

---

---

---

**THAMBI MODERN  
SPINNING MILLS LIMITED**

**37<sup>th</sup>**

**ANNUAL REPORT**

**2014-2015**

---

---

---

## **BOARD OF DIRECTORS**

R. Jagadeesan - Managing Director  
Malathi Jagadeesan - Non Executive Director  
M. Pugazendhi - Independent Director  
Ashok P. Shah - Independent Director

## **AUDITORS**

M/s. Sankaran & Krishnan  
Chartered Accountants  
Chennai 34

## **REGISTERED OFFICE & UNIT I**

Omalur Road, Jagir Ammapalayam Post, Salem 636 302  
T : +91 0427 2345425  
www.thambimodern.com  
email : tmsml@ymail.com

## **UNITS II & III**

Opp. TNEB Sub Station  
Udayapatti By-pass Road  
Kamaraj Nagar Colony Post  
Salem 636 014

## **REGISTRAR & TRANSFER AGENTS**

Cameo Corporate Services Limited  
Subramanian Building, V Floor,  
No.1, Club House Road, Chennai 600 002  
Ph : 044 28420390  
email : cameo@cameoindia.com,

## **BANKER**

**ICICI Home Finance Company Ltd.,**  
Swarnabigai Plaza, Omalur Main Road  
Salem - 9

Notice is hereby given that the Thirty Seventh Annual General Meeting of the Company will be held at the Company's Mill Premises at Unit II, Opp. TNEB Sub Station, Udayapatti By-pass Road, Kamaraj Nagar Colony Post, Salem 636 014 on Monday, the 31st August, 2015 at 10:00 A.M to transact the following business:

## **Agenda**

### **Ordinary Business:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2015 and the Profit and Loss Account for the financial year ended on that date, together with the reports of the Board of Directors and the Auditors thereon.
2. To appoint Ms. Malathi Jagadeesan, Director retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint Auditors and fix their remuneration. In this connection, to consider and if thought fit, to pass the following as an Ordinary Resolution:

RESOLVED THAT M/s. Sankaran & Krishnan, Chartered Accountants (Firm Regn. No. 003582S) Chennai - 600034 be and are hereby appointed as Statutory Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and that the Board of Directors be and are hereby authorised to fix such remuneration as may be agreed upon between the Auditors and the Board of Directors.

## **Notes on Agenda**

1. The board on its meeting held on 28.05.2015 has considered and approved the Audited Balance Sheet as at 31st March, 2015 and the Profit and Loss Account for the financial year ended on that date, together with the reports of Auditors. The board on its meeting held on 15.07.2015 has considered and approved the report of directors as at 31st March, 2015. Both the reports have been placed before the members for their approval.
2. The board on its meeting held on 15.07.2015 has ascertained that Ms. Malathi Jagadeesan, Non Executive Director (Din: 00153952) is eligible for retire by rotation. She being eligible and offers herself for reappointment. Mrs. Malathi Jagadeesan, who is not subject to any disqualification for re-appointment as a director of the company under the sections 164 and 165 of the Companies Act, 2013 and has given the consent and declaration in this regard.  
Hence Ms. Malathi Jagadeesan, Director who retires by rotation and being eligible, offers herself for re-appointment. This has been placed before the members for their approval.
3. The board on its meeting held on 15.07.2015 has appointed Auditors and fix their remuneration. In this connection it has been resolved as follows.

RESOLVED THAT M/s. Sankaran & Krishnan, Chartered Accountants (Firm Regn. No. 003582S) Chennai - 600034 be and are hereby appointed as Statutory Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and that the Board of Directors be and are hereby authorised to fix such remuneration as may be agreed upon between the Auditors and the Board of Directors

## **Notes**

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given in this Notice under Note No. 20.
4. In terms of Section 152 of the Companies Act, 2013, Ms. Malathi Jagadeesan (DIN : 00153952), Director retire by rotation at this Meeting and being eligible, offer herself for re-appointment. The Board of Directors of the Company commend her respective re-appointment. Brief notes on the background and the functional expertise of the Director proposed for re-appointment is furnished below, along with details of Companies in which she is a Director and the Board Committees of which she is a Member:

Ms. Malathi Jagadeesan, aged about 61 years. She is a science graduate having expertise and experience in the field of Textiles. She is associated with the Company from 10th October, 1994 as Director on the Board.

Details of the Directorship/Member of Committee including M/s Thambbi Modern Spinning Mills Limited held by Ms.Malathi Jagadeesan

Directorship	Membership / Chairmanship at Committees of Thambbi Modern Spinning Mills Limited
Director of M/s Thambbi Modern Spinning Mills Limited M/s Sunrise Jewelleries Private Limited M/s Jagdeesh Apartments Private Limited M/s Mangaiyaar Benefit fund Private Limited	Member of Audit Committee Chairman of Stakeholders Relationship Committee, Member of Nomination and Remuneration Committee

5. Members / Proxy are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Sundays, during business hours up to the date of the Meeting.
8. The Company has notified closure of Register of Members and Share Transfer Books from **Tuesday, the 25th August, 2015 to Monday, the 31<sup>st</sup> August, 2015** (both days inclusive).
9. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Cameo Corporate Services Limited, Registrar to the issue and transfer agent.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Cameo Corporate Services Limited, Registrar to the issue and transfer agent.
11. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be requested from the Company.
12. Non – Resident Indian Members are requested to inform Cameo, immediately of:
  - a) Change in their residential status on return to India for permanent settlement.
  - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
13. Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
14. Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and Clause 35B of the Listing Agreement, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').
15. The facility for voting through poll shall be made available at the Meeting and the members attending the Meeting and who have not cast their vote by remote e-voting shall be eligible to vote at the Meeting through poll by ballot paper.
16. The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.
17. The Board of Directors of the Company has appointed Mr. K. N Subramanian, Proprietor, K N Subramanian & Co., Company Secretaries in Practice, Coimbatore as Scrutinizer to scrutinize the Poll and remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.

18. The Scrutinizer, after scrutinizing the votes cast through the poll at the meeting and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company [www.thambbimodern.com](http://www.thambbimodern.com). The results shall simultaneously be communicated to the Stock Exchanges.

**19. The instructions for shareholders voting electronically are as under:**

- i) The voting period begins on **Friday, the 28th day of August, 2015 at 9.00 A.M and ends on Sunday, the 30th day of August, 2015 at 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 Monday, the 24th August, 2015** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iv) Click on Shareholders.
- v) Now Enter your User ID
  - a) For CDSL: 16 digits beneficiary ID,
  - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID, c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi) Next enter the Image Verification as displayed and Click on Login.
- vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<b>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</b> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<b>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.</b> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

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

- xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto: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](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

By Order of the Board of Directors

Salem  
15<sup>th</sup> July 2015

R. Jagadeesan  
Managing Director  
DIN 01153985

Malathi Jagadeesan  
Director  
DIN 00153952

## Directors Report

### Performance / Operations

Your Directors have pleasure in presenting the 37th Annual Report of the Company, together with financial statements, for the year ended 31st March, 2015.

### Financial Results

Particulars	2014 – 2015 (₹ Lakhs)	2013 – 2014 (₹ Lakhs)
Revenue from Operation	246.26	131.93
Profit / (Loss) before depreciation and taxation	(62.00)	(142.12)
Depreciation	40.33	76.78
Profit / (Loss) Before Taxation	(102.33)	(218.90)
Net Profit / (Loss)	(102.33)	(218.90)

### Performance

During the year under review, your company achieved a sales turnover of Rs.105.00 Lakhs compared to sales turnover of Rs.44.00 Lakhs achieved in the previous year. The Company made cash loss of Rs.62.00 Lakhs for the financial year as against cash loss of Rs.142.12 Lakhs in the previous year. The Company has to keep the activities at low level in order to reduce the loss.

### Dividend

The Company incurred loss in the financial year. In view of this and the accumulated loss, your directors are unable to recommend any dividend for the year.

## Prospects

Our Company is currently involved in trading activity and conversion of yarn. Recently some of the existing buildings have been leased out to generate income out of non operational assets. Your Company will explore to optimize the operations to improve the revenue and profits.

## Fund Raising

Equity – Nil

## Debt

During the year, your Company has obtained Secured Loan to the tune of Rs. 550 Lakhs from M/s ICICI Home Finance Company Limited. The Company has repaid Rs. 266.76 Lakhs.

## Particulars of Employees and related disclosures

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, No employees are drawing remuneration in excess of the limits set out in the said Rules.

## Corporate Governance

Your Company is fully compliant with the Corporate Governance guidelines, as laid out in Clause 49 of the Listing Agreement. All the Directors have affirmed in writing their compliance with and adherence to the Code of Conduct adopted by the Company.

The details of the Code of Conduct are furnished in the Corporate Governance Report attached as **Annexure-B** to this Report. The Managing Director has given a Certificate of compliance with the Code of Conduct, which forms part of **Annexure-B**, as required under Clause 49 of the Listing Agreement.

The Statutory Auditors of the Company have examined the requirements of Corporate Governance with reference to Clause 49 of the Listing Agreement and have certified the compliance, as required under Clause 49 of the Listing Agreement. The Certificate in this regard is attached as **Annexure-C** to this Report.

The Managing Director / Chief Financial Officer (CEO/CFO) certification as required under Clause 41 of the Listing Agreement is attached as **Annexure-D** to this Report.

## Directors and Key Managerial Personnel

The designation of Mr. R. Jagadeesan, has been changed from Chairman Cum Managing Director to Managing Director w.e.f 11.03.2015.

During the year under review, Ms.Malathi Jagadeesan, Non-Executive Director, retires by rotation at the forthcoming Annual General Meeting, and being eligible offers herself for re-appointment.

Mr.Ashok P Shah and Mr. M. Pugazendhi have been reappointed as Independent Directors for a term of five years from 11.03.2015 to 31.08.2019 on non-rotational basis.

The Reappointment of Mr.Ashok P Shah and Mr. M. Pugazendhi as independent directors and change in designation of Mr. R. Jagadeesan from Chairman cum Managing Director to Managing director have been passed through postal ballot/e-voting w.e.f 11.03.2015.

The Independent Directors of the Company have declared that they meet the criteria of Independence in terms of Section 149(7) of the Companies Act, 2013 and that there is no change in their status of Independence.

Mr.R. Jagadeesan, Managing Director is the "Key Managerial Personnel" of the Company pursuant to Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## Auditors

M/s. Sanakaran & Krishnan, Chartered Accountants (Firm Regn. No.003582S) retire at the close of this Annual General Meeting and are eligible for appointment. The Company has received confirmation from M/s. Sanakaran & Krishnan, Chartered Accountants regarding their consent and eligibility under Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 for appointment as the Auditors of the Company.

As required under Clause 41 of the Listing Agreement, the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The Audit Committee and the Board of Directors have recommended the appointment of the Auditors for the financial year 2015-16. The necessary resolution is being placed before the shareholders for approval.

### **Cost Auditor**

Appointment of Cost Auditor is not applicable to our Company.

### **Compliance under Companies Act, 2013**

Pursuant to Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, your Company complied with the compliance requirements and the detail of compliances under Companies Act, 2013 are enumerated below:

### **Extract of Annual Return**

An extract of Annual Return in Form MGT-9 as on March 31, 2015 is attached as **Annexure-G** to this Report.

### **Board Meetings held during the year**

During the year, 10 meetings of the Board of Directors were held. The details of the meetings are furnished in the Corporate Governance Report which is attached as **Annexure-B** to this Report.

### **Directors' Responsibility Statement**

To the best of our knowledge and belief and according to the information and explanations obtained by us, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a) in the preparation of the annual financial statements for the year ended March 31, 2015, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- b) for the financial year ended March 31, 2015, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the Profit and Loss of the Company for the year ended March 31, 2015.
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the annual financial statements have been prepared on a going concern basis.
- e) that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

### **Remuneration Policy of the Company**

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

### **Secretarial Audit**

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, your Company engaged the services of Mr. K N Subramanian, Proprietor, M/s K N Subramanian & Co., Company Secretaries in Practice, Coimbatore to conduct the Secretarial Audit of the Company for the financial year ended March 31st, 2015. The Secretarial Audit Report (in Form MR-3) is attached as **Annexure-F** to this Report.



## **Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013**

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the financial statements.

## **Related Party Transactions**

There were no Transactions with related parties during the financial year 2014-2015.

## **Corporate Social Responsibility - Not Applicable**

## **Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Independent Directors at their meeting without the participation of the Non-independent Directors, considered/evaluated the Boards' performance & Performance of the Managing Director.

The criteria for performance evaluation have been detailed in the Corporate Governance Report which is attached as **Annexure-B** to this Report.

