	1135464664	0.01%	(209.65)

Bracket represents negative figure.

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	31st March, 2016	30th June, 2015
Market Capitalisation of the Company (in Lakhs)	55384	51365
Closing price at BSE (in Rs.)	12.88	11.95
Earnings per share (in Rs.)	-4.89	-1.03
Price Earnings ratio as at the closing date	-2.63	-10.92

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 2015 - 16 was 1.92%. During the year 2015 - 16, 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 :

1. The remuneration details are for the period ended (9 months) 31st March, 2016 and all other particulars are at 31.03.2016
2. The remuneration includes Company's contribution to provident fund, gratuity & perquisites.

NOMINATION AND REMUNERATION POLICY

INRODUCTION:

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:

a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.

b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.

c) 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 - Vice Chairman (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 1st 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

ANNEXURE - VI

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

Form No. MR - 3

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

To

The Members,
Sri Nachammai Cotton Mills Limited,
CIN : L17115TZ1980PLC000916
No : 30, Sugavaneswara Road, Balaji Nagar, Salem - 636 004.

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

Based on my verification of the **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 31st March, 2016 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.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. Sri Nachammai Cotton Mills Limited** ("the Company") for the financial year ended on 31st March, 2016 according to the applicable provisions of:

i) The Companies Act, 2013 (the Act) and the rules made thereunder;

ii) The Securities contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings does not arise;

v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b) The Securities and Exchange board of India (Prohibition of Insider Trading Regulations, 1992 (up to 14th May, 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective 15th May, 2015);

   c) The Company has not issued any securities during the year under review and hence the question of compliance of provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2008 does not arise;

   d) The Company has not issued any securities during the year under review and hence the question of compliance of provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 does not arise;

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 does not arise;

f) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g) The Company has not delisted its securities from any of the Stock Exchanges in which it is listed during the period under review and hence the question of complying with the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 does not arise;

h) The Company has not bought back any securities during the period under review and hence the question of complying with the provisions of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and

i) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective 1st December, 2015.

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

(i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India effective 1st July, 2015

(ii) The Listing Agreements entered into by the Company with BSE Limited.

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

I further report that

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

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

Based on the verification of the records and the Minutes, the decisions of the Meetings of the Board / Committees of the Company where carried out with the consent of the majority of the Board Directors / Committee Members and there were no dissenting members as per the Minutes. Further in the Minutes of the General Meeting, the particulars of the members who voted against the resolutions have been properly recorded.

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

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

Place : Salem
Date : 23rd May, 2016

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

SRI NACHAMMAI COTTON MILLS LIMITED

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.
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.

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

Place : Salem
Date : 23rd May, 2016

SRI NACHAMMAI COTTON MILLS LIMITED

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 **31st March, 2016**, the Statement of Profit and Loss and the Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at **31st March, 2016** and its Loss and its cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, the statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **"Annexure B"**; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed its pending litigations in Note No 27(1).

ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. As the Company has not declared any dividends in the earlier years, transferring of dividends to Investor Education and Protection Fund does not arise.

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

Salem
23rd May, 2016

Annexure A to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the period ended **31st March 2016**, we report that:

1. a The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   b The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the period and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of to the Company and the nature of its assets.

   c. According to the information and explanations given to us and the records examined by us and based on the confirmations directly received by us from Banks, Immovable properties whose title deeds have been pledged as security for Term Loans and cash credit facilities availed from Banks are held in the name of the Company.

2. a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.

   b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

   c. In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification as compared to the book records.

3. During the year, the company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 and hence, Clause (b) and (c) is not applicable.

4. During the year, Company has not made any loans or investments or given any guarantees and hence disclosure under this clause related to compliance with the provisions of Section 185 and 186 of the Act does not arise.

5. The company has not accepted any deposits from the public and as such clause 3(v) of the Order is not applicable.

6. We have broadly reviewed the cost records maintained by the company specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, as applicable to the company, and are of the opinion that prima facie the specified cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

SRI NACHAMMAI COTTON MILLS LIMITED

7. a. According to the information and explanations given to us the company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Service Tax, value added tax, and any other statutory dues with the appropriate authorities during the year.

According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2016 for a period of more than six months from the date they became payable.

b. According to the information and explanations given to us, there are no dues of Income tax, Service tax or Value added tax which have not been deposited with the appropriate authorities on account of any dispute.

8. In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to any of the banks.

9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause 3 (ix) of the Order is not applicable.

10. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year that causes the financial statements to be materially misstated.

11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, clause 3(xii) of the Order is not applicable.

13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with him. Accordingly paragraph 3(xv) of the Order is not applicable.

16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

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

Salem
29th May, 2016

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of Sri Nachammai Cotton Mills Ltd as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

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

SRI NACHAMMAI COTTON MILLS LIMITED

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Salem
23rd May, 2016

SRI NACHAMMAI COTTON MILLS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2016

PARTICULARS	Note No	Period ended 31.03.2016	Year ended 30.06.2015
EQUITY AND LIABILITIES		Rs.	Rs.
Shareholder's funds			
Share capital	2	192,864,000	192,864,000
Reserves and surplus	3	-31,087,045	-10,121,958
Non-current liabilities			
Long Term Borrowings	4	289,155,000	280,203,000
Long Term Provisions	5	3,852,684	1,934,150
Current liabilities			
Short Term Borrowings	6	327,855,457	363,116,377
Trade payables	7	37,505,029	46,878,310
Other current liabilities	8	53,722,866	64,525,972
Short-term provisions	9	949,180	1,112,706
Total		874,817,171	940,512,557
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	146,609,661	168,070,075
Capital work in Progress		4,163,801	8,181,478
Non-current Investments	11	1,007,600	1,007,600
Deferred Tax Assets (Net)	12	22,796,118	20,364,955
Long-term loans and advances	13	26,485,833	26,680,298
Other non-current Assets	14	6,063,057	6,919,596
Current assets			
Inventories	15	473,522,485	498,287,761
Trade receivables	16	168,377,201	152,786,842
Cash and cash equivalents	17	17,279,087	15,195,275
Short-term loans and advances	18	7,869,728	42,198,056
Other current assets	19	642,600	820,621
Total		874,817,171	940,512,557
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
23rd May, 2016

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

P.PALANIAPPAN
Managing Director
DIN : 01577805

P.UMAYAL
Chairman cum Managing Director
DIN : 00110260

A.SUBRAMANIAN
Chief Financial Officer

SRI NACHAMMAI COTTON MILLS LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2016

PARTICULARS	Period ended 31.03.2016	Year ended 30.06.2015
A. CASH FLOW FROM OPERATING ACTIVITIES	**Rs.**	Rs.
Net Profit / Loss before tax and extra-ordinary items	**-23,396,250**	-6,063,729
Adjustments for:		
Depreciation	**30,081,041**	41,785,632
Interest Expense	**40,437,929**	65,927,991
Dividend Income	**-**	-28,400
Profit on Sale of Fixed Assets (Net)	**-**	-6,419,133
Profit on sale of Investments	**-**	-3,267,000
Interest Received	**-948,951**	-3,515,017
Operating profit before working capital changes	**46,173,769**	88,420,344
Trade & Other Receivables	**19,529,941**	11,036,904
Inventories	**24,765,276**	9,061,589
Trade and other payables	**-18,421,380**	-61,702,958
Cash generated from operations	**72,047,606**	46,815,879
Direct Taxes	**437,945**	-52,931
Net cash flow from operating activities	**72,485,551**	46,868,810
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets / Capital Work in Progress	**-4,602,950**	-11,408,886
Sale of Fixed Assets	**-**	8,078,437
Sale of Investments	**-**	4,026,000
Dividend Received	**-**	28,400
Interest Received	**948,060**	4,355,576
Net Cash Flow from Investing Activities	**-3,654,890**	5,079,527
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long term Borrowings Received	**-**	-
Proceeds / (Repayments) Long Term Loans (Net)	**8,952,000**	-4,426,500
Proceeds / (Repayments) Short Term Loans (Net)	**-35,260,920**	-58,462,326
Interest paid	**-40,437,929**	-65,927,991
Net Cash Flow from Financing Activities	**-66,746,849**	-128,816,817

SRI NACHAMMAI COTTON MILLS LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2016 (Contd...)

Net Changes in Cash and Cash Equivalent (A+B+C)	**2,083,812**	-76,868,480
Cash and Cash Equivalent Opening	**15,195,275**	92,063,755
Cash and Cash Equivalent Closing	**17,279,087**	15,195,275
	2,083,812	-76,868,480
Closing cash balance consists of the following:		
Cash on Hand	**184,753**	54,753
Balance with Scheduled Banks:-		
- In Current Accounts	**3,322,041**	1,800,541
- In Deposits Accounts :		
LC Margin	**13,233,812**	12,822,500
LG Margin	**538,481**	517,481
Total	**17,279,087**	15,195,275

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

See accompanying notes to Financial Statements

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

M.V.JEGANATHAN
Partner
M.No. 214178

Salem
23rd May, 2016

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

P.PALANIAPPAN
Managing Director
DIN : 01577805

P.UMAYAL
Chairman cum Managing Director
DIN : 00110260

A.SUBRAMANIAN
Chief Financial Officer

SRI NACHAMMAI COTTON MILLS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2016

PARTICULARS	Note No	Period ended 31.03.2016 Rs.	Year ended 30.06.2015 Rs.
REVENUE			
Revenue from operations	20	1,135,464,664	1,622,200,164
Other income	21	2,094,607	16,115,357
Total Revenue		1,137,559,271	1,638,315,521
EXPENSES			
Cost of materials consumed	22	647,512,560	1,047,821,361
Changes in inventories of finished goods, work in process and stock in trade	23	59,497,540	-66,749,261
Power and diesel consumed		158,410,657	236,835,473
Employee benefits expense	24	98,827,178	138,850,518
Finance costs	25	43,926,234	68,078,625
Depreciation	10	30,081,041	41,785,632
Lease rent		11,250,000	15,000,000
Conversion charges		17,416,895	18,883,015
Other expenses	26	94,033,416	143,873,887
Total Expenses		1,160,955,521	1,644,379,250
Profit before tax		-23,396,250	-6,063,729
Tax expense:			
Deferred Tax (liability) / Assets		2,431,163	1,647,058
Profit after tax transferred to Surplus account		-20,965,087	-4,416,671
Earnings per equity share (Basic and Diluted)		-4.89	-1.03
Nominal value of share		10	10
Significant Accounting Policies	1		
Additional information to financial statements	27		
See accompanying notes to financial statements			

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

M.V.JEGANATHAN
Partner
M.No. 214178

Salem
23rd May, 2016

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

P.PALANIAPPAN
Managing Director
DIN : 01577805

P.UMAYAL
Chairman cum Managing Director
DIN : 00110260

A.SUBRAMANIAN
Chief Financial Officer

SIGNIFICANT ACCOUNTING POLICIES

(In the order of applicability of Accounting Standards)

AS – 1 Disclosure and Basis of Accounting

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

b) The Company has been consistently following the accrual basis of accounting in respect of its Income and Expenditure.

c) The Accounts are prepared on the basis of Going Concern concept only.

AS – 2 Valuation of Inventories

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

a) Cost of Raw materials is determined on specific identification method.

b) Stock of stores, spares and packing materials is determined on weighted average method.

c) Finished goods and work in progress is determined under FIFO method where cost includes conversion and other costs incurred in bringing the inventories to their present location and condition.

AS – 3 Cash Flow Statement

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

AS – 6 Depreciation Accounting

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

i) On Assets acquired before 01.04.1990 - Written Down Value Method.

ii) On Assets acquired from 01.04.1990 - Straight Line Method

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

AS – 9 Revenue Recognition

i) Revenue from sale transactions is recognized as and when the property in the goods sold is transferred to the buyer for a definite consideration. Revenue from service transactions are recognized on the completion of the contract at the contracted rate and when there is no uncertainty regarding the amount of consideration or collectability.

ii) Other Income except dividend is accounted on accrual basis.

iii) Sales as reported are exclusive of Sales Tax (VAT), Insurance and Transport charges.

AS – 10 Fixed Assets

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

AS – 11 Foreign Currency Transactions

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

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

AS – 13 Accounting for Investments

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

AS – 15 Employee Benefits

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

Defined Contribution Plans

Company's contributions paid / payable during the year to Provident Fund is recognized in the Profit and Loss Account.

Defined Benefit Plans

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

AS – 16 Borrowing Costs

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

AS – 19 Lease

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

AS – 20 Earnings per Share

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

AS – 22 Accounting for taxes on Income

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

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

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

AS – 28 Impairment of Assets

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

AS – 29 Provisions, Contingent liability and Contingent Assets

a) Provisions involving degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources.

b) Contingent liabilities are disclosed by way of notes to accounts. Provision is made if it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability.

c) Contingent liability under various fiscal laws includes those in respect of which the Company / Department is in appeal.

Others : Use of Estimates

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

VAT

a) The value of VAT benefits is being reduced from the value of purchase of materials.

b) The value of benefits eligible in respect of Capital items is reduced from the cost and depreciation is calculated accordingly.