## **Vigil Mechanism/ Whistle Blower Policy**

Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement, the Board of Directors had approved the Policy on Vigil Mechanism/ Whistle Blower and the same was hosted on the website of the Company.

This Policy inter-alia provides a direct access to the Chairman of the Audit Committee. 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.

Brief details about the policy are provided in the Corporate Governance Report attached as **Annexure-B** to this Report.

## **Deposits**

During the year under review, your Company did not accept any deposits within the meaning of provisions of Chapter V – Acceptance of Deposits by Companies of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

## **Significant and Material Orders Passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company**

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company.

## **Internal Control Systems and their Adequacy**

Details of the same are provided in the Management Discussion and Analysis Report attached as **Annexure-E** to this Report.

## **Research and Development, Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo - Annexure A**

## **Acknowledgement**

The Directors wish to express their appreciation for the continued co-operation of the Central and State Governments, bankers, financial institutions, customers, dealers and suppliers and also the valuable assistance and advice received from all the shareholders. The Directors also wish to thank all the employees for their contribution, support and continued co-operation throughout the year.

## **ADDENDUM TO DIRECTORS REPORT**

### **Comments of Statutory Auditor**

The Auditors, in their report dated 28th May 2015, for the year ended on 31st March 2015, have made the following comments in their report.

"In our opinion and to the best of our information and according to the explanations given to us, the financial statements subject to

(a) Note No.6.2 regarding non-ascertainment of overdue amounts and non-provision of interest due if any, due to micro, small and medium enterprises

### **The Board's reply to the above statutory auditor comments**

(a) The names of Small Scale Industrial Units to whom the company owes a sum exceeding Rs. 1 lakh which are outstanding for more than 30 days are given in Note No.6.1 of the Notes on Accounts, as required under the Act. These outstanding amounts are within the agreed terms of purchase. As per agreed terms, no interest is payable. Therefore, the company has not made any provision in the accounts towards interest on these outstanding amounts.

The company has not identified the amount due to Micro, Small & Medium Enterprises (as defined in the Micro Small & Medium Enterprises Development Act 2006) as on 31.03.2015. Hence the company has not ascertained the overdue amount due to Micro, Small & Medium Enterprises as on that date. Further, the company has also not made provision in the accounts towards the interest on such overdue amounts to Micro, Small & Medium Enterprises, as no interest is payable as per agreed terms. This is given in Note No.6.2 of the Notes on Accounts.

### **Comments of Secretarial Auditor**

- i) The Company has not appointed Company Secretary and Chief Financial Officer as per Sec.203 of the Companies Act, 2013 during the financial year 2014-2015.
- ii. During the financial year 2014 – 2015, the Company has contravened Sec. 180 (1) (a) and 180 (1) (c) of the Companies Act, 2013.
- iii. During the financial year 2014 – 2015, the company has failed to send notice and outcome of board meeting to stock exchange dt. 02.05.2014 and 28.09.2014.
- iv. On 29.01.2015, the Company had received a notice for non submission of annual report within the prescribed period as per clause 31 of the listing agreement and the stock exchange had made a fine for Rs.25843/-.

### **Reply by the Board of Directors to secretarial auditor comments**

- i) The Company has made a news paper Publishment during the financial year for recruitment of a Company Secretary. The Company has neither received any application nor found any candidate suitable for the pay scale of the Company.  
The company has appointed a Chief Financial Officer.
- ii) The company has filed a petition u/s 621 A of the Companies Act, 1956 with the Regional Director, Southern Region, Chennai, Ministry of Corporate Affairs to compound the contravention of Sec.180 (1) (a) & (C).
- iii) The notice and outcome of board meetings held on 02.05.2014 and 28.09.2014 were not intimated to stock exchange by oversight.
- iv) The Company had requested the Bombay Stock Exchange to condone the inadvertent delay for Non submission within the stipulated time and waive the penalty.

By Order of the Board of Directors

Salem  
15<sup>th</sup> July 2015

R. Jagadeesan  
Managing Director  
DIN 01153985

Malathi Jagadeesan  
Director  
DIN 00153952

## ANNEXURES TO DIRECTOR'S REPORT

### ANNEXURE A – INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES-1988

Conservation of Energy, Technology absorption and Research and Development and Foreign exchange earnings and outgo.

#### CONSERVATION OF ENERGY

- a) Our Company is always on the look out for potential areas for energy conservation towards reduction in manufacturing cost and takes all measures to conserve energy. The cost of energy is kept at the minimum level and consumption is reduced wherever possible.
- b) Power and Fuel Consumption

		2014 – 2015	2013 – 2014
1.	Electricity		
	a) Purchased	Nil	1299.772
	Total units (in'000 Kwh)	Nil	9358.359
	Total amount (₹ in 000)	Nil	7.210
	Rate per unit (₹)		
	b) Own Generation (Through Generators)	Nil	108.120
	Units in ('000 Kwh)	Nil	3.150
	Units per liter of Diesel	Nil	17.550
	Cost per unit (₹)		
2.	Coal	Nil	Nil
3.	Furnace oil	Nil	Nil
4.	Other/Internal generation	Nil	Nil
	c) Technology Absorption and Research and Development	Nil	Nil
	d) Foreign Exchange Earnings and Outgo		
	i) Earnings in Foreign Exchange	Nil	Nil
	ii) Expenditure in Foreign Exchange on Imports	Nil	Nil
	iii) Spares	Nil	Nil
	iv) Expenditure in Foreign Currency on account of Travel and other matter	Nil	Nil

### ANNEXURE B – REPORT ON CORPORATE GOVERNANCE

#### CORPORATE GOVERNANCE

The Corporate Governance standards demonstrate inalienable rights vested with various stakeholders and strong commitment to values, ethics and business conduct. Your Company is committed to good Corporate Governance, based on an effective independent Board, separation of supervisory role from the executive management and the constitution of Committees to oversee critical areas thus upholding the standards practically at every sphere ranging from action plan to performance measurement and consumer satisfaction.

## 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on code of Governance as adopted by the Board is as under:

- i) Ensure that the quantity, quality and frequency of financial and managerial information, which management shares with the Board, fully and places the Board members in control of the Company's affairs.
- ii) Ensure that the Board exercises its fiduciary responsibilities towards share owners and creditors, thereby ensuring high accountability.
- iii) Ensure that the extent to which the information is disclosed to present and potential investors is maximized.
- iv) Ensure that the decision making is transparent and documentary evidence is traceable through the minutes of the meetings of the Board/Committee thereof.
- v) Ensure that the core values of the Company are protected.

### Rights of Shareholders

Your Company protects and facilitates shareholders' rights, provides adequate and timely information, opportunity to participate effectively in general meeting and ensure equitable treatment to all shareholders.

### Role of stakeholders in Corporate Governance

Your Company recognizes the rights of stakeholders and encourages co-operation between the Company and stakeholders to enable participation in Corporate Governance process.

### Disclosures and transparency

Your Company ensures timely and accurate disclosure on all material matters including the financial situation, performance, ownership and governance of the Company.

## 2. BOARD OF DIRECTORS

As on March 31, 2015 Your Company's Board comprised of 4 Directors (out of which 50% of the Directors are Independent Directors).

### Composition of Board

<b>Names of the Directors</b>	<b>% to the total number of Directors</b>
<b>Managing Director</b> - Mr. R. Jagadeesan	25.00 %
<b>Non Executive Director</b> - Ms. Malathi Jagadeesan	25.00 %
<b>Independent Directors</b> Mr. Ashok P Shah & Mr. M. Pugazendhi	50.00 %

None of the above directors are related except Ms.Malathi Jagadeesan is spouse of Mr.R.Jagadeesan.

The Board evaluates the Company's strategic direction, management policies, performance objectives and effectiveness of Corporate Governance practices.

Further, the Board fulfills the key functions as prescribed under Clause 49 of the Listing Agreement.

**Attendance at Board Meetings and last Annual General Meeting (AGM) and details of memberships of Directors' in Boards and Board Committees**

Names of the Director	No. of Board Meetings attended during the year 2014-2015	Whether attended last AGM held on 08.09.2014	No. of Directorship(s) as on 31.03.2015 (including M/s Thambbi Modern Spinning Mills Ltd.)		No. of Membership(s)/ Chairmanship (s) of Board Committees as on 31.03.2015 (including M/s Thambbi Modern Spinning Mills Ltd.)	
			as Director	as Chairman	as Member	as Chairman
Mr. R. Jagadeesan	8	Yes	3	-	-	-
Mrs. Malathi Jagadeesan	5	Yes	4	-	2	1
Mr. Ashok Pshah	9	Yes	1	-	1	-
Mr. M.Pugazendhi	10	Yes	1	-	1	2

The Companies Act, 2013 read with relevant Rules made thereunder, facilitates the participation of the Director in Board / Committee meetings through video conferencing or other audio visual mode. Accordingly, the option to participate in the meeting was made available for the Directors except in respect of such meetings /items which are not permitted to be transacted through video conferencing.

The details of Director seeking re-appointment at the ensuing Annual General Meeting have been furnished in the Notice convening the Meeting of the shareholders.

The details of shares held by the Directors of the Company in their individual names as on March 31, 2015 are furnished below:

Name of the Directors	No. of Equity Shares Held	Designation
Mr. R. Jagadeesan	3072075	Managing Director
Mrs. Malathi Jagadeesan	424530	Non Executive Director
Mr. Ashok P. Shah	0	Independent Director
Mr. M. Pugazendhi	200	Independent Director

**Board Meetings held during the year 2014 – 2015**

Date of Board Meetings	Total No. of Directors	No. of Directors Present
01.04.2014	4	4
02.05.2014	4	3
30.05.2014	4	3
14.07.2014	4	2
14.08.2014	4	3
28.09.2014	4	3
14.11.2014	4	4
12.12.2014	4	3
27.01.2015	4	3
10.02.2015	4	4

## Independent Directors

Your Company appointed Independent Directors who are renowned people having expertise/experience in their respective field/profession. None of the Independent Directors are Promoters or related to Promoters. They do not have pecuniary relationship with the Company and further do not hold two percent or more of the total voting power of the Company.

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as required under Section 149(7) of the Companies Act, 2013. All Independent Directors maintain their limits of directorships as required under Clause 49 of the Listing Agreement. The Company had issued a formal letter of appointment to all Independent Directors and the terms and conditions of their appointment have been disclosed in the website of the Company.

## Performance evaluation of Directors

The Nomination and Remuneration Committee of the Board laid down the criteria for performance evaluation of all Directors. The performance evaluation has been done by the entire Board of Directors, except the Director concerned being evaluated. The criteria for performance evaluation are as follows:

### Role & Accountability

- Understanding the nature and role of Independent Directors' position.
- Understanding of risks associated with the business.
- Application of knowledge for rendering advice to management for resolution of business issues.
- Offer constructive challenge to management strategies and proposals.
- Active engagement with the management and attentiveness to progress of decisions taken.

### Objectivity

- Non - partisan appraisal of issues.
- Own recommendations given professionally without tending to majority or popular views.

### Leadership & Initiative

- Heading Board Sub-committees.
- Driving any function or identified initiative based on Domain knowledge and experience.

### Personal Attributes

- Commitment to role & fiduciary responsibilities as a Board member.
- Attendance and active participation.
- Proactive, strategic and lateral thinking.

## Meeting of Independent Directors

During the year, meeting of Independent Directors was held to review the performance of the Board as a whole on parameters of effectiveness and to assess the quality, quantity and timeliness of flow of information between the management and the Board.

Mr.Muthu Udayar Pugazendhi, Chairman of the Meeting of the Independent Directors presented the views of the Independent Directors on matters relating to Board processes and the overall affairs of the Company to the full Board.

## Other Provisions as to Board and Committees

The Board met Ten times during the year and the time gap between any two meetings did not exceed 120 days. During the year under review, none of the Directors of the Company was a member of more than 10 specified Committees or Chairman of more than 5 such Committees in companies in which he was a Director. Your Company's Directors promptly notify any change(s) in the committee positions as and when they take place.

## Code of Conduct

Your Company has adopted a Code of Conduct for members of the Board (incorporating duties of Independent Directors) and the Senior Management. The Code aims at ensuring consistent Standards of conduct and ethical business practices across the Company. Your Company has received confirmations from all concerned regarding their adherence to the said Code. Pursuant to Clause 49(II)(E) of the Listing Agreement, the Managing Director of the Company confirmed compliance with the Code by all members of the Board and the Senior Management. The full text of the Code is furnished in this Report and also hosted on the Company's website.

## Code of Conduct for prohibition of insider trading

Your Company has adopted a Code of Conduct as per Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 1992. All Directors, Designated Employees who could have access to the Unpublished Price Sensitive Information of the Company are governed by the Code. During the year under review, there has been due compliance with SEBI (Prohibition of Insider Trading) Regulations, 1992.

## Whistle Blower Policy

Your 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 victimisation 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.

The Whistle Blower Policy has been disclosed on the Company's website and circulated to all the Directors/employees.

## 3. AUDIT COMMITTEE

The Audit Committee which acts as a link between the management, external and internal auditors and the Board of Directors of the Company is responsible for overseeing the Company's financial reporting process by providing direction to audit function and monitoring the scope and quality of internal and statutory audits.

### Composition

The Audit Committee comprises of Mr. M. Pugazendhi, Independent Director as Chairman, Mr. Ashok P Shah, Independent Director as Member and Ms. Malathi Jagadeesan, Non-executive Director as Member.

All members of the Audit Committee are financially literate and one-half of the members have expertise in accounting/financial management. Mr. M. Pugazendhi, the then Chairman – Audit Committee was present at the Annual General Meeting held on 08.09.2014.

Mr. P. Rajasekaran, Compliance Officer is the Secretary to the Committee.

### Meetings and Attendance

The Audit Committee met Four times during the year and the time gap between any two meetings did not exceed more than four months.

Date of Meetings	Total No. of Members	No. of Members Present
30.05.2014	3	2
14.08.2014	3	2
14.11.2014	3	3
10.02.2015	3	3

The Company is governed by a charter adopted pursuant to the regulatory requirements and the Committee reviews the mandatory information as per requirement.

**Terms of Reference in brief:**

**Financials**

- Review of the quarterly/half-yearly/annual financial statements with reference to changes, if any in accounting policies and reasons for the same.
- Major accounting entries involving estimates based on exercise of judgment by management, adjustments, if any arising out of audit findings.
- Compliance with listing and legal requirements relating to financial statements, qualifications, if any in the draft audit report.

**Internal controls and risk management**

- Review of internal audit function and discussion on internal audit reports.
- Review of vigil mechanism and above all adequacy of internal control systems.
- Review of risk management policies especially enterprise level risk management.

**Compliance and other related aspects**

- Disclosure of related party transactions and subsequent modifications, if any.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the company.
- Uses/application of funds raised through an issue.
- Review and recommendation of appointment, remuneration and terms of appointment of statutory auditors.
- Review of other services rendered by the statutory auditors.
- Review of the management discussion and analysis of the financial conditions and results of operations, significant related party transactions, management letters issued by statutory auditors, internal audit reports.

The Audit Committee also looks into the matters as are specifically referred to it by the Board of Directors besides looking into the mandatory requirements of the Listing Agreement and provisions of Section 177 of the Companies Act, 2013.

**4. NOMINATION AND REMUNERATION COMMITTEE**

In line with the Companies Act, 2013 / Clause 49 of the Listing Agreement requirements, the nomenclature of this Committee has been changed to Nomination and Remuneration Committee from Remuneration Committee.

**Composition**

The Nomination and Remuneration Committee comprises of Mr. M Pugazendhi, Independent Director as Chairman, Mr. Ashok P Shah, Independent Director as Member, Mrs. Malathi Jagadeesan, Non-executive Directors as Members of the Committee.

Details of remuneration paid to all Directors are provided under the head “Disclosures” in this Report.

**Meetings and Attendance**

Date of Meetings	Total No. of Members	No. of Members Present
01.04.2014	3	3

**Terms of Reference in brief**

- Formulate Remuneration Policy and a policy on Board Diversity.
- Formulate criteria for evaluation of Directors and the Board.
- To ensure that the Remuneration Policy shall also include the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director’s performance.



- To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully; relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

**Subsidiary Companies- Nil**

**Risk Management**

Your Company has not constituted Risk Management Committee, Since it is non mandatory. However the Company is keep on assessing and minimizing risk and monitors it continuously.

**Disclosures**

**I. Related Party Transaction - Nil**

**II. Disclosure of Accounting Treatment**

Your Company has not adopted any alternative accounting treatment prescribed differently from the Accounting Standards.

**III. Remuneration to Directors**

- Your Company is paying remuneration of Rs. 1,25,000/- P.M to Mr.R.Jagadeesan, Managing Director
- Ms. Malathi Jagadeesan, Non Executive Director and Mr. M. Pugazendhi and Mr. Ashok P. Shah, Independent Directors are paid only sitting fees.
- None of the Directors are paid commission during the financial year 2014 – 2015.
- **Details of payment of sitting fees for the financial year 2014 – 2015 are as follows.**

Name of the Directors	Sitting Fees Per Annum in ₹
Ms. Malathi Jagadeesan, Non Executive Director	5000
Mr. M. Pugazendhi, Independent Director	10000
Mr. Ashok P Shah, Independent Director	9000
<b>Total</b>	<b>24000</b>

**Details of Remuneration to Managing Director for the financial year ended March 31st , 2015**

Name	Fixed Component			Variable Component	Contribution to PF in Rs.	Total in Rs.
	Salary in Rs.	Special Allowance in Rs.	Perquisites and other allowances in Rs.	Commission in Rs.		
Mr.R.Jagadeesan	Rs.15,00,000/- P.A	NIL	NIL	NIL	NIL	Rs.15,00,000/- P.A

The remuneration to Mr. R. Jagadeesan have been approved by the Nomination and Remuneration Committee at its Meeting held on 01.04.2014.

Tenure of office of the Managing Director is for a term of Five years from the date of appointment.

The Company has no Employee Stock Options Scheme in force at present.

**IV. Management**

Management Discussion and Analysis Report comprising of all information as prescribed under Clause 49 (VIII)(D) of the Listing Agreement is attached as **Annexure-G** to the Directors' Report. Disclosures have been made by the Senior Management relating to all material, financial and commercial transactions with personal interests, if any. Based on the declarations made, no transaction was in conflict with the interest of the Company.

## V. Shareholders

The details relating to reappointment of Ms.Malathi Jagadeesan, Non-Executive Director as required under Clause 49(VIII) (E) of the Listing Agreement is provided in the Notice of the Annual General Meeting.

## 5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

In line with the Companies Act, 2013 / Clause 49 of the Listing Agreement requirements, the nomenclature of this Committee has been changed to Stakeholders' Relationship Committee. The Committee consists of Mrs. Malathi Jagadeesan, Non Executive Director as Chairman, Mr. M. Pugazendhi, Independent Director as Member and Mr. Ashok P. Shah, Independent Director as Member. The Committee considers and resolves the grievances of the security holders.

The Committee also reviews the manner and time-lines of dealing with complaint letters received from Stock Exchanges/ SEBI/ Ministry of Corporate Affairs etc., and the responses thereto. Based on the delegated powers of the Compliance Officer, Mr. P. Rajasekaran, approves the share transfers/ transmissions on a regular basis and the same is reported at the next meeting of the Committee, normally held every quarter.

Mr. P. Rajasekaran, Compliance Officer is the Secretary to the Committee and the Compliance Officer appointed for the compliance of capital market related laws.

### Meetings and Attendance

Date of Meeting	Total No. of Members	No. of Members Present
24.06.2014	3	3
01.09.2014	3	3
30.09.2014	3	3
01.12.2014	3	3
17.12.2014	3	3
29.01.2015	3	3
25.02.2015	3	3
20.03.2015	3	3

During the year, the Company has not received any grievance/Complaint letter from investors. The Company has received two letters from Stock Exchange and has replied promptly. No Compliant/Share transfer was pending as on 31.03.2015.

## 6. GENERAL INFORMATION

### I. Annual General Meetings

Annual General Meetings for the preceding three years and the special resolution(s) passed thereat, are as follows:

Year	Date	Time	Location	Special Resolution
2013 to 2014	08.09.2014	10.00 A.M	Unit II, TNEB Sub Station, Udayapatti By-pass road, Kamaraj Nagar Colony Post, Salem - 636014	Appointment of Mr.R.Jagadeesan as Chairman cum Managing Director for the period of Five years from 01.04.2014 to 31.03.2019 with a remuneration of ₹ 1,25,000/- p.m.
2012 to 2013	16.09.2013	10.00 A.M	Unit II, TNEB Sub Station,Udayapatti By-pass road, Kamaraj Nagar Colony Post, Salem - 636014	NIL
2011 to 2012	17.09.2012	10.00 A.M	Unit II, TNEB Sub Station,Udayapatti By-pass road, Kamaraj Nagar Colony Post, Salem - 636014	NIL

**II. Special Resolution passed last year through postal ballot/e-voting and Voting Pattern**

Special Resolution passed at 36th Annual General Meeting on 08.09.2014

**Ratification of resolution passed on 01.04.2014 for Appointment of Mr. R. Jagadeesan as Chairman cum Managing Director.**

PROMOTER/PUBLIC	NO. OF SHARS HELD (1)	NO. OF VOTES POLLED (2)	% OF VOTES POLLED ON OUTSTANDING SHARES (3 = 2/1*100)	NO. OF VOTES IN FAVOUR (4)	NO. OF VOTES AGAINST (5)	% OF VOTES IN FAVOUR ON VOTES POLLED (6 = 4/2*100)	% OF VOTES AGAINST ON VOTES POLLED (7=5/2*100)
PROMOTER AND PROMOTER GROUP	3965175	0	0	0	0	0	0
PUBLIC – INSTITUTIONAL HOLDERS	200	0	0	0	0	0	0
PUBLIC OTHERS	1797395	658340	36.62%	656780	100	99.76%	0.015%
<b>TOTAL</b>	<b>5762770</b>	<b>658340</b>	<b>11.42%</b>	<b>656780</b>	<b>100</b>	<b>99.76%</b>	<b>0.015%</b>

**I. SPECIAL RESOLUTIONS PASSED THROUGH POSTAL BALLOT / E-VOTING AS ON 11.03.2015****ITEM NO.1:- AMENDMENT OF THE MAIN OBJECT OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY**

PROMOTER/PUBLIC	NO. OF SHARS HELD (1)	NO. OF VOTES POLLED (2)	% OF VOTES POLLED ON OUTSTANDING SHARES (3 = 2/1*100)	NO. OF VOTES IN FAVOUR (4)	NO. OF VOTES AGAINST (5)	% OF VOTES IN FAVOUR ON VOTES POLLED (6 = 4/2*100)	% OF VOTES AGAINST ON VOTES POLLED (7=5/2*100)
PROMOTER AND PROMOTER GROUP	3965175	3496605	88.18%	3496605	0	100%	0
PUBLIC – INSTITUTIONAL HOLDERS	0	0	0	0	0	0	0
PUBLIC OTHERS	1797595	637054	35.46%	635454	1600	99.74%	0.26%
<b>TOTAL</b>	<b>5762770</b>	<b>4133659</b>	<b>71.73%</b>	<b>4132059</b>	<b>1600</b>	<b>99.96%</b>	<b>0.04%</b>

**ITEM NO.2:- REAPPOINTMENT OF MR. ASHOK PUKHRAJ SHAH AS AN INDEPENDENT DIRECTOR**

PROMOTER/PUBLIC	NO. OF SHARS HELD (1)	NO. OF VOTES POLLED (2)	% OF VOTES POLLED ON OUTSTANDING SHARES (3 = 2/1*100)	NO. OF VOTES IN FAVOUR (4)	NO. OF VOTES AGAINST (5)	% OF VOTES IN FAVOUR ON VOTES POLLED (6 = 4/2*100)	% OF VOTES AGAINST ON VOTES POLLED (7=5/2*100)
PROMOTER AND PROMOTER GROUP	3965175	3496605	88.18%	3496605	0	100%	0
PUBLIC – INSTITUTIONAL HOLDERS	0	0	0	0	0	0	0
PUBLIC OTHERS	1797595	637054	35.46%	635354	1700	99.73%	0.27%
<b>TOTAL</b>	<b>5762770</b>	<b>4133659</b>	<b>71.73%</b>	<b>4131959</b>	<b>1700</b>	<b>99.95%</b>	<b>0.05%</b>

**ITEM NO.3:- REAPPOINTMENT OF MR. M. PUGAZENDHI AS AN INDEPENDENT DIRECTOR**

PROMOTER/PUBLIC	NO. OF SHARS HELD (1)	NO. OF VOTES POLLED (2)	% OF VOTES POLLED ON OUTSTANDING SHARES (3 = 2/1*100)	NO. OF VOTES IN FAVOUR (4)	NO. OF VOTES AGAINST (5)	% OF VOTES IN FAVOUR ON VOTES POLLED (6 = 4/2*100)	% OF VOTES AGAINST ON VOTES POLLED (7=5/2*100)
PROMOTER AND PROMOTER GROUP	3965175	3496605	88.18%	3496605	0	100%	0
PUBLIC – INSTITUTIONAL HOLDERS	0	0	0	0	0	0	0
PUBLIC OTHERS	1797595	637054	35.46%	635354	1700	99.73%	0.27%
<b>TOTAL</b>	<b>5762770</b>	<b>4133659</b>	<b>71.73%</b>	<b>4131959</b>	<b>1700</b>	<b>99.95%</b>	<b>0.05%</b>