SRI NACHAMMAI COTTON MILLS LIMITED

Notes forming part of Financial Statements

In Rupees

2 Share Capital	Numbers	Numbers	Amount	Amount
Authorised:	31.3.2016	30.6.2015	31.3.2016	30.6.2015
Number and amount of Equity Shares	4,300,000	4,300,000	43,000,000	43,000,000
Number and amount of 0% Redeemable Pref. shares	1,500,000	1,500,000	150,000,000	150,000,000
Issued:				
Number and amount of Equity shares	4,300,000	4,300,000	43,000,000	43,000,000
Number and amount of 0% Redeemable Pref. shares	1,500,000	1,500,000	150,000,000	150,000,000
Subscribed and Paid up:				
Number and amount of Equity shares	4,300,000	4,300,000	43,000,000	43,000,000
Less : Calls in arrears	–	–	136,000	136,000
			42,864,000	42,864,000
Number and amount of 0% Redeemable Pref. shares	1,500,000	1,500,000	150,000,000	150,000,000
Total			192,864,000	192,864,000
Par value per Equity share (In Rs.)			10	10
Par value per 0% Redeemable Pref. share (In Rs.)			100	100

Reconciliation of number of shares

Number of Equity shares at the beginning	4,300,000	4,300,000
Less : Adjustments during the year	–	–
Number of Equity shares at the end of the reporting period	4,300,000	4,300,000

Reconciliation of Redeemable Pref. Shares

0% Redeemable Pref. Shares at the beginning	1,500,000	1,500,000
Add : Issued during the year	–	–
Number of 0% Redeemable Pref. shares at the end of the reporting period	1,500,000	1,500,000

Shareholders holding more than 5 percent shares Particulars	**No. of Equity Shares 2016**	No. of Equity Shares 2015	**No. of Pref. Shares 2016**	No. of Pref. Shares 2015
Shri P. Palaniappan (HUF)	617,161	613,556	–	–
Smt. P. Umayal	1,036,343	1,036,343	–	–
Smt. Geethanjali Ramasamy	398,981	398,981	–	–
Shri Rajubhandari	230,268	223,653	–	–
Shri P. Palaniappan	–	–	500,000	500,000
Smt. P. Umayal	–	–	1,000,000	1,000,000

Shareholders holding more than 5 percent shares Particulars	**% of Holding of Equity Shares 2016**	Shares 2015	**% of Holding of Preference Shares 2016**	Shares 2015
Shri P. Palaniappan (HUF)	14.35%	14.27%	–	–
Smt. P. Umayal	24.10%	24.10%	–	–
Smt. Geethanjali Ramasamy	9.28%	9.28%	–	–
Shri Rajubhandari	5.36%	5.20%	–	–
Shri P. Palaniappan	–	–	33.33%	33.33%
Smt. P. Umayal	–	–	66.67%	66.67%

SRI NACHAMMAI COTTON MILLS LIMITED

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

Terms & Conditions of shares:

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

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

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

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

		Rupees	Rupees
3	**Reserves and Surplus**		
	Securities Premium Reserve	31.3.2016	30.6.2015
	As per last Balance Sheet	66,950,000	66,950,000
	Less : Calls in arrears	-985,100	-985,100
	Closing balance	65,964,900	65,964,900
	Surplus		
	As per last Balance Sheet	-76,086,858	-54,722,670
	Less : Write down of carrying amount of assets whose remaining useful lives is Nil as per schedule II of the Companies Act, 2013	–	-16,947,517
	Add : Transfer from Profit & Loss statement	-20,965,087	-4,416,571
	Closing balance	-97,051,945	-76,086,858
	Total	-31,087,045	-10,121,958
	Non current liabilities		
4	**Long Term Borrowings**		
	Secured		
	Term Loan from Banks	64,388,000	83,815,000
	Unsecured		
	Loans and advances from Directors	161,507,500	140,595,500
	Intercorporate Deposits	63,259,500	55,792,500
	Total	289,155,000	280,203,000

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

Term loans and non fund limits from Indian Overseas Bank are secured by first charge on entire block of assets, both present and future and the Company's Managing Director and Chairman have given personal guarantees for the above loans to the extent of Rs. 11.45 Crores.

Particulars	Outstanding amount	No of instalments	Interest %	Periodicity
Indian Overseas Bank				
TUF Loan II	5,000,000	9	11.70%	Monthly
TUF Loan III	80,824,000	53	11.70%	Monthly
Term Loan II	380,000	9	11.70%	Monthly
Term Loan III	1,545,000	9	11.70%	Monthly
Term Loan IV	3,340,000	35	11.70%	Monthly

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

In Rupees

		Amount 31.3.2016	Amount 30.6.2015
5 Long Term Provisions			
Provision towards Gratuity		**3,852,684**	1,934,150
	Total	**3,852,684**	1,934,150
Current liabilities			
6 Short Term Borrowings			
Secured			
Open Loan (Cash Credit)		**139,494,341**	231,929,141
Acceptances		**188,361,116**	131,187,236
	Total	**327,855,457**	363,116,377

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

Working capital limits from Indian Overseas Bank are secured by first charge on entire block of assets, both present and future and the Company's Managing Director and Chairman have given personal guarantees for the above loans to the extent of Rs. 41.20 Crores.

7 Trade Payables			
Due to Micro, Small & Medium Enterprises		**179,444**	390,172
Other Trade Payables		**37,325,585**	46,488,138
	Total	**37,505,029**	46,878,310
8 Other Current Liabilities			
Current maturities of long term debt		**26,702,000**	33,020,000
Others			
Liabilities for expenses		**19,776,809**	26,778,139
Liability towards statutory dues		**6,015,316**	3,901,839
Liability towards Employee benefits		**37,762**	61,083
Liability for other finance		**1,190,979**	764,911
	Total	**53,722,866**	64,525,972
9 Short-term provisions			
Provision for gratuity		**916,180**	1,060,866
Provision for Leave encashment		**33,000**	51,840
	Total	**949,180**	1,112,706

SRI NACHAMMAI COTTON MILLS LIMITED

Notes forming part of Financial Statements (contd.)