**ITEM NO.4 :- TO CONSIDER THE ALTERATION OF ARTICLES OF ASSOCIATION OF THE COMPANY**

PROMOTER/PUBLIC	NO. OF SHARS HELD (1)	NO. OF VOTES POLLED (2)	% OF VOTES POLLED ON OUTSTANDING SHARES (3 = 2/1*100)	NO. OF VOTES IN FAVOUR (4)	NO. OF VOTES AGAINST (5)	% OF VOTES IN FAVOUR ON VOTES POLLED (6 = 4/2*100)	% OF VOTES AGAINST ON VOTES POLLED (7=5/2*100)
PROMOTER AND PROMOTER GROUP	3965175	3496605	88.18%	3496605	0	100%	0
PUBLIC – INSTITUTIONAL HOLDERS	0	0	0	0	0	0	0
PUBLIC OTHERS	1797595	637054	35.46%	635454	1600	99.74%	0.26%
<b>TOTAL</b>	<b>5762770</b>	<b>4133659</b>	<b>71.73%</b>	<b>4132059</b>	<b>1600</b>	<b>99.96%</b>	<b>0.04%</b>

**ITEM NO. 5:- TO CONSIDER THE AUTHORISATION TO BOARD OF DIRECTORS TO BORROW MONEY**

PROMOTER/PUBLIC	NO. OF SHARS HELD (1)	NO. OF VOTES POLLED (2)	% OF VOTES POLLED ON OUTSTANDING SHARES (3 = 2/1*100)	NO. OF VOTES IN FAVOUR (4)	NO. OF VOTES AGAINST (5)	% OF VOTES IN FAVOUR ON VOTES POLLED (6 = 4/2*100)	% OF VOTES AGAINST ON VOTES POLLED (7=5/2*100)
PROMOTER AND PROMOTER GROUP	3965175	3496605	88.18%	3496605	0	100%	0
PUBLIC – INSTITUTIONAL HOLDERS	0	0	0	0	0	0	0
PUBLIC OTHERS	1797595	637054	35.46%	635254	1800	99.71%	0.29%
<b>TOTAL</b>	<b>5762770</b>	<b>4133659</b>	<b>71.73%</b>	<b>4131859</b>	<b>1800</b>	<b>99.95%</b>	<b>0.05%</b>

**ITEM NO. 6:- TO GIVE AUTHORISATION TO THE BOARD OF DIRECTORS TO MORTGAGE OR OTHERWISE DISPOSE OF OR TO CREATE CHARGE, OR HYPOTHECATE THE UNDERTAKINGS OF THE COMPANY**

PROMOTER/PUBLIC	NO. OF SHARS HELD (1)	NO. OF VOTES POLLED (2)	% OF VOTES POLLED ON OUTSTANDING SHARES (3 = 2/1*100)	NO. OF VOTES IN FAVOUR (4)	NO. OF VOTES AGAINST (5)	% OF VOTES IN FAVOUR ON VOTES POLLED (6 = 4/2*100)	% OF VOTES AGAINST ON VOTES POLLED (7=5/2*100)
PROMOTER AND PROMOTER GROUP	3965175	3496605	88.18%	3496605	0	100%	0
PUBLIC – INSTITUTIONAL HOLDERS	0	0	0	0	0	0	0
PUBLIC OTHERS	1797595	637054	35.46%	635154	1900	99.69%	0.31%
<b>TOTAL</b>	<b>5762770</b>	<b>4133659</b>	<b>71.73%</b>	<b>4131759</b>	<b>1900</b>	<b>99.95%</b>	<b>0.05%</b>

**ITEM NO. 7 TO CONSIDER THE CHANGE IN DESIGNATION AND PARTIAL CHANGE IN THE RESOLUTION PASSED AT THE ANNUAL GENERAL MEETING HELD ON 08.09.2014 FOR THE APPOINTMENT OF MR.R.JAGADEESAN AS CHAIRMAN CUM MANAGING DIRECTOR**

PROMOTER/ PUBLIC	NO. OF SHARS HELD (1)	NO. OF VOTES POLLED (2)	% OF VOTES POLLED ON OUTSTANDING SHARES (3 = 2/1*100)	NO. OF VOTES IN FAVOUR (4)	NO. OF VOTES AGAINST (5)	% OF VOTES IN FAVOUR ON VOTES POLLED (6 = 4/2*100)	% OF VOTES AGAINST ON VOTES POLLED (7=5/2*100)
PROMOTER AND PROMOTER GROUP	3965175	0	0	0	0	0	0
PUBLIC – INSTITUTIONAL HOLDERS	0	0	0	0	0	0	0
PUBLIC OTHERS	1797595	637054	35.46%	635654	1400	99.78%	0.22%
<b>TOTAL</b>	<b>5762770</b>	<b>637054</b>	<b>11.05%</b>	<b>635654</b>	<b>1400</b>	<b>99.78%</b>	<b>0.22%</b>

**III. Person who conducted the postal ballot exercise / e-voting**

Mr. K.N. Subramanian, Proprietor, M/s K N Subramanian & Co., Company Secretaries in Practice as a Scrutinizer had conducted the postal ballot and e-voting process in a fair and transparent manner.

**IV. Whether any Special Resolution is proposed to be conducted through postal ballot**

There is no immediate proposal for passing any resolution through Postal Ballot. None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing a resolution through Postal Ballot.

## 7. Disclosures

- i) Disclosure on materially significant related party transactions that may have potential conflict with the interest of Company at large – Nil.
- ii) Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

There have been no instances of non-compliance by the Company on any matters related to the capital markets except two instances of non-intimation of notice and the outcome of the board meetings held on 02.05.2014 and 28.09.2014. There have been no penalty/strictures imposed on the Company by the SEBI or any other statutory authority on such matters during the last three years.

However the Company had received two notices from Bombay Stock Exchange during the financial year 2014-2015.

- a. On 29.01.2015, the Company had received a notice for non submission of annual report within the prescribed period as per clause 31 of the listing agreement and the stock exchange had made a fine for Rs. 25843/-. The Company had requested the Bombay Stock Exchange to condone the inadvertent delay for Non submission within the stipulated time and waive the penalty.
- b. On 30.04.2015, the Company had received a notice from Bombay Stock Exchange for late/non-submission of financial results under clause 41 of the listing agreement for the quarter ended 31st December, 2013 to 30th September, 2014 with a fine of Rs. 33708/-. The Company had sent a reply to stock exchange that it has sent all its quarterly periodicals within the prescribed time as per clause 41 of the listing agreement.
- c. Except the above non compliance as per clause 31 of the listing agreement, your Company has complied with all the periodical and event based compliance of the Listing Agreement during the financial year 2014 - 2015.

### iii) Whistle Blower Policy and affirmation that no personnel has been denied access to the audit committee.

Your Company has established a Vigil Mechanism/ Whistle Blower Policy to enable stakeholders (including Directors and employees) to report unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct and it is hereby affirmed that no personnel has been denied access to the audit committee.

### iv) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.

The company has implemented all the Mandatory compliances as per the listing agreement. The company has not implemented non mandatory requirements as per clause 49(XI) (B) of the Listing Agreement as it is discretion of the Company to implement.

## 8. Means of Communication

### Quarterly results

The Company's quarterly results are published in 'Makkal Kural' and 'Trinity Mirror', and are displayed on its website ([www.thambbimodern.com](http://www.thambbimodern.com)).

### News releases, presentations, among others

Official news releases and official media releases are sent to Stock Exchanges.

### Presentations to institutional investors / analysts

Your Company has not been requested by any institutional investors / analysts for any detailed presentations on the Company's unaudited quarterly as well as audited annual financial results.

### Website

The Company's website ([www.thambbimodern.com](http://www.thambbimodern.com)) contains a separate dedicated section 'Investor Relations' where shareholders' information is available. The Company's Annual Report is also available in a user-friendly and downloadable form.

**9. General Shareholder Information**

a)	37 <sup>th</sup> Annual General Meeting	
	Day, Date and Time	Monday, 31 <sup>st</sup> August, 2015 at 10.00 A.M
	Venue	Unit II, Opp. TNEB Sub Station, Udayapatti By-pass Road, Kamaraj Nagar Colony Post, Salem 636 014
b)	Financial Calendar (Tentative)	
	Unaudited results for the quarter ending 30 <sup>th</sup> June, 2015	2 <sup>nd</sup> week of August, 2015
	Unaudited results for the quarter ending 30 <sup>th</sup> Sep, 2015	2 <sup>nd</sup> week of November, 2015
	Unaudited results for the quarter ending 31 <sup>st</sup> Dec, 2015	2 <sup>nd</sup> week of February, 2016
	Audited results for the financial year ending 31 <sup>st</sup> March, 2016	4 <sup>th</sup> Week of May, 2016
	AGM - 2016	August, 2016
c)	Date of Book Closure	25.08.2015 to 31.08.2015
d)	Dividend payment date	NA
e)	Listing on stock exchange	Bombay Stock Exchange
	Listing Fees	Annual listing Fees paid for the financial year 2014 - 2015
f)	Stock Code	514484

**g. Market Price Data: High, Low during each month in last financial year at Bombay Stock Exchange**

Month	High	Low
April, 2014	7.40	6.70
May, 2014	7.40	7.00
June, 2014	7.30	7.10
July, 2014	7.30	7.00
August, 2014	6.70	6.37
September, 2014	7.17	6.50
October, 2014	7.16	5.94
November, 2014	6.23	6.23
December, 2014	6.23	6.15
January, 2015	6.35	4.48
February, 2015	6.50	5.00
March, 2015	5.98	4.41

[Source: This information is compiled from the data available from the websites of BSE]

### h. Share Price Performance in comparison to broad based indices – BSE Sensex as on March 31, 2015

FINANCIAL YEAR 2014 - 2015	TMSML	BSE SENSEX
April, 2014	7.40	22417.80
May, 2014	7.00	24217.34
June, 2014	7.30	25413.78
July, 2014	7.00	25894.97
August, 2014	6.50	26638.11
September, 2014	7.16	26630.51
October, 2014	5.94	27346.33
November, 2014	6.23	28693.99
December, 2014	6.15	27403.54
January, 2015	5.16	29182.95
February, 2015	5.35	29361.50
March, 2015	5.45	27957.49

### I. Registrar and Transfer Agents

Cameo Corporate Services Limited  
Subramanian Building, V Floor,  
No.1, Club House Road,  
Chennai – 600 002.  
email : cameo@cameoindia.com , Ph : 044 28420390

### J. Share Transfer System

The Board has authorised Mr.P.Rajasekaran, Compliance Officer to approve all routine transfers, transmissions, etc., of shares. Transfers, transmissions, etc., were generally approved within 7 days; requests for dematerialisation were confirmed within 7 days.

### K. Details of Unclaimed Securities Suspense Account

As per SEBI directive, outstanding unclaimed shares have been transferred to Unclaimed Securities Suspense Account and the voting rights on these shares remain frozen till the rightful owner claims such shares. Shares arising out of the certificates that have been returned undelivered to the Company are lying in the unclaimed securities suspense account. In view of the same, shareholders shall approach the Company/Registrar and Share transfer Agents (R&TA) with proper supporting documents for claiming such shares.

Your Company does not have any unclaimed shares/unclaimed securities suspense account.

### L. Distribution of Shareholding as on 31.03.2015

Category Code	Category of Shareholders	Number of Shareholders	Total Number of Shares	As a % of A+B+C
<b>A</b>	<b>Shareholding of Promoter and Promoter Group</b>			
1	Indian	5	3965175	68.80
2	Foreign	NA	NA	NA



Total Shareholding of Promoter and Promoter Group				
<b>B</b>	<b>Public Shareholding</b>			
1	Institutions	3	14200	0.25
2	Non-institutions	4627	1783395	30.95
<b>Total Public Shareholding</b>				
<b>C</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	NA	NA	NA
<b>TOTAL (A+B+C)</b>		<b>4635</b>	<b>5762770</b>	<b>100.00</b>

### Mode of Holding as on 31st March 2015

Mode	No. of shares	% of paid up capital	No. of holders
Physical	445709	7.73	2630
NSDL	5124866	88.93	1466
CDSL	192195	3.34	539
<b>Total</b>	<b>5762770</b>	<b>100.00</b>	<b>4635</b>

### Shareholding pattern by size as on 31.03.2015

Category (Shares)	Holders	Shares	% of Total Shares
Upto 500	4365	528741	9.17
501- 1000	136	107710	1.86
1001-5000	105	210086	3.64
5001-10000	9	62916	1.09
Above 10000	20	4853317	84.21
<b>Total</b>	<b>4635</b>	<b>5762770</b>	<b>100.00</b>

### M. Dematerialization of shares and liquidity

Shares of the Company can be held and traded in electronic form. As stipulated by SEBI, the shares of the Company are accepted in the Stock Exchanges for delivery only in dematerialization form.