10. Fixed Assets

(In Rupees)

PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 01.07.2015	Additions	Sales / Transfer	As at 31.03.2016	Up to 30.06.2015	For the Period	With drawn	Transferred to retained Earnings	Up to 31.03.2016	As at 31.03.2016	As at 30.06.2015
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Tangible Assets											
Land	1,472,525	–	–	**1,472,525**	–	–	–	–	–	**1,472,525**	1,472,525
Buildings	73,823,720	**6,294,145**	–	**80,117,865**	37,785,768	1,443,592	–	–	**39,229,360**	**40,888,505**	36,037,952
Machinery	616,704,[illegible]	**1,788,506**	–	**618,492,662**	501,189,225	25,382,887	–	–	**526,572,112**	**91,920,550**	115,514,931
Electrical Machinery	59,993,887	–	–	**59,993,887**	46,584,100	2,857,032	–	–	**49,441,132**	**10,552,755**	13,409,787
Computer	6,166,330	**143,600**	–	**6,309,930**	5,791,941	67,084	–	–	**5,859,025**	**450,905**	374,389
Office equipments	773,012	–	–	**773,012**	748,362	2,396	–	–	**750,758**	**22,254**	24,650
Furniture	2,885,586	**270,186**	–	**3,155,772**	2,536,456	51,966	–	–	**2,588,422**	**567,350**	349,130
Tools	895,317	**124,190**	–	**1,019,507**	802,323	10,767	–	–	**813,090**	**206,417**	92,994
Bandy	20,202	–	–	**20,202**	20,202	–	–	–	**20,202**	–	–
Vehicles	5,953,561	–	–	**5,953,561**	5,159,844	265,317	–	–	**5,425,161**	**528,400**	793,717
Total Tangible Assets	**768,688,296**	**8,620,627**	–	**777,308,923**	**600,618,221**	**30,081,041**	–	–	**630,699,262**	**146,609,661**	168,070,075
CAPITAL WORK IN PROGRESS:											
Machinery										**4,163,801**	4,260,211
Building										–	3,921,267
Previous Year	763,991,660	6,408,068	1,711,432	768,688,296	534,368,643	41,785,632	52,128	24,526,074	600,618,221	168,070,075	229,633,017

SRI NACHAMMAI COTTON MILLS LIMITED

Notes forming part of Financial Statements (Contd...) — In Rupees

		Face Value	Numbers 31.3.2016	Numbers 30.6.2015	Amount 31.3.2016	Amount 30.6.2015
	Non Current Assets					
11	**Non Current Investments**					
	Investments in Equity instruments (At Cost)					
	Non Trade (Quoted) Fully paidup					
	Indian Overseas Bank	10	10600	10600	153,600	153,600
	Non Trade (Quoted) Partly paidup					
	Industrial Development Bank of India (Rs 5/- paid up)	10	17800	17800	650,000	650,000
	Non Trade (Un quoted) Fully paidup					
	Suryadev Alloys and Power Private Limited	10	1500	1500	204,000	204,000
		Total			1,007,600	1,007,600
	Aggregate value of Quoted Investments					
	Cost				153,600	153,600
	Market Value				321,180	392,200
	Aggregate value of Un-Quoted Investments				204,000	204,000
12	**Deferred Tax Assets (Net)**					
	Deferred Tax Assets : On account of carry forward of losses				27,868,890	32,608,634
	On account of Gratuity				1,473,579	925,460
	On account of 43 B				1,025,726	920,511
		Total			30,368,195	34,454,605
	Deferred Tax Liability : On account of Depreciation				7,572,077	14,089,650
		Total			7,572,077	14,089,650
	Net Deferred Tax Assets				22,796,118	20,364,955
13	**Long-term loans and advances**					
	(Unsecured, considered good)					
	Security Deposits				7,674,454	7,349,997
	Capital Advances				10,563,335	10,644,312
	MAT Credit Entitlement				8,139,113	8,139,113
	Advance tax (Net of Provisions Rs Nil)				108,931	546,876
		Total			26,485,833	26,680,298
14	**Other non Current Assets**					
	Trade Receivables (Unsecured, considered good)					
	Outstanding for a period exceeding six months from the due date				6,063,057	6,919,596
		Total			6,063,057	6,919,596
	Current Assets					
15	**Inventories (At lower of cost or net realisable value)**					
	Raw materials				119,090,246	85,527,442
	Process Stock				37,145,365	40,211,201
	Finished goods				303,371,254	358,552,359
	Waste				1,240,935	2,491,534
	Stores and spares etc.,				12,674,685	11,505,225
		Total			473,522,485	498,287,761
16	**Trade Receivables**					
	(Unsecured, considered good)					
	Outstanding for a period exceeding six months from the due date				-	-
	Others				168,377,201	152,786,842
		Total			168,377,201	152,786,842

SRI NACHAMMAI COTTON MILLS LIMITED

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

		In Rupees	
		Amount	Amount
17	**Cash and bank balances**	**31.3.2016**	30.6.2015
	Cash and cash equivalents		
	Balances with banks		
	In Current Account	**3,322,041**	1,800,541
	Cash on hand	**184,753**	54,753
	Other Bank Balances		
	Deposits held as Margin Money	**13,772,293**	13,339,981
	Total	**17,279,087**	15,195,275
18	**Short-term loans and advances**		
	(Unsecured, Considered Good)		
	Advances recoverable in cash or in kind, or for value to be received	**1,416,819**	603,513
	Advance for Purchases	**4,169,607**	40,261,442
	Balance with Central Excise, Sales Tax, Customs etc	**51,410**	15,929
	Prepaid expenses	**2,231,892**	1,317,172
	Total	**7,869,728**	42,198,056
19	**Other current assets**		
	Interest accrued on Bank Deposits	**117,297**	116,406
	Income Receivable:		
	TUF Subsidy Receivable	**365,175**	563,299
	Hank yarn obligation receivable	**160,128**	140,916
	Total	**642,600**	820,621
20	**Revenue from operations**		
	Sale of products :		
	Yarn	**1,047,670,070**	1,490,874,903
	Fabric	**80,769,491**	119,843,123
	Waste	**7,025,103**	11,482,138
	Total	**1,135,464,664**	1,622,200,164
21	**Other income**		
	Interest Income	**948,951**	3,515,017
	Insurance Claim Received	**100,307**	1,710,830
	Dividend from long term investments	**-**	28,400
	Profit on sale of assets	**-**	9,686,133
	Miscellaneous receipts	**1,045,349**	1,174,977
	Total	**2,094,607**	16,115,357
22	**Cost of materials consumed**		
	Opening Stock		
	Raw material - Cotton	**85,527,442**	158,957,120
	Add : Purchases (Including expenses) - Cotton	**681,075,364**	974,391,683
		766,602,806	1,133,348,803
	Less : Closing Stock		
	Raw material - Cotton	**119,090,246**	85,527,442
	Total	**647,512,560**	1,047,821,361