### N. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

No GDRs/ADRs/Warrants or any convertible instruments are outstanding as on 31.03.2015 having an impact on equity.

### O. Plant Location

**Unit I** : Omalur Main Road, Jagir Ammapalayam, Salem – 636302

**Unit II & III** : Opp. TNEB Sub Station, Udayapatti By-pass Road, Kamaraj Nagar Colony Post, Salem - 636014

### P Address for Communication

Registrar & Share Transfer Agents  
(R&TA) (matters relating to Shares, Dividends,  
Annual Reports)

Cameo Corporate Services Limited  
Subramanian Building, V Floor, No.1, Club House Road,  
Chennai – 600 002  
email : cameo@cameoindia.com, Ph : 044 28420390

For any other general matters or in case of any difficulties/ grievances	Mr. P. Rajasekaran, Compliance Officer Omalar Road, Jagir Ammapalayam, Salem-2, T : +91 0427 2345425
Website address	www.thambimodern.com
Email ID of Investor Grievances Section	sharestms@gmail.com
Name of the Compliance Officer	Mr. P. Rajasekaran

### COMPLIANCE CERTIFICATE OF THE AUDITORS

Certificate from the Company's Auditors, M/s. Sanakaran & Krishnan, Chartered Accountants confirming compliance with conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is attached to this Report.

### ADOPTION OF MANDATORY REQUIREMENTS OF CLAUSE 49

The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement.

### CEO CERTIFICATION

The Managing Director of the Company gives annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement. The Managing Director also gives quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement. The annual certificate given by the Managing Director is attached in this Report.

### CODE OF CONDUCT

#### 1. APPLICABILITY

This 'Code of Conduct' shall be applicable to all the Board Members and Senior Management Staff immediately one level below the Board Members, i.e., all Business and Functional heads.

#### 2. CONDUCT OF BUSINESS

The Board Members and the Senior Management team shall conduct the Company's business in an efficient and transparent manner in meeting its obligations to those connected with the Company and to the society. The Board Members and the Senior Management team shall not be involved in any activity that would have any adverse effect on the objectives of the company or give rise to a conflict of interest. The corporate objectives to be pursued shall be to sustain the competitive edge the company and not to indulge in any activity which is prejudicial to the interests of the company.

#### 3. CODE

All Directors and Senior Management should adhere to the standards contained in this code. The Code of Conduct for Directors & Senior Management includes but is not limited to the following:

- To act in accordance with the highest standard of personal and professional integrity, honesty and ethical conduct in the discharge of duties and promote professionalism in the company.
- To exercise independent judgment on issues of strategy, performance, policy matters, etc.
- To avoid and disclose actual and apparent conflicts of personal interest with interest of the company and to disclose all fiduciary interest, whether directly or indirectly, in transaction with the company.
- To maintain confidentiality of the company's business.
- To observe the "Code of Conduct for dealing in Equity Shares and other securities of the Company" framed under the SEBI (Insider Trading) (Amendment) Regulation, 2001.
- Not to accept any offer, payment or anything of value from customers, vendors, consultants, etc. that could impact or influence any business decision concerning the company.
- Not to hold any office or place of profit in the company by himself or by his/her relatives without full disclosure of information in connection therewith.
- Not to divert to his/her own advantage any business opportunity that the company is in pursuit.

- Not to compete, whether directly or indirectly, with the company.
- If the Director discloses his interest, direct or indirect, in other companies or entities (either as Director, Shareholder or Otherwise) under the Companies Act, that will be deemed to be sufficient compliance with this Code).
- To use reasonable care & skill in the discharge of duties and responsibilities and exercise of powers for the benefit & prosperity of the company.
- The senior management has following additional responsibilities under the code.
- Promote compliance and ethics by example - in other words, show with their behavior what it means to act with integrity:
- Make sure that those who report to them understand the code's requirements and have the resources to meet them:
- Monitor compliance with the code and observance of the ethical values of the people they supervise.
- Enforce the code; and
- Support employees who, in good faith, raise reasonable & legitimate questions or concerns. All breaches or potential breaches of the company's compliance and ethics, commitments or which one becomes aware of - whether these relate to him/her directly should be reported.

#### 4. COMPANY ASSETS & FINANCIAL INTEGRITY

The Directors & Senior Management has the responsibility as well as legal duty to protect the property and financial assets of the company and the confidentiality of its intellectual property. The Directors & Senior Management should be forthright and transparent about their operations and performance, accurate in the recording and reporting of data and results and exercise care in the use of its assets and resources.

#### 5. ADOPTION AND COMMENCEMENT

This Code of Conduct was adopted by the Board of Directors at its meeting held on 10.02.2015. This code shall be deemed to have come into force with immediate effect.

##### **Certificate on Compliance with Code of Conduct**

I hereby confirm that the Company has obtained from all the members of the Board and Management Personnel, affirmation that they have complied with the Code of Conduct for the financial year 2014-15.

By Order of the Board of Directors

Salem  
15<sup>th</sup> July 2015

R. Jagadeesan  
Managing Director  
DIN 01153985

Malathi Jagadeesan  
Director  
DIN 00153952

### ANNEXURE - C

#### **AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS**

To the Members of Thambbi Modern Spinning Mills Limited

We have examined the compliance of conditions of Corporate Governance by M/s. Thambbi Modern Spinning Mills Limited, for the year ended 31.03.2015, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

The compliance of the 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 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 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.

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

For Sankaran & Krishnan  
Chartered Accountants  
Firm Registration No: 003582S  
M. Balachandran  
Partner  
Membership No.16271

Salem  
28<sup>th</sup> May 2015

#### ANNEXURE D - CERTIFICATION BY MANAGING DIRECTOR TO THE BOARD

I, R.Jagadeesan, Managing Director of M/s Thambbi Modern Spinning Mills Limited, certify that:

1. I have reviewed the financial statements for the year and that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements present a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted Accounting Principles including Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Statutory Auditors and Audit Committee are appraised of any corrective action taken or proposed to be taken with regard to significant deficiencies and material weaknesses.
4. We have indicated to the Auditors and to the Audit Committee:
  - a) that there are no significant changes in internal control over financial reporting during the year;
  - b) that there are no significant changes in accounting policies during the year;
  - c) that there are no instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the Company's internal control system over financial reporting.

Salem  
15<sup>th</sup> July 2015

R. Jagadeesan  
Managing Director  
DIN 01153985

#### ANNEXURE E - MANAGEMENT DISCUSSION AND ANALYSIS REPORT

##### a. Industry structure and developments

**Structure** :- The company has not involved in manufacturing activities. However it has obtained Rs. 105.15 Lacs of turnover by way of trading of yarn and Rs. 141.11 Lacs through rent receipts.

Due to loss in sale of Machinery and huge expenses on repairs of buildings, the Company has attained net loss of Rs. 102.33 Lacs.

**Developments** :- The existing buildings of the Company have been leased out to generate income out of non operational assets. Your Company will explore to optimize the operations to improve the revenue and profits.

**b. Opportunities and Threats**

**Opportunity:** - The Company has started concentrating on leasing its existing building.

**Threats :-** The company has not involved in manufacturing.

**c. Segment-wise or product-wise performance**

Particulars	Trading Yarn (Rs. In Lacs)	Rental Service (Rs. In Lacs)
Segmental Assets	561.03	236.83
Segmental Liabilities	811.30	426.25
Segmental Revenue	106.89	141.11
Segmental Expenses	264.23	86.10
Surplus/Deficit	-157.34	55.01

**d. Outlook**

During the financial year 2014 – 2015, the Company has achieved revenue from operations of Rs. 246.26 Lacs as against Rs. 131.93 Lacs in the financial year 2013 - 2014.

**e. Risks and concerns**

The Company is keep on assessing and minimizing risk and monitors it continuously

**f. Internal control systems and their adequacy**

The Company is keep on reviewing internal audit function, discussion on internal audit reports, reviewing of vigil mechanism, internal control systems and review of risk management policies especially enterprise level risk management.

**g. Discussion on financial performance with respect to operational performance****Financial Statement for the financial year 2014 - 2015**

Particulars	2014 – 2015 (Rs. In Lacs)	2013 – 2014 (Rs. In Lacs)
<b>Income</b>		
Revenue from operations	246.26	131.93
Other Income	1.74	216.25
<b>Total</b>	<b>248.00</b>	<b>348.18</b>
<b>Expenses</b>		
Cost of Material Consumed	84.09	13.68
Change in inventories of finished goods	13.09	22.08
Employee benefit expenses	33.50	115.58
Finance costs	43.49	24.58
Depreciation	40.33	76.78
Other Expenses	135.83	314.38
<b>Total</b>	<b>350.33</b>	<b>567.08</b>
Profit before exceptional and extraordinary items and tax	-102.33	-218.90
Previous Year Adjustments	11.26	11.79
Profit before tax	-91.07	-207.11
<b>Profit (Loss) for the period from continuing operations</b>	<b>-91.07</b>	<b>-207.11</b>

## Results in Operations:-

During the financial year 2014 – 2015, the Company has achieved revenue from operations of Rs. 246.26 Lacs as against Rs. 131.93 Lacs in the financial year 2013 - 2014.

The Company Finance cost, Loss on sale of machinery and repairs to buildings exceeds high, which results in increase in expenses. In future the Company will take measures to reduce expenses.

### h. Material developments in Human Resources / Industrial Relations front, including number of people employed

The Company does not have any manufacturing / commercial activities. Hence there are no permanent workers/ employees at the end of the year.

By Order of the Board of Directors

Salem  
15<sup>th</sup> July 2015

R. Jagadeesan  
Managing Director  
DIN 01153985

Malathi Jagadeesan  
Director  
DIN 00153952

## ANNEXURE F

### SECRETARIAL AUDIT REPORT

For the Financial year ended 31st March, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members

M/s Thambbi Modern Spinning Mills Limited, (CIN L17111TZ1977PLC000776)  
Omalar Road, Jagir Ammapalayam, Salem – 636 302

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

Based on my verification of **M/s Thambbi Modern Spinning 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, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2015 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s Thambbi Modern Spinning Mills Limited for the financial year ended on 31 March 2015 according to the provisions of:

- i) The Companies Act, 1956/2013 (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 (**Not applicable to the Company during the Audit Period**);

- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October 2014; **(Not applicable to the Company during the Audit Period)**;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)**;
  - 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 Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**; and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit Period)**.
- I have also examined compliance with the applicable clauses of the following:
- i) Secretarial Standards issued by The Institute of Company Secretaries of India **(Not notified hence not applicable to the Company during the audit period)**.
  - ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange.

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**, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, no specific law is applicable to the Company.

**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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in Compliance with the provisions of the Act.

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 exist for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**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.

**I further report that** during the audit period:

- i) The Company has not appointed Company Secretary and Chief Financial Officer as per Sec.203 of the Companies Act, 2013 during the financial year 2014-2015.
- ii. During the financial year 2014 – 2015, the Company has contravened Sec.180 (1) (a) and 180 (1) (c) of the Companies Act, 2013.
- iii. During the financial year 2014 – 2015, the company has failed to send notice and outcome of board meeting to stock exchange dt. 02.05.2014 and 28.09.2014.

- iv. On 29.01.2015, the Company had received a notice for non submission of annual report within the prescribed period as per clause 31 of the listing agreement and the stock exchange had made a fine for Rs.25843/-.

K N Subramanian & Co.  
Company Secretaries  
M.No. 15218  
CP. No.11388

Salem  
15<sup>th</sup> July 2015

**ANNEXURE - G**  
**FORM MGT – 9**  
**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31.03.2015

**I REGISTRATION AND OTHER DETAILS**

i.	CIN	L17111TZ1977PLC000776
ii.	Registration Date	07.03.1977
iii.	Name of the Company	Thambbi Modern Spinning Mills Limited
iv.	Category / Sub – Category of the Company	Company limited by shares/Indian Non Govt. Company
v.	Address of the Registered Office of the Company	Omalar Road, Jagir Ammapalayam, Salem - 636302
vi.	Whether listed Company	Yes
vii.	Name, Address and contact details of Registrar and Transfer Agent, if any	Cameo Corporate Services Limited Subramanian Building, V Floor, 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:-

S.No.	Name and Description of main Products / Services	NIC Code of the Product/ service	% to total turnover of the Company
1	Cotton yarn	5201.11.00	42.40%

**III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATION COMPANIES - NIL**

**IV SHARE HOLDING PATTERN (equity share capital breakup as % of total equity)Category-wise share holding**

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A.PROMOTERS</b>									
<b>INDIAN</b>									
Individual/HUF	3682495	1800	3684295	63.9327	3963375	1800	3965175	68.8067	+ 4.874
Central Govt.	-	-	-	-	-	-	-	-	-



State Govt.(s)	-	-	-	-	-	-	-	-	-
Bodies Corp.	-	-	-	-	-	-	-	-	-
Banks/FI	-	-	-	-	-	-	-	-	-
Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (a) (1)</b>	3682495	1800	3684295	63.9327	3963375	1800	3965175	68.8067	+ 4.874
<b>(2) Foreign</b>									
NRIs – Individual	-	-	-	-	-	-	-	-	-
Other – Individual	-	-	-	-	-	-	-	-	-
Bodies Corp.	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-
Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	-	-	-	-	-	-	-	-	-
<b>Total shareholding of promoter (A) = (A) (1) + (A) (2)</b>	3682495	1800	3684295	63.9327	3963375	1800	3965175	68.8067	+ 4.874
<b>B. Public Shareholding of promoter</b>									
Institution									
Mutual Funds	-	-	-	-	-	-	-	-	-
Banks / FI	13800	400	14200	.2464	13800	400	14200	.2464	0
Central Govt.	-	-	-	-	-	-	-	-	-
State Govt.(s)	-	-	-	-	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies	-	-	-	-	-	-	-	-	-
FIs	-	-	-	-	-	-	-	-	-
Foreign Venture Capital	-	-	-	-	-	-	-	-	-
Funds other (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (1)</b>	13800	400	14200	.2464	13800	400	14200	.2464	0
Non-Institutions									
a. Bodies Corp.	-	-	-	-	-	-	-	-	-
Indian	29918	42100	72018	1.2497	35584	36000	71584	1.2421	-0.0076
Overseas	-	-	-	-	-	-	-	-	-
b. Individuals									
i) Individual shareholders holding nominal share capital into Rs.1.00 Lakh	476359	357759	834118	14.4742	475938	354009	829947	14.4018	-0.0724
ii) Individual shareholders holding nominal share capital in excess of Rs.1.00 Lakh	1086678	53500	1140178	19.7852	809942	53500	863442	14.9831	-4.8021

c) other Specify									
1. Clearing Member	880	0	880	0.0152	2420	0	2420	0.0419	+0.0267
2. Hindu Undivided Family	16200	0	16200	0.2811	15121	0	15121	0.2623	-0.0188
3. Non Resident Indians	881	0	881	0.0152	881	0	881	0.0152	0
<b>Sub-total (B) (2)</b>	1610916	453359	2064275	35.8208	1339886	443509	1783395	30.9468	-4.874
Total Public Shareholding (B) = (B) (1) + (B) (2)	1624716	453759	2078475	36.0672	1353686	443909	1797595	31.1932	-4.874
C. Shares held by custodians for GDRs and ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	5307211	455559	5762770	100.000	5317061	445709	5762770	100.00	0

**(ii) Shareholding of Promoters**

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of 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	% change in share holding during the year
1	N. RAMASAMY UDAYAR	1800	.03	0	1800	.03	0	0
2	R. JAGADEESAN	2791195	48.43	0	3072075	53.31	0	+ 4.88
3	MALATHI JAGADEESAN	424530	7.37	0	424530	7.37	0	0
4	J. RAJALAKSHMI	256820	4.46	0	256820	4.46	0	0
5	J. RAMKUMAR	209950	3.64	0	209950	3.64	0	0

**N.RAMASAMY UDAYAR**
**NO CHANGE**
**MALATHI JAGADEESAN**
**NO CHANGE**
**J. RAJALAKSHMI**
**NO CHANGE**
**J. RAMKUMAR**
**NO CHANGE**
**(iii) Change in promoters' shareholding**

S.No	Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	<b>R. JAGADEESAN</b>				
	At the beginning of the year	2791195	48.43	2791195	48.434
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus / sweat equity etc.,)	02/04/2014 -880 Shares	0.015	2792075	48.449
		07/06/2014 -280000 Shares	4.859	3072075	53.308
	At the end of the year	3072075	53.308	3072075	53.308

**(IV). Shareholding pattern of Top Ten Shareholders**

S.No.	Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	<b>S.R.MURALI MANOHAR</b>				
	At the beginning of the year	860000	14.9234	860000	14.9234
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus / sweat equity etc..)	07/06/2014 SOLD-280000 SHARES	4.859	580000	10.0644
	At the end of the year (or on the date of separation, if separated during the year)	580000	10.0644	580000	10.0644

S.No.	Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
2	<b>RAJU BHANDARI</b>				
	At the beginning of the year	89414	1.5515	89414	1.5515
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus / sweat equity etc..)	0	0	0	0
	At the end of the year (or on the date of separation, if separated during the year)	89414	1.5515	89414	1.5515

S.No.	Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
3	<b>RAJU AJIT BHANDARI</b>				
	At the beginning of the year	27597	0.4788	27597	0.4788
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus / sweat equity etc..)	0	0	0	0
	At the end of the year (or on the date of separation, if separated during the year)	27597	0.4788	27597	0.4788

S.No.	G. Sundararaman	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
4	<b>For Each of the top 10 shareholders</b>				
	At the beginning of the year				
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus / sweat equity etc..)	24/01/2015 Purchase 21119	0.3664	21119	0.3664
	At the end of the year (or on the date of separation, if separated during the year)	21119	0.3664	21119	0.3664

S.No.	C.Ravindran	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
5	<b>For Each of the top 10 shareholders</b>				
	At the beginning of the year	2748	0.04768	2748	0.04768
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus / sweat equity etc..)	Purchase 29/10/2014-100 shares 19/03/2015 15608 shares	0.0017  0.2708	2848  18456	0.04938  0.3202
	At the end of the year (or on the date of separation, if separated during the year)	18456	0.3202	18456	0.3202

S.No.	Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
6	<b>FATHEEMA HUSSAINI BHARMAL</b>				
	At the beginning of the year	18100	03140	18100	0.3140
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus / sweat equity etc..)	0	0	0	0
	At the end of the year (or on the date of separation, if separated during the year)	18100	03140	18100	0.3140

S.No.	Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
7	<b>K. RAJENDRAN</b>				
	At the beginning of the year	17677	0.3067	17677	0.3067
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus / sweat equity etc..)	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	17677	0.3067	17677	0.3067

**(IV). Shareholding pattern of top ten shareholders**

S.No.	Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
8	<b>SUBODH RAJARAM MANJREKAR</b>				
	At the beginning of the year	15100	0.3140	15100	0.3140
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus / sweat equity etc..)	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	15100	0.3140	15100	0.3140

S.No.	Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
9	<b>M. ELANKANI</b>				
	At the beginning of the year	15000	0.2602	15000	0.2602
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus / sweat equity etc.,)	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	15000	0.2602	15000	0.2602

S.No.	Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
10	<b>Oriental Bank of Commerce</b>				
	At the beginning of the year	13800	0.2394	13800	0.2394
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus / sweat equity etc.,)	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	13800	0.2394	13800	0.2394

**V. Shareholding of Directors and Key Managerial Personnel:**

S.No.	Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
1	<b>R. JAGADEESAN</b> Managing Director				
	At the beginning of the year	2791195	48.43	2791195	48.43
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus / sweat equity etc.,)	02/04/2014-880 07/06/2014-280000	0.015 4.859	2792075 3072075	48.449 53.308
	At the end of the year	3072075	53.308	3072075	53.308

S.No.	Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
2	<b>MALATHI JAGADEESAN</b> Non-Executive Director				
	At the beginning of the year	424530	7.37	424530	7.37
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus / sweat equity etc.,)				
	At the end of the year	424530	7.37	424530	7.37

S.No.	Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
3	<b>M.PUGAZENDHI</b> Independent Director				
	At the beginning of the year	200	0.003	200	0.003
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus / sweat equity etc..)				
	At the end of the year	200	0.003	200	0.003

**VI. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Rs.in.Lacs

Particulars	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
Principal amount	200.00	0	0	200.00
Interest due but not paid	0	0	0	0
interest accrued but not due	0	0	0	0
Total (i+ii+iii)	200.00	0	0	200.00
<b>Change in Indebtedness during the financial year</b>				
Addition	550.00	0	0	550.00
Reduction	466.75	0	0	466.75
<b>Net change</b>	83.25	0	0	83.25
Indebtedness at the end of the financial year				
Principal amount	283.25	0	0	283.25
Interest due but not paid	0	0	0	0
interest accrued but not due	0	0	0	0
Total (i+ii+iii)	283.25	0	0	283.25

**VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director:**

S.No.	Particulars of Remuneration	Name of MD - R. JAGADEESAN				Total amount
1	Gross Salary					
	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs.125000	0	0	0	Rs.125000
	(b) Value of perquisites u/s 17(2) of the Income Tax act, 1961	-	No	-	-	-
	(C) profits in lieu of salary under section 17 (3) Income tax act, 1961	-	No	-	-	-
2	Stock option	-	No	-	-	-
3	Sweat equity	-	No	-	-	-
4	Commission as % of profit others, specify	-	No	-	-	-
5	Others, please specify	-	No	-	-	-
	Total (A)	Rs.125000	0	0	0	Rs.125000

**B. Remuneration to other director**

S.No.	PARTICULARS OF REMUNERATION	NAME OF DIRECTORS		TOTAL AMOUNT in Rs.
1	<b>Independent Director</b>	M.PUGAZENDHI	ASHOK P SHAH	
	Fee for attending board committee meetings	10000	9000	19000
	commission	0	0	0
	others, please specify	0	0	0
	<b>Total (1)</b>	10000	9000	19000
2	<b>Other Non – Executive Directors</b>	<b>MALATHI JAGADEESAN</b>		-
	Fee for attending board committee meetings	5000	0	5000
	commission	0	0	0
	others, please specify	0	0	0
	<b>Total (2)</b>	5000	0	5000
	<b>Total (B) = (1+2)</b>	15000	9000	24000
	<b>Total Managerial Remuneration</b>	15000	9000	24000

**C.REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD - NA**  
**VII . PENALTIES / PUNISHMENTS / COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of penalty/punishment/compounding/fees imposed	Authority (RD / NCLT/ Court)	Appeal made if any, give details
<b>A.COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	Sec.180 (1) (a) and 180 (1) (c)	**See note 1	-	Regional Director	-
<b>B.DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C.OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

**\*\*NOTE 1 – BRIEF DESCRIPTION OF COMPOUNDING OF OFFENCES FOR NON COMPLIANCE OF SEC.180 (1) (A) AND (1) (C)**

On and after 12.09.2014 and As per Section 180 (1) (c) of the Companies Act, 2013, the Board of the Directors of a Company shall exercise the borrowing Power only with the consent of company by way of passing special resolution. The Company has obtained Rs. 550.00 Lakhs from ICICI Home Finance Company Limited without obtaining members approval.

As per sec. 180 (1) (a) of the Companies Act, 2013, The company has to lease its property after obtaining the approval of members. But the Board has not done so.

The company has filed a petition u/s 621 A of the Companies Act, 1956 with the Regional Director, Southern Regional Bench, Chennai, Ministry of Corporate Affairs to compound the offences i.e violations as said above (Sec.180 (1) (a) & (C).

By Order of the Board of Directors

Salem  
15<sup>th</sup> July 2015

R. Jagadeesan  
Managing Director  
DIN 01153985

Malathi Jagadeesan  
Director  
DIN 00153952



## AUDITORS' REPORT

### TO THE MEMBER OF THAMBBI MODERN SPINNING MILLS LIMITED

We have audited the accompanying financial statements of **THAMBBI MODERN SPINNING MILLS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the 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 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.

### Auditors' 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 thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the Disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Aforesaid financial statements give the information required by the Act in the manner so Required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, its Loss and its cash flows for the year ended on that date.

### Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements of the Company, which describes the uncertainty related to the outcome of the law suit filed against the Company.

Note no 6.2 regarding non ascertainment of overdue amounts and non-provision of interest due if any, due to micro, small and medium enterprises.

## Report on Other Legal and Regulatory Requirements

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, 2015 Taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with sub-section 11 of Section 143 of the Companies Act, we give in the Annexure a statement on the matters specified in Paragraph 3 of the Companies (Auditors Report) Order 2015.
- (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 the impact of pending litigations on its financial position.  
Note no 10.4 in respect of demand of Rs 98.76 lakhs raised by assistant commissioner of income tax and pending before ITAT
  - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. As per the information and explanation furnished to us, there is no amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.