SRI NACHAMMAI COTTON MILLS LIMITED

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

In Rupees

	Amount 31.3.2016	Amount 30.6.2015
23 Changes in inventory of Finished Goods and WIP		
Opening Stock		
Finished Goods - Yarn	358,552,359	281,040,435
Process stock	40,211,201	49,622,434
Waste	2,491,534	3,842,964
Total	401,255,094	334,505,833
Closing Stock		
Finished Goods - Yarn	303,371,254	358,552,359
Process stock	37,145,365	40,211,201
Waste	1,240,935	2,491,534
Total	341,757,554	401,255,094
Stock (Decrease) / Increase	-59,497,540	66,749,261
24 Employee Benefits Expenses		
Salaries, wages and Bonus	80,858,479	110,380,589
Contribution to provident and other funds	4,973,255	9,173,249
Welfare expenses	10,688,693	16,195,800
Managerial Remuneration	2,306,751	3,100,880
Total	98,827,178	138,850,518
25 Finance cost		
Interest expenses		
On bank loans	25,354,531	42,702,108
On loan from directors	7,131,902	8,852,532
On intercorporate deposit	3,272,324	8,096,577
On others	4,679,172	6,276,774
Bank charges	3,488,305	2,150,634
Total	43,926,234	68,078,625
26 Other Expenses		
Consumption of stores and spare parts	30,860,528	46,473,519
Consumption of packing materials	14,452,567	21,702,430
Repairs to buildings	10,263,577	14,643,646
Repairs to machinery	6,655,512	8,705,728
Repairs to others	8,939,600	12,594,697
Insurance	824,627	1,047,946
Rates and taxes, excluding, taxes on income.	2,531,931	2,614,892
Legal and Professional charges	767,694	2,353,431
Filing Fees	18,065	43,660
Brokerage & Commission	7,265,970	12,840,302
Auditors Remuneration	195,106	157,965
Sitting Fees	52,000	86,000
Rent paid	568,700	796,800
Foreign exchange fluctuation	4,314,564	7,430,445
Miscellaneous expenses	6,322,975	12,382,426
Total	94,033,416	143,873,887

		Rupees	Rupees
27	**Additional Information to Financial Statements**		
1	**Contingent Liabilities not provided for:**	**31.03.2016**	30.6.2015

a) In respect of outstanding export obligation to export goods worth Rs. 30,51,54,600/- under EPCG Scheme in repect of various years from 2009, the company has fulfilled obligation to the extent of Rs. 9,74,65,932/- upto 31.03.2016.

b) The Bank has given guarantees for Rs. 53,14,665/- (previous year - Rs. 51,04,665/-) towards payment of customs duty in respect of import of Machinery.

c)	Future Lease rental payable	**62,50,000**	37,50,000
d)	The amount called up but not paid for IDBI Shares including interest	**57,02,233**	57,02,233

e) Some of the dismissed employees have appealed before the labour court for reinstating them along with back wages from the date of dismissal, which the company is contesting. As the quantum of liability, if any, is dependent on the orders to be passed no provision is made in the accounts as it has not reached finality.

2 Interest in respect of partly paid shares is not presently ascertainable for the Current year and hence not included under IDBI partly paid shares.

3	Estimated amount of contracts remaining to be executed on Capital account.	**59,822,181**	59,822,181
4	**Value of Imports : CIF Value**		
i)	Raw Material	**109,201,292**	210,482,929
ii)	Components and Spares	**6,130,725**	6,248,853
5	**Consumption**		
i)	Raw Materials		
	Imported	**139,244,660**	242,145,428
		21.50%	23.11%
	Indigenous	**508,267,900**	805,675,933
		78.50%	76.89%
		647,512,560	1,047,821,361
ii)	Spares & Components		
	Imported	**5,417,930**	6,667,006
		11.96%	9.78%
	Indigenous	**39,895,165**	61,508,943
		88.04%	90.22%
		45,313,095	68,175,949
6	**Expenditure in Foreign Currency on account of**		
	Royalty	**NIL**	NIL
	Sales Commission	**NIL**	NIL
	Professional and Consultancy fees	**NIL**	NIL
	Others	**NIL**	NIL

SRI NACHAMMAI COTTON MILLS LIMITED

Additional Information to Financial Statements (Contd...)	Rupees	Rupees
7 Amount remitted during the year in Foreign currencies	**31.03.2016**	30.6.2015
Number of Non-resident Shareholders	**6**	6
Number of shares held by them	**3,347**	3,347
On account of dividends	**NIL**	NIL
Year to which the Dividend relates	**NIL**	NIL
8 Earnings in Foreign exchange		
Export of goods on FOB basis	**NIL**	NIL
9 Auditors' Remuneration		
Audit Fees	**73,744**	74,813
Tax Matters	**21,563**	21,375
Certificate Fees	**79,983**	50,562
Travelling Expenses	**19,816**	11,215
Total	**195,106**	157,965

10 Interest on Bank Loans is net of interest subsidy (TUF) amounting to Rs. 18,257/- (Previous year Rs. 5,63,299/-)

11 Income Tax Assessment upto A.Y. - 2013 - 2014 has been completed.

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

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

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

Disclosures as required under Accounting Standards

15 Gratuity Disclosure (AS-15)

I	Defined Benefit Plans	Gratuity Funded		
1	Financial year of valuation	31.03.2016	30.06.2015	30.06.2014
A	Movements during the financial year (For definitions of 2,3,4,5 & 9 below refer AS			
1	Movement period in years	**9 Months**	1	1
2	Present Value of Benefit Obligations as at beginning of the period in Rs.	**10,348,875**	12,417,326	12,104,103
3	Interest Cost assuming that claims paid in middle of financial year	**13,343,891**	13,667,996	968,328
4	Current service cost in Rs.	**627,084**	686,638	805,209
5	Past Service cost in Rs.	–	–	–
6	Curtailment cost/(credit) in Rs. (refer Para 110-116 of AS 15 (revised 2005))	–	–	–
7	Settlement cost/(credit) in Rs. (refer Para 110-116 of AS 15 (revised 2005))	–	–	–
8	Benefits paid in Rs.	**-1,091,563**	-3,513,194	908,709
9	Actuarial gain/loss on benefit obligations (experience Adjustment) in Rs.	**1,052,334**	1,299,667	-699,064
10	Present Value of Benefit Obligations as at the end of the period in Rs.	**14,727,794**	13,343,891	13,667,996
	(9)=(10)-(2)-(3)-(4)-(5)-(6)-(7)-(8) Note: Actuarial gain/loss is the balancing item.			

SRI NACHAMMAI COTTON MILLS LIMITED

Additional Information to Financial Statements (Contd...)

	Defined Benefit Plans	Gratuity Funded		
1	Financial year of valuation	31.03.2016	30.06.2015	30.06.2014
B	Movements in respect of Plan Assets during the valuation year			
1	Fair value of Plan Assets at the beginning in Rs.	10,348,875	12,417,326	12,154,769
2	Expected rate of return on Plan Assets per unit (see Part I C 3)	0.03	0.09	0.09
3	Expected rate of return on Plan Assets assuming that movements occur in mid year	693,739	1,117,559	1,124,316
4	Contributions received during the financial year	200,000	144,092	100,987
5	Benefits paid (claims settled)	-1,091,563	-3,513,194	908,709
6	Actuarial Gain/Loss on plan assets in Rs.	-192,121	183,092	-54,037
	A6 = A7-A1-A3-A4+A5 is the balancing item			
7	Fair value Plan Assets at the end of the Financial year in Rs.	9,958,930	10,348,875	12,417,326
C	**Net Actuarial Gain/Loss recognised in the Financial Year in Rs.**			
1	Actuarial Gain/Loss on Benefit Obligations in Rs.	1,052,334	1,299,667	-699,064
2	Actuarial Gain/Loss on plan assets in Rs.	-192,121	-183,092	54,037
3	Net Actuarial Gain/Loss recognised in the Financial Year in Rs. B3 = B1-B2	1,244,455	1,116,575	753,102
D	**Expenses recognised in the Profit and Loss Account**			
1	Interest cost on Benefit Obligations	796,048	1,202,667	968,328
2	Current Service cost on Benefit Obligations	627,084	686,638	805,209
3	Past Service cost on Benefit Obligations	--	--	--
4	Curtailment cost / (credit)	--	--	--
5	Settlement cost/(credit)	--	--	--
6	Expected return on Plan Assets	693,739	1,117,559	1,124,316
7	Net Actuarial Gain/Loss recognised in the Financial Year in Rs.	1,244,455	1,116,575	753,102
8	Effect of limit as per para 59(b) read with para 61(g) of AS 15 R	--	--	--
9	Expenses recognised in the Profit and Loss Account	1,973,848	1,888,438	1,402,323
	C9 =C1+C2+C3+C4+C5-C6+C7			
E	**Liability recognised in the Balance Sheet**			
1	Actuarial Present value of Benefit Obligations at the end of the financial year in Rs.	14,727,794	13,343,891	13,667,996
2	Fair value of Plan Assets at the end of the Financial year in Rs.	9,958,930	10,348,875	12,417,326
3	Funded Status at the end of the financial year in Rs.	-4,768,864	-2,995,016	-1,250,670
4	Present value of future reduction under para 59 (b) of AS 15 R (net asset to be recognised as per para 59 of AS 15 R)	--	--	--
F				
1	Expected return on Plan Assets (part III A3 above) in Rs.	-693,739	1,117,559	1,124,316
2	Actuarial Gain/Loss on plan assets (part III B2) in Rs.	-192,121	183,092	-54,037
3	Actual return on Plan assets (E1+E2) in Rs.	501,618	1,300,651	1,070,279
G	**Balance Sheet Reconcillation**			
1	Expenses recognised C9	1,973,848	1,888,438	1,402,323
2	Add unfunded liability at the beginning of the financial year in Rs.	-4,768,864	-2,995,016	-1,250,670
3	Less contribution received A4	200,000	144,092	100,987
4	Closing unfunded Status =F1+F2+F3 = -D4	-4,768,864	-2,995,016	-1,250,670

Additional Information to Financial Statements (Contd...)

2 **Assumptions:**

(a)	Interest Rate for discount per unit per annum	7.80%	8%	8.80%
(b)	Salary escalation rate per unit per annum	2%	2%	3%
(c)	Attrition Rate	Indian assured lives Mortality (2006 - 2008)		
(d)	Mortality Rate	1%	1%	1%

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

II. Defined Contribution Plans			
Provident Fund Contributions (Rs.)	3,486,785	4,668,193	3,659,899

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

i) Names of related parties and description of relationship

a) Enterprises in which KMP along with their relatives have significant influence : Supreme Yarn Spinners Ltd
Raja Yarns Private Limited

b) Key Management Personnel :
1. Shri P.Palaniappan, Managing Director
2. Smt. P.Umayal, Chairman cum Managing Director

c) Relatives of Key Management Personnel :
1. Smt. R.Geethanjali
2. Smt. RM.Umaiyal
3. Shri MC.Ramasamy
4. Shri P.Palaniappan (HUF)
5. Shri MC.Ramasamy (HUF)

ii) **Related Party Transactions**

Nature of Transactions	Enterprises in which KMP along with their relatives have significant influence		Key Management Personnel (Rs.in lacs)		Relatives of Key Management Personnel (Rs.in lacs)	
	31.03.16	30.06.15	**31.03.16**	30.06.15	**31.03.16**	30.06.15
Corporate Loan taken						
Raja Yarns Private Limited	**2,700,000**	58,458,140	-	-	-	-
Supreme Yarn Spinners Limited	**5,700,000**	4,530,000	-	-	-	-
Corporate Loan Repaid						
Raja Yarns Private Limited	**933,000**	99,858,140	-	-	-	-
Supreme Yarn Spinners Limited	-	255,000	-	-	-	-
Unsecured Loan taken						
Shri P.Palaniappan	-	-	**26,975,000**	100,358,000	-	-
Smt.P.Umayal	-	-	**3,320,000**	28,478,000	-	-
Others	-	-	-	-	-	130,000
Unsecured Loan Repaid						
Shri P.Palaniappan	-	-	**8,717,000**	4,965,500	-	-
Smt.P.Umayal	-	-	**666,000**	1,073,000	-	-
Others	-	-	-	-	-	976,000
Fixed Deposits Repaid						
Shri P.Palanippan (HUF)	-	-	-	43,331,000	-	-
Shri MC.Ramasamy (HUF)	-	-	-	1,845,000	-	-
Others	-	-	-	528,000	-	-

Additional Information to Financial Statements (Contd...)

Nature of Transactions	Enterprises in which KMP along with their relatives have significant influence		Key Management Personnel (Rs.in lacs)		Relatives of Key Management Personnel (Rs.in lacs)	
	31.03.16	30.06.15	**31.03.16**	30.06.15	**31.03.16**	30.06.15
Rendering of Services						
Supreme Yarn Spinners Ltd	**144,030**	242,541	-	-	-	-
Sale of Investments						
Shri MC.Ramasamy	-	-	-	-	-	4,026,000
Lease Rent Paid						
Supreme Yarn Spinners Ltd	**11,250,000**	15,000,000	-	-	-	-
Managerial Remuneration						
Shri P.Palaniappan	-	-	**1,165,551**	1,534,484	-	-
Smt. P.Umayal	-	-	**1,141,200**	1,522,927	-	-
Sitting Fees paid						
Smt. RM.Umaiyal	-	-	-	-	-	6,000
Interest Paid on Unsecured Loans						
Raja Yarns Private Limited	**2,727,597**	7,709,611	-	-	-	-
Supreme Yarn Spinners Limited	**544,727**	386,966	-	-	-	-
Shri P.Palaniappan	-	-	**4,905,851**	4,665,790	-	-
Smt. P.Umayal	-	-	**1,773,996**	3,030,475	-	-
Others	-	-	-	-	-	122,484
Interest Paid on Fixed Deposits						
Shri P.Palaniappan(HUF)	-	-	-	-	-	3,457,430
Shri MC.Ramasamy(HUF)	-	-	-	-	-	151,341
Others	-	-	-	-	-	42,167
Outstanding payables as on 31st March						
Raja Yarns Private Limited	**51,534,500**	49,767,500	-	-	-	-
Supreme Yarn Spinners Limited	**11,725,000**	6,025,000	-	-	-	-
Shri P.Palaniappan	-	-	**116,248,500**	97,990,500	-	-
Smt. P.Umayal	-	-	**40,259,000**	37,605,000	-	-
Outstanding Receivable as on 31st March	**NIL**	NIL	**NIL**	NIL	**NIL**	NIL