Place : Salem

Date : 28.05.2015

For Sankaran& Krishnan  
Chartered Accountants  
FRN 003582S

M.Balachandran  
(Partner)  
(Membership No. 016271)

## Annexure to the Auditors' Report

The Annexure referred to in our report to the members of THAMBBI MODERN SPINNING MILLS LTD for the year Ended on 31st March 2015. We report that:

- | S.No. | Particulars  |
|-------|--|
| (i)   | (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.<br>(b) The management has physically verified the fixed assets of the company during the year. No material discrepancies were noticed on such verification. |
| (ii)  | Since the company does not have any inventory at the end of the year, the clause ii(a)(b)and(c) are not applicable.  |

- (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act.
- (iv) In our opinion and according to the information and explanation given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the company do not involve purchase of inventory and sale of goods. During the course of our audit, we have not observed a continuing failure to correct major weaknesses in Internal Control System.
- (v) According to the information and explanation given to us, the Company has not accepted any deposits from the Public.
- (vi) According to the information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under Sub- section 1 of Section 148 of the Companies Act, 2013.
- (vii) (a) The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities to the extent applicable and there are no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.  
b) According to the information and explanation given to us and as per the records of the Company examined by us, the disclosed amount are not paid on account of pending dispute
  - 1) Entry tax on purchase of car amounting to Rs 4.65 lakhs pending before the high court of Chennai.
  - 2) Sales tax dues amounting to Rs 7.12 lakhs pending before sales tax tribunal.
  - 3) Income tax due of Rs 98.76 lakhs for AY 2011-12 which is contested and pending before CIT (Appeals).(c) as per the information and explanation furnished to us, there is no amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.
- (viii) The Company has accumulated losses at the end of the Financial Year and it has incurred cash losses in the Financial Year and in the immediately preceding Financial Year.
- (ix) The company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- (x) The company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.
- (xi) The Company has availed term loan during the Financial Year and applied the same for the purpose for which the loans were obtained.
- (xii) During the course of our examination of books of account and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have not come across any fraud on or by the company, noticed or reported during the year, nor have been informed of such case by the management.

for Sankaran & Krishnan  
Chartered Accountants  
FRN 003582S

M.Balachandran  
Partner

Membership number: 016271

Place : Salem  
Date : 28.05.2015

**Balance Sheet as at 31<sup>st</sup> March 2015****(Rupees in Lakhs)**

Particulars	Note No.	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>I. EQUITY AND LIABILITIES</b>			
(1) Shareholders' funds			
(a) Share capital	1	576.28	576.28
(b) Reserves and surplus	2	746.95	838.47
		<b>1323.23</b>	<b>1414.75</b>
(2) Non-current liabilities			
(a) Long-term borrowings	3	253.08	0.00
(b) Other Long term liabilities	4	140.93	97.24
		<b>394.01</b>	<b>97.24</b>
(3) Current liabilities			
(a) Short Term Borrowings	5	0.00	200.00
(a) Trade Payables	6	75.55	90.27
(b) Other current liabilities	7	21.04	36.87
(c) Short-term provisions	8	0.00	0.00
		<b>96.59</b>	<b>327.14</b>
<b>TOTAL</b>		<b>1813.83</b>	<b>1839.13</b>
<b>II. ASSETS</b>			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	327.66	357.30
(b) Deferred tax assets (net)	10	1015.97	1015.97
		<b>1343.63</b>	<b>1373.27</b>
(2) Current assets			
(a) Inventories	11	0.00	21.23
(b) Trade receivables	12	285.84	288.98
(c) Cash and cash equivalents	13	15.50	35.46
(d) Short-term loans and advances	14	168.86	120.19
		<b>470.20</b>	<b>465.86</b>
<b>TOTAL</b>		<b>1813.83</b>	<b>1839.13</b>

See accompanying notes to the financial statements per our report of even date

For Sankaran & Krishnan,  
Chartered Accountants,  
Firm Registration No:003582S

M. Balachandran.  
Partner  
Membership No:16271  
Salem  
28th May 2015

For and on behalf of the Board,

R. Jagadeesan  
Managing Director  
DIN 01153985  
Malathi Jagadeesan  
Director  
DIN 00153952

**Statement of Profit and loss for the year ended March 2015 (Rupees in Lakhs)**

Particulars	Note No.	31st March 2015	31st March 2014
I. Revenue from operations	15	246.26	131.93
II. Other income	16	1.74	216.25
III. Total Revenue	(A)	<b>248.00</b>	<b>348.18</b>
IV. Expenses:			
Cost of materials consumed	17	84.09	13.68
Changes in inventories of finished goods		13.09	22.08
Employee benefits expenses	18	33.50	115.58
Finance costs	19	43.49	24.58
Depreciation		40.33	76.78
Other expenses	20	135.83	314.38
Total expenses	(B)	<b>350.33</b>	<b>567.08</b>
V. Profit before exceptional and extraordinary items and tax	(A-B)	<b>-102.33</b>	<b>-218.90</b>
VI. Previous Year Adjustments		11.26	11.79
VII. Profit before tax		-91.07	-207.11
VIII Tax expense:			
(1) Deferred Tax Asset		-----	-----
(2) Income Tax Paid		-----	-----
IX Profit (Loss) for the period from continuing operations		<b>-91.07</b>	<b>-207.11</b>
X Earnings per equity share:			
(1) Basic	Rs.	-1.78	-3.79
(2) Diluted	Rs.	-1.78	-3.79

See accompanying notes to the financial statements per our report of even date

For Sankaran & Krishnan,  
Chartered Accountants,  
Firm Registration No:003582S

M. Balachandran.  
Partner  
Membership No:16271  
Salem  
28th May 2015

For and on behalf of the Board,

R. Jagadeesan  
Managing Director  
DIN 01153985  
Malathi Jagadeesan  
Director  
DIN 00153952

**SIGNIFICANT ACCOUNTING POLICIES**

## a) General

The accounts have been prepared under historical cost convention and conform to the statutory provisions and prevailing practices.

## b) Fixed Assets

Expenditure, which results in the creation of new independent assets with an economic life of a sizeable period and considering the nature of the assets is capitalized. Fixed assets are depreciated on Straight Line Method (SLM) by taking useful life of assets prescribed under Schedule II of the Companies Act 2013.

## C) Employee Benefits

The company does not have any manufacturing /commercial activity .Hence there are no permanent workers / employees at the end of the year. Accordingly there are no liabilities regarding Bonus, Gratuity and Leave Encashment.

Note No.	Notes on Financial Statement	(Rs. In. Lakhs)	
		31.03.2015	31.03.2014
<b>1</b>	<b>Share Capital</b>		
(a)	the number and amount of shares authorized; No. of Shares Rs.	<b>1,40,00,000</b> <b>140,000,000</b>	1,40,00,000 140,000,000
(b)	the number of shares issued, subscribed and fully paid, and subscribed but not fully paid; No. of Shares Rs.	<b>5762770</b> <b>576.28</b>	5762770 576.28
(c)	par value per share;	<b>10</b>	10
(d)	a reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period;	<b>Nil</b>	Nil
(e)	shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held;		
	R.Jagadeesan	<b>3072075</b>	2791195
	Malathi Jagadeesan	<b>424530</b>	424530
	Salem Ramamurthy Murali Manohar	<b>580000</b>	860000
(f)	shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment, including the terms and amounts;	<b>Nil</b>	Nil
(g)	For the period of five years immediately preceding the date as at which the Balance Sheet is prepared:	<b>Nil</b>	Nil
	Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash.	<b>Nil</b>	Nil
	Aggregate number and class of shares allotted as fully paid up by way of bonus shares.	<b>Nil</b>	Nil
	Aggregate number and class of shares bought back.	<b>Nil</b>	Nil
(h)	Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date.	<b>Nil</b>	Nil
(i)	Calls unpaid (showing aggregate value of calls unpaid by directors and officers)	<b>Nil</b>	Nil
(j)	Forfeited shares (amount originally paid up)	<b>Nil</b>	Nil
<b>2</b>	<b>Reserves and Surplus</b>		
(a)	Capital Reserves ;		
	As per Last Balance Sheet	<b>3495.62</b>	3011.26
	Add/Less:Profit /Loss for the year	<b>0.00</b>	484.36
	Balance as at the end of the year	<b>3495.62</b>	3495.62
(b)	Investment Allowance Utilisation Reserve	<b>71.39</b>	71.39
(c)	Share Premium Account	<b>745.79</b>	745.79
(d)	General Reserve	<b>516.73</b>	516.73
	Add/Less:Adjustments of Depreciation (Refer Notes under Sch.No.9)	<b>0.45</b>	0.00
	Balance as at the end of the year	<b>516.28</b>	516.73
(e)	Surplus in Profit and Loss Account		
	As per Last Balance Sheet	<b>-3991.06</b>	-3783.95
	Add/Less:Profit /Loss for the year	<b>-91.07</b>	-207.11
	Balance as at the end of the year	<b>-4082.13</b>	-3991.06
		<b>746.95</b>	838.47

Note No.	Notes on Financial Statement	(Rs. In. Lakhs)	
		31.03.2015	31.03.2014
<b>3</b>	<b>Long-Term Borrowings</b> <b>Secured</b> (a) Term loans from ICICI Bank Limited.,Salem ICICI Term Loan-I ICICI Term Loan-II  Term Loan I from ICICI is secured by simple mortgage of land and building of Unit-II and repayable with interest @13% in 56 EMIs and Term Loan-II is secured by the Title Deeds of Land and Building of Unit-I and Lease Rental Agreements repayable in 103 EMIs.		
		<b>50.32</b>	0.00
		<b>202.76</b>	0.00
		<b>253.08</b>	0.00
<b>4</b>	<b>Other Long Term Liabilities</b> <b>Unsecured</b> From Directors Rental Advances		
		<b>0.69</b>	30.33
		<b>140.24</b>	66.91
		<b>140.93</b>	97.24
<b>5</b>	<b>Short Term Borrowings</b> Others		
		<b>0.00</b>	200.00
		<b>0.00</b>	200.00
<b>6</b>	<b>Current Liabilities</b> (a) Trade payables (b) Term Loan from ICICI Bank (Repayable within 1 year)  6.1. Sundry Creditors includes the following amounts due to SSI units exceeding Rs. 1 lakh for more than 30 days, but within the agreed terms: i. Gowri Tex Cones, Namakkal Rs.1,48,640/- ii. Sree Mahalakshmi Paper Cones,Gopi Rs.1,00,151/- 6.2 The company has not identified the amount due to Micro,Small & Medium Enterprises (as defined in the Micro Small & Medium Enterprises Development Act 2006) as on 31.03.2015.Hence the company has not ascertained the overdue amount due to Micro ,Small & Medium Enterprises as on that date. Further, the company has also not made provision in the accounts towards the interest on such overdue amounts to Micro,Small & Medium Enterprises. 6.3. The Company had filed a writ petition challenging the BPSC on Electricity tax demanded by TANGEDCO,before the honourable High Court of Madras which has given a ruling in favour of the company directing the electricity authorities to refund an amount of Rs.23.63 lakhs.However the refund is yet to be received pending decision from the higher authorities of TANGEDCO		
		<b>45.38</b>	90.27
		<b>30.17</b>	0.00
		<b>75.55</b>	90.27
<b>7</b>	<b>Other current liabilities</b>	<b>21.04</b>	36.87
<b>8</b>	<b>Short-term provisions</b> Provision for employee benefits.	<b>0.00</b>	0.00
<b>10</b>	<b>Deferred Tax Asset</b> 10.1. Deferred Tax Assets has not been recognised on losses/unabsorbed depreciation as envisaged in AS 22 issued by ICAI in view of virtual uncertainty that there will not be sufficient future taxable income available to realise such assets. 10.2. Provision for Taxation is not considered necessary both under provisions of Section 115JB and conventional method, in view of the brought forward book depreciation as well as losses under Income Tax Act, 1961 available for set off. 10.3. Income tax assessment u/s.143 (i)(a) has been received for assessment year 2013-2014.	<b>1015.97</b>	1015.97