		31.03.2016	30.06.2015
17	**Lease Disclosure (AS-19)**		
a)	The Company has taken the entire Fixed Assets of Supreme Yarn Spinners Limited under cancelable operating lease, which are normally renewed on expiry.		
b)	Future minimum lease rent payable is as follows:		
	Not later than one year	**62,50,000**	37,50,000
	Later than one year but not more than 5 years	-	-
	More than 5 years	-	-
18	**Earnings Per Share (AS-20)**		
	Net Profit / (Loss) after tax	**(20,965,087)**	(4,416,671)
	Weighted average No. of Equity Shares	**4,286,400**	4,286,400
	Nominal value of shares	**10**	10
	Basic and diluted Earnings per share	**-4.89**	(1.03)

Additional Information To Financial Statements (Contd...)

19 **Deferred Tax Liability / (Asset) (AS-22)**	Opening As on 01.07.2015	Adjustments for the period	**Closing As on 31.03.2016**
Deferred Tax Liability			
On Depreciation	14,089,650	**6,517,574**	**7,572,076**
Deferred Tax Asset			
On account of carry forward of Losses	32,608,634	**(4,739,745)**	**27,868,889**
On account of Gratuity	925,460	**548,119**	**1,473,579**
On account of 43 B	920,511	**105,215**	**1,025,726**
	34,454,605	**(4,086,411)**	**30,368,194**
Net Deferred Tax (Liability) / Asset	20,364,955	**2,431,163**	**22,796,118**

20 (a) There are no derivative financial instruments either for hedging or for speculation outstanding as at the Balance Sheet date.

(b) Foreign currency exposures that are not hedged by a derivative instrument or otherwise are as under:

Particulars	**Currency**	**Amount in Foreign Currency**		**Equivalent amount - Rs.**	
		31.03.2016	30.06.2015	**31.03.2016**	30.06.2015
Sundry Creditors	USD	**1,512,372.33**	2,017,263	**100,255,162**	128,321,118

21 Previous year's figures have been regrouped and reclassified wherever necessary to correspond with the current year's classification / disclosure. Current period figures of 9 Months in the statement of Profit and Loss are not comparable with previous years figures of 12 months.

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

M.V.JEGANATHAN
Partner
M.No. 214178

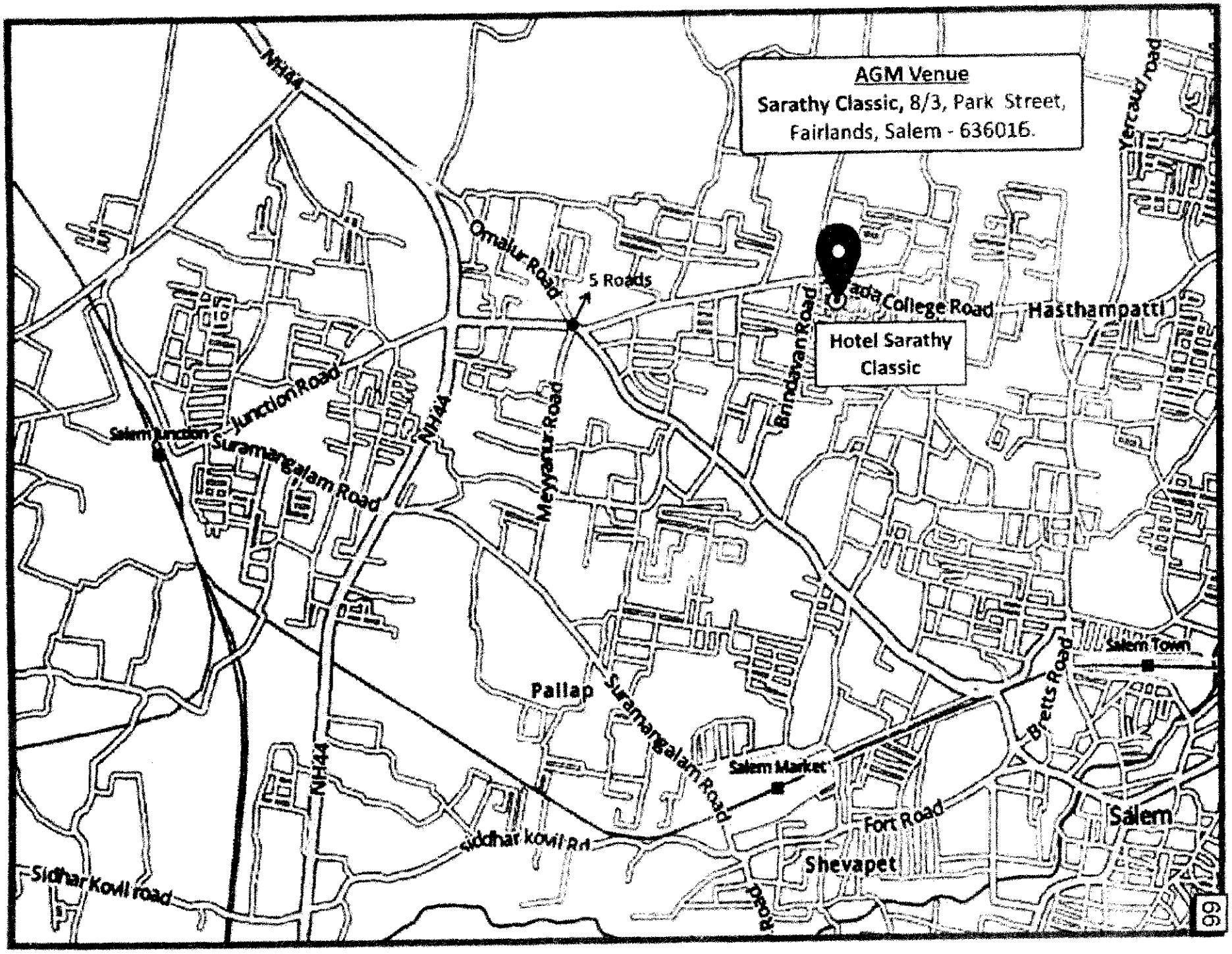
Salem
23rd May, 2016

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

P.PALANIAPPAN
Managing Director
DIN : 01577805

P.UMAYAL
Chairman cum Managing Director
DIN : 00110260

A.SUBRAMANIAN
Chief Financial Officer


AGM Venue
Sarathy Classic, 8/3, Park Street,
Fairlands, Salem - 636016.
Hotel Sarathy Classic
Omalur Road
5 Roads
Gada College Road
Hasthampatti
Yercaud road
Brindavan Road
Meyanur Road
NH44
Junction Road
Salem Junction
Suramangalam Road
Pallap
Salem Market
Fort Road
Shevapet
Salem Town
Bretts Road
Salem
Siddhar Kovil Rd
Siddhar Kovil road
Road