Note No.	Notes on Financial Statement	(Rs. In. Lakhs)	
		31.03.2015	31.03.2014
	10.4. The Assistant Commissioner of Income Tax passed an order u/s.143 (3) for A.Y 2011-12 and raised a demand of Rs.98.76 lakhs including interest which was confirmed by CIT (A) by his order dt 21.01.2014. Which has been confirmed by CIT (A) vide order dt 24.03.2015 .Since the company has filed as appeal before ITAT and confident of winning in appeal ,no provision has been made for the demand.		
<b>11</b>	<b>Inventories</b>		
	(a) Raw materials - (At Cost)	<b>0.00</b>	0.00
	(b) Work-in-progress - (At Cost)	<b>0.00</b>	8.14
	(c) Finished goods - (At lower of cost or net realisable value)	<b>0.00</b>	13.09
	(d) Stores and spares - (At Cost)	<b>0.00</b>	0.00
		<b>0.00</b>	21.23
<b>12</b>	<b>Trade Receivables</b>		
	(a) Out Standing for a period exceeding six months from the date they are due for payment Unsecured, Considered Good (A)	<b>0.00</b>	0.00
	(b) Other Recivables (Unsecured, Considered Good) (B)	<b>285.84</b>	288.98
	Total (A+B)	<b>285.84</b>	288.98
<b>13</b>	<b>Cash and cash equivalents</b>		
	(a) Balances with banks in current a/c	<b>1.57</b>	9.67
	(b) Cash on hand;	<b>3.96</b>	0.82
	(c) Fixed Deposits in Banks	<b>9.97</b>	24.97
		<b>15.50</b>	35.46
	(Fixed Depoits includes Deposit of Rs.9.97 lakhs under lien to Union Bank of India for the guarantee to DGFT.)		
<b>14</b>	<b>Short-term loans and advances</b>		
	(a) Loans and advances to related parties:		
	Advances Recoverable in cash or in kind for value to be received	<b>1.35</b>	1.35
	Deposits with Government Departments	<b>12.54</b>	15.87
	Prepaid Expenses	<b>0.21</b>	0.51
	Tax Deducted at Source	<b>31.33</b>	25.36
	Advance Tax Paid **	<b>23.56</b>	0.00
	(b) Others	<b>99.87</b>	77.10
		<b>168.86</b>	120.19

\*\* Advance Tax Paid represents Rs.15 Lakhs paid under protest against the demand for A.Y 2011-12 and Rs.8.56 lakhs adjusted by the department against the refund due for the A.Y 2013-14.

See accompanying notes to the financial statements per our report of even date

For Sankaran & Krishnan,  
Chartered Accountants,  
Firm Registration No:003582S

M. Balachandran.  
Partner  
Membership No:16271  
Salem  
28th May 2015

For and on behalf of the Board,

R. Jagadeesan  
Managing Director  
DIN 01153985  
Malathi Jagadeesan  
Director  
DIN 00153952



9. Tangible Assets		(Rs. In. Lakhs)						
		COST			DEPRECIATION			WRITTEN DOWN VALUE
DESCRIPTION OF ASSETS	AS ON 31.03.2014	ADDITIONS (DEDUCTIONS)	AS ON 31.03.2015	AS ON 31.03.2014	ADDITIONS (DEDUCTIONS)	AS ON 31.03.2015	AS ON 31.03.2015	AS ON 31.03.2014
Land	28.05	0.00	28.05	0.00	0.00	0.00	28.05	28.05
Buildings	644.12	38.62	682.74	372.00	25.90	397.90	284.84	272.12
Machinery-General	311.69	-311.69	0.00	284.36	0.58	0.00	0.00	27.33
					-284.94			
Machinery-Electricals	13.11	-13.11	0.00	12.27	0.10	0.00	0.00	0.84
Generator Sets	3.02	0.00	3.02	4.97	-12.37	5.03	-2.01	-1.95
Vehicles	52.42	0.00	52.42	22.43	13.69	36.12	16.30	29.99
Furniture & Fixtures	1.16	0.00	1.16	1.12	0.00	1.12	0.04	0.14
Office Equipments	2.03	0.00	2.03	1.59	0.00	1.59	0.44	0.78
<b>Total</b>	<b>1055.60</b>	<b>38.62</b>	<b>769.42</b>	<b>698.74</b>	<b>40.33</b>	<b>441.76</b>	<b>327.66</b>	<b>357.30</b>
		-324.80			-297.31			
<b>PREVIOUS YEAR</b>	<b>1812.52</b>	<b>-756.92</b>	<b>1055.60</b>	<b>1087.24</b>	<b>-388.94</b>	<b>698.30</b>	<b>357.30</b>	<b>725.28</b>

Note No.	Notes on Financial Statement	(Rs. In. Lakhs)	
		31.03.2015	31.03.2014
15	<b>Revenue from Operations</b>		
	(a) sale of products - Yarn	105.15	43.76
	(b) other operating revenues -Rent Receipts	141.11	88.17
		246.26	131.93
	Less:		
	(c) Excise duty & Sales Tax	0.00	0.00
		246.26	131.93
	VARIATION IN STOCK - FINISHED GOODS		
	Opening Stock	13.09	35.17
	Closing Stock	0.00	13.09
Variation in stock	13.09	22.08	
16	<b>Other income</b>		
	(a) Interest Income	1.74	8.04
	(b) Other non-operating income-Conversion Charges Recd	0.00	208.21
	1.74	216.25	
17	<b>(ii) (a) Cost of Materials consumed :-</b>		
	(1) Raw materials :		
	Opening Stock		
	Cotton & Useable Waste	0.00	0.00
	Cotton in Process	8.14	18.93
		8.14	18.93
	Add : Purchase of Yarn	75.95	2.89
		84.09	21.82
	Less : Closing Stock		
	Cotton & Useable Waste	0.00	0.00
Cotton in Process	0.00	8.14	
	0.00	8.14	
Raw Material Consumed	84.09	13.68	
18	<b>Employee Benefits</b>		
	(i) salaries and wages,	24.87	109.38
	(ii) contribution to provident and other funds,	7.74	1.74
	(iii) staff welfare expenses	0.89	4.46
		33.50	115.58
18.1. Depreciation	40.33	76.78	
19	<b>Finance Costs</b>		
	Interest expenses	43.49	24.58
	43.49	24.58	

Note No.	Notes on Financial Statement	(Rs. In. Lakhs)	
		31.03.2015	31.03.2014
<b>20</b>	<b>Other Expenses</b>		
	<b>Manufacturing Expenses:</b>		
	(c) Repairs to buildings.	<b>84.86</b>	14.91
	(d) Repairs to machinery.	<b>0.00</b>	17.84
	<b>Administrative Expenses</b>		
	(a) Insurance	<b>0.89</b>	1.08
	(b) Rates and taxes, excluding, taxes on income.	<b>7.45</b>	2.33
	(c) Miscellaneous expenses,	<b>17.36</b>	21.05
	(d) Loss on sale of Machinery	<b>15.89</b>	142.18
	(e) Audit fees & others	<b>7.09</b>	4.59
	Payment to Auditors	31.03.2015	31.03.2014
	(a) As Auditor - Statutory Audit	0.42	0.42
	(b) For Taxation Matters	0.09	0.09
		<b>135.83</b>	314.38
<b>21</b>	<b>OTHER NOTES</b>		
	Segment Information		
		Trading Yarn	Rental Service
	Segmental Assets	561.03	236.83
	Segmental Liabilities	811.30	426.25
	Segmental Revenue	106.89	141.11
	Segmental Expenses	264.23	86.10
	Surplus /Defecit	- 157.34	55.01
<b>22</b>	<b>Related Party Disclosures</b>		
	I. List of related parties with whom no transactions have taken place; M/S.Sunrise Jewellers P Ltd.,Chennai		
	II. List of related parties with whom transaction has taken place :		
	a) Transaction with key management personnel:		
	i. Mr.R.Jagadeesan-Managing Director Remuneration Rs.15,00,000/-		
	b) Transaction with relative of key management personnel:		
	i. Mr.R.Jagadeesan & Mrs.Malathi Jagadeesan-Fixed Deposit outstanding Rs.69,194/-		
<b>23</b>	<b>CONTINGENT LIABILITES ON ACCOUNT OF</b>		
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for ( after adjusting advances made thereof)	<b>0.00</b>	221.79
	(b) Claims against the company which are contested/proposed to be contested before various juducial forums are given as under:		
	(i) The Cotton Corporation of India Limited.,Coimbatore	<b>62.59</b>	62.59
	(ii) Sales Tax	<b>13.37</b>	11.43
	(iii) Income Tax Department	<b>98.76</b>	98.76
	(c) On account of Bank Guarntee issued by UBI favouring to DGFT	<b>9.97</b>	9.97
<b>24</b>	Previous year figures have been re-worked, re grouped, re-arranged wherever considered necessary.		

Note No.	Notes on Financial Statement	31.03.2015	31.03.2014
25	<b>Quantity Particulars</b>	<b>Kgs.</b>	<b>Kgs.</b>
	<b>Raw Materials</b>		
	Opening Stock		
	Cotton and Usable Waste	0	0
	Cotton in process	9338	9338
	Purchases	0	0
	Closing Stock:-		
	Cotton and Usable Waste	0	0
	Cotton in Process	0	9338
	Consumption – Cotton	9338	0
	<b>Finished Goods – (YARN)</b>		
	Opening Stock	2908	30581
	Own Production	0	0
	From outside job Work	7732	0
	Purchases	34800	0
	Sales	45440	27673
	Closing Stock	0	2908
	Yarn on conversion basis -Production	0	302429
	Stock as on 31.03.2015	0	0
	<b>Information on imports and consumption</b>		
	Consumption of Cotton		
	Imported (Rs. in lakhs)	--	--
		--	--
	Indigenous (Rs. in lakhs)	0.00	13.68
		<b>100%</b>	<b>100%</b>

By Order of the Board of Directors

Salem  
28<sup>th</sup> May 2015

R. Jagadeesan  
Managing Director  
DIN 01153985

Malathi Jagadeesan  
Director  
DIN 00153952

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2015**

	31st March 2015 Rs. in lacs (12 months)		31st March 2014 Rs. in lacs (12 months)	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit/Loss before tax and extra-ordinary items		-102.33		-203.04
Adjustments for-				
Depreciation	40.33		76.78	
Preliminary expenses	0.00		0.00	
Interest and other income	-1.74		-96.21	
Provision for tax & prior year adjustments	11.26		11.79	
		49.85		-7.64
Operating profit before working capital		-52.48		-210.68
Adjustments for-				
Trade and other receivables	3.14		16.93	
Inventories	21.23		36.29	
Interest on Working capital & Term loan	32.26		0.00	
Trade payable	-14.72		-304.07	
		41.91		-250.85
<b>CASH GENERATED FROM OPERATING ACTIVITIES</b>		-10.57		-461.53
Interest on working capital	0.00		-15.86	
Loans & Advances	-48.67		-14.57	
		-48.67		-30.43
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>		-59.24		-491.96
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Proceeds from Fixed Assets	10.69		0.00	
Interest and other income received	1.74		96.21	
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>		12.43		96.21
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from borrowing	66.22		586.57	
Reserves & Surplus	-7.11		-405.72	
Interest on term borrowing	-32.26		0.00	
<b>NET CASH IN FINANCE ACTIVITIES (C)</b>		26.85		180.85
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS A+B-C</b>		-19.96		-214.90
CASH & CASH EQUIVALENT AS AT 31.03.2014(Opening balance)		35.46		250.36
CASH & CASH EQUIVALENT AS AT 31.03.2015(Closing balance)		15.50		35.46
<i>Note:</i>				
Net Profit Before Tax	-102.33		-218.90	
add: Interest on Working Capital	0.00		15.86	
Net (Loss) / Profit Before Tax and Extra-Ordinary Items		-102.33		-203.04

For Sankaran & Krishnan,  
Chartered Accountants,  
Firm Registration No:003582S

M. Balachandran  
Partner  
Membership No:16271  
Salem  
28th May 2015

For and on behalf of the Board,

R. Jagadeesan  
Managing Director.  
DIN 01153985

Malathi Jagadeesan  
Director.  
DIN 00153952

**Balance sheet Abstract and Company's General Business Profile**

Additional information under part IV to schedule VI of the Companies Act, 1956

**I. REGISTRATION DETAILS**

Registration Number   State Code

Balance Sheet as at   
DDMM Y Y Y Y

**II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)**

Public issue  Right issue   
Bonus issue  Private Placement

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)**

TOTAL LIABILITIES  Total Assets

**SOURCES OF FUNDS**

Paid up capital  Reserves & Surplus   
Secured Loans  Unsecured Loans

**APPLICATION OF FUNDS**

Net Fixed Assets  Deferred Tax Asset   
Net Current Assets  Misc. expenditure

**IV. PERFORMANCE OF THE COMPANY (Amount in Rs Thousands)**

Turnover  Total Expenditure   
(including other income)  
Loss before tax (-)  Loss after tax (-)   
Earnings per share (-) (in Rs)  Divided Rate %

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (as per monetary terms)**

Item code number   
Product Description