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

POSTAL BALLOT FORM (in lieu of e-voting at the AGM)

Name of the Member	Registered Folio No./DP ID No./Client ID No.	No.of Shares

I/we hereby exercise my/our vote in respect of the Resolutions to be passed through e-voting / Postal Ballot for the Business stated in the AGM Notice dated 23rd May, 2016 of the company by conveying my/our assent or dissent to the said Resolutions by placing the tick (✓) mark at the appropriate box below:

Item No	Description	No.of shares held by me	I assent to the resolution	I dissent from the resolution
	Ordinary Business			
1.	To consider and adopt the Audited Balance Sheet, Statement of Profit and Loss Account and Cash Flow Statement for the period ended on 31st March, 2016 and Reports of Board of Directors and Auditors thereon			
2.	To Appoint a Director in the place of Smt. Vasantha who retires by rotation and being eligible, offers herself for re-appointment			
3.	To appoint Auditors and fix their remuneration			
	Special Business			
4.	To ratify the Remuneration paid to Cost Auditor			

Note : 1. Kindly read the instructions printed overleaf (next page) before filling the form.
2. Last date of receipt of the form by the Scrutinizer is **5.00 p.m** of **14.09.2016.**

Place : Salem
Date :

Signature of the Member

INSTRUCTIONS:

01. This Ballot Form is provided for the benefit of Members who do not have access to e-voting facility provided by the Company for the AGM may send their assent or dissent in writing on the Postal Ballot Form.

02. A member can opt for only one mode of voting (i.e E-voting, Postal Ballot or voting at the AGM). If a Member casts votes through more than one mode, then voting done through e-voting shall prevail and ballot shall be treated as invalid.

03. A member desiring to exercise his/her vote by Postal Ballot Form should complete this Postal Ballot Form, sign and send to reach the Scrutiniser as per instruction (6) below at the address Mr.M.R.L.Narasimha, Practising Company Secretary, C/O. Sri Nachammai Cotton Mills Limited, 30 Sugavaneswara Road, Balaji Nagar, Salem 636 004. Ballot Forms deposited in person or sent by post or courier at the expense of the Member will be accepted.

04. The postal ballot form should be completed and signed by the members. In the case of joint shareholding, this form should be completed and signed by the first named member and in his absence, by the next named member(s), unsigned postal ballot forms will be rejected. The signature on the postal ballot form must tally with the specimen signature registered with the Company.

05. Where the postal ballot form has been signed by an Authorised Representative of a body corporate, a certified copy of the relevant authorization to vote on the postal ballot should accompany the postal ballot form. A member may sign the form through an Attorney appointed specifically for this purpose, in which case, an attested true copy of the Power of Attorney should be attached to the postal ballot form.

06. Duly completed postal ballot forms should reach the Scrutinizer not later than **5.00 p.m.** on **14th September, 2016.** Postal ballot form received after 5.00 p.m on 14.09.2016 will be strictly treated as if the reply from the member has not been received.

07. A member may request for a duplicate Postal Ballot form, if so required. However, the duly filled in duplicate postal ballot form should reach the Scrutinizer not later than the time and date specified at item no.6 above.

08. Voting rights will be reckoned on the paid up value of shares registered in the name of the member as on **08.09.2016,** which is the cut off Date, fixed for this purpose.

09. There will be only one postal ballot form for every folio irrespective of the number of joint member(s).

10. A member need not use all the votes, nor does he need to cast all the votes in the same way.

11. The Scrutinizer's decision on the validity of a postal ballot will be final and binding.

12. Incomplete, unsigned or incorrect postal ballot forms will be rejected.

13. The date of AGM will be the deemed date of passing resolutions through e-voting / postal ballot. It may also be noted that, in terms of Section 114 of the Act, the Resolutions contained in the AGM Notice will be deemed to have been passed through the Postal Ballot form. Accordingly, the results shall be declared in terms of Rules 20 or 21 of the Companies (Management and Administration) Rules 2014.

14. The right to vote under postal ballot shall not be exercised by a proxy.

SRI NACHAMMAI COTTON MILLS LIMITED

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

CIN No. L17115TZ1980PLC000916

ATTENDANCE SLIP - AGM on 15th September, 2016

Folio No. ..... DP ID No. ..... Client ID No. .....

Name of the Member ..... Signature .....

Name of the Proxy holder ..... Signature .....

I/we hereby record my / our presence at the Annual General Meeting to the Company to be held on Thursday, September 15th, 2016 at 5.00 P.M at Hotel Sarathy Classic, 8/3, Park Street, Fairlands, Salem - 636 016.

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

Form No. MGT - 11

PROXY FORM

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

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

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

I/we hereby declare and authorise Mr/Mrs. _____ as my/our proxy to attend and vote on behalf for me/us at the 36th Annual General Meeting of the Company, be held on Thursday the 15th September, 2016 at 5.00 P.M at Hotel Sarathy Classic, 8/3, Park Street, Fairlands, Salem - 636016 and at any adjournment thereof in respect of such resolutions as are indicated below:

Put a tick mark for the resolutions (✓)

	Resolutions — Ordinary Business	**Yes**	**No**
1.	To consider and adopt the Audited Balance Sheet, Statement of Profit and Loss Account and Cash Flow Statement for the period ended on 31st March, 2016 and Reports of Board of Directors and Auditors thereon		
2.	To Appoint a Director in the place of Smt. Vasantha who retires by rotation and being eligible, offers herself for re-appointment		
3.	To appoint Auditors and fix their remuneration		
	Special Business		
4.	To ratify the Remuneration paid to Cost Auditor		

Signed this day of 2016.

Signature of the Shareholder :

Signature of Proxy holder(s) :

Affix Re. 1 Revenue Stamp

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