

THANJAVUR SPINNING MILL LIMITED



FIFTY SECOND ANNUAL REPORT AND ACCOUNTS

2013 - 2014



SHRI. K. TIRUVENGADA MUDALIAR
Founder



SHRI P.A.C. RAMASAMY RAJA



THANJAVUR SPINNING MILL LIMITED

BOARD OF DIRECTORS :

Shri P.R. RAMASUBRAHMANEYA RAJHA, B.Sc.
Chairman

Dr. K.T. KRISHNAN, M.D., Managing Director

Shri K.T. RAMACHANDRAN

Shri P.R. VENKETRAMA RAJA

Shri S. KANTHIMATHINATHAN

Shri S. KRISHNASWAMY KAMAYA NAICKER

Shri R. SIVASUBRAMANIAN

BANKERS

AXIS BANK LTD.

CANARA BANK

INDIAN BANK

KARUR VYSYA BANK LTD.

TAMILNAD MERCANTILE BANK LTD.

REGISTERED OFFICE :

“Rajapalayam Mills Premises”,
P.A.C. Ramasamy Raja Salai,
RAJAPALAYAM - 626 117,
Tamil Nadu.
Corporate Identification Number :
L17111TN1961PLC004505
Phone : 04563-235666
Fax : 04563-236520
E-mail : tsml@ramcotex.com
Website:www.thanjavurspinningmill.co.in

FACTORY :

Vallam One Road,
Thanjavur - 613 005.

AUDITORS :

M/s. N.A. JAYARAMAN & CO.,
Chartered Accountants,
9, Cedar Wood, No. 11, 4th Main Road,
Raja Annamalaipuram,
Chennai - 600 028.

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THANJAVUR SPINNING MILL LIMITED

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 52nd Annual General Meeting of the Company will be held at 11.30 A.M. on Monday, the 4th August, 2014 at P.A.C. Ramasamy Raja Centenary Community Hall, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Statement of Profit and Loss for the year ended 31st March, 2014 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. a) To appoint a Director in the place of Shri. P.R. Venketrama Raja who retires by rotation and is eligible for re-appointment.
b) To appoint a Director in the place of Shri. R. Sivasubramanian, who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors and, if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED that Shri. R. Palaniappan, Prop., M/s. N.A.Jayaraman & Co., Chartered Accountants be and are hereby appointed as Auditors of the Company to hold Office from the conclusion of this Meeting till the conclusion of the 55th Annual General Meeting.

RESOLVED FURTHER that Auditors shall be paid for the financial year 2014-2015 a remuneration of Rs.75,000/- (Rupees Seventy Five Thousand only) per year, exclusive of out-of-pocket expenses and for the financial years 2015-2016 and 2016-2017, the Board of Directors are authorised to fix the remuneration based on the recommendation of the Audit Committee".

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION:
"RESOLVED that pursuant to Section 149, 152 and such other provisions as applicable, of the Companies Act, 2013 and the Rules thereunder, Shri. S.Kanthimathinathan (DIN 01124581), Director of the Company who has been appointed as Additional Director and holds office until this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a Member, proposing his candidature for the office of Director is be and hereby appointed as a Director of the Company liable to retire by rotation."
5. To consider and, if thought fit, to pass with or without modification, the following Resolution as SPECIAL RESOLUTION:

"RESOLVED that subject to the approval of the Financial Institutions/Banks, in supersession of the resolution passed at the Annual General Meeting held on 04th August 2010 and pursuant to Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of money which together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, provided that the maximum amount of moneys so outstanding, shall not at any time exceed Rs.250 Crores (Rupees Two hundred and Fifty crores only)."

By order of the Board,
For THANJAVUR SPINNING MILL LIMITED,

P.R. RAMASUBRAHMANEYA RAJHA,
CHAIRMAN

RAJAPALAYAM,
25-05-2014.

THANJAVUR SPINNING MILL LIMITED

NOTE :

1. Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts related to each item of Special Business is annexed hereto;
2. A member entitled to attend at the meeting is entitled to appoint a Proxy to attend instead of himself and the Proxy need not be a Member of the Company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. Proxy Form is enclosed. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of the companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable;
3. The Register of Member and Share Transfer Register of the Company will be closed from 30.07.2014 to 04.08.2014 (both days inclusive).
4. Under the provisions of Section 124 (5) of the Companies Act, 2013 dividends remaining unpaid for a period of over 7 years will be transferred to the Investor Education & Protection Fund of the Central Government. Thereafter no claim shall lie against the Fund or the Company and no payment will be made in respect of any such claims. Hence, the members who have not claimed their dividend relating to the year 2006-2007 and 2007-2008 may write to the Company for claiming the amount before it is so transferred to the fund. The details of due dates for transfer of such unclaimed dividend to the said fund are:

FINANCIAL YEAR ENDED	DATE OF DECLARATION OF DIVIDEND	LAST DATE FOR CLAIMING UNPAID DIVIDEND	DUE DATE FOR TRANSFER TO IEP FUND
31.03.2007	25.07.2007	24.07.2014	22.08.2014
31.03.2008	06.08.2008	05.08.2015	03.09.2015

5. Electronic copy of the Notice for the Annual General Meeting and the Annual Report for 2013-14 are being sent to all the members whose E-Mail IDs are registered with the Company / Depository Participant(s). Physical copy of the Notice together with the Annual Report are being sent in permitted mode, to members for whom the E-Mail IDs are not available and who have requested for physical copies. The Notice and the Annual Report are also available on the Company's Website - www.thanjavurspinningmill.co.in for their download.
6. Under Rule 18 of Companies (Management and Administration) Rules, 2014, Members, who have not got their E-Mail IDs recorded are requested to register their E-Mail address and changes therein with the Company in respect of physical shares and with Depository Participants in respect of dematerialised shares.
7. Voting through electronic means
 - I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing members facility to exercise their right to vote at the 52nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL) :

The instructions for e-voting are as under:

 - A. In case a Member receives an email [for members whose email IDs are registered with the Company/ Depository Participants(s)]:
 - (i) Log on to the e-voting website www.evotingindia.com
 - (ii) Click on "Shareholders" tab.
 - (iii) Now, select the "THANJAVUR SPINNING MILL LIMITED" from the drop down menu and click on "SUBMIT"
 - (iv) Now Enter your User ID

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

For Members holding shares in Demat Form and Physical Form

PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • 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 (<i>Sl. No. mentioned in your address label can be used as Sequence No. for this purpose</i>) then enter RA00000001 in the PAN field.
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant to Thanjavur Spinning Mill Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

THANJAVUR SPINNING MILL LIMITED

- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- B. In case of members receiving the physical copy:
- In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company / Depository Participants(s) or have requested for physical copy]
- Please follow all steps from Sl. No. (i) to Sl. No. (xvii) above to cast vote.
- II. The voting period begins on 28.07.2014 (9.00 am) and ends on 30.07.2014 (6.00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 30.06.2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- III. 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.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
- IV. If you are already registered with CDSL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- V. Shri. R. Palaniappan, (Membership No. : 205112), Proprietor, M/s. N.A. Jayaraman & Co, Chartered Accountants has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VI. The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- VII. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.thanjavurspinningmill.co.in and on the website of CDSL within two days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchange.

RAJAPALAYAM,
25-05-2014.

By order of the Board,
For THANJAVUR SPINNING MILL LIMITED,
P.R. RAMASUBRAHMANEYA RAJHA,
CHAIRMAN

THANJAVUR SPINNING MILL LIMITED

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM No. 4

Shri S.Kanthimathinathan, aged 71 years, was appointed as an Additional Director by the Board of Directors of the Company on 04.09.2013. He holds office till the date of the Annual General Meeting. Under Section 160 of the Companies Act, 2013 a notice in writing has been received from a Member signifying his intention to propose the appointment of Shri S. Kanthimathinathan as a Director at the Annual General Meeting.

Shri S.Kanthimathinathan is the President of M/s. Rajapalayam Mills Ltd. He is having specialized knowledge and rich experience in Textile Industry.

He is presently a Director in the following Companies:

1. The Ramaraju Surgical Cotton Mills Limited
2. Sandhya Spinning Mill Limited
3. Sri Harini Textiles Limited
4. Sri Vishnu Shankar Mill Limited
5. Rajapalayam Textiles Limited

None of the Directors is deemed to be interested in the resolution.

ITEM No. 5

The Members of the Company at the Annual General Meeting held on 04-08-2010 have passed an Ordinary Resolution, permitting the Company to borrow such that the maximum outstanding amount shall not, at any time exceed Rs.250 crores, under Section 293(1)(d) of the Companies Act, 1956.

As per Circular No:4/2014 dated 25-3-2014, issued by Ministry of Corporate Affairs, the validity of the resolution is restricted upto 11-09-2014.

Under Section 180(1)(c) of the Companies Act, 2013, the Board of Directors are entitled to borrow in excess of the Company's Paid-up Capital and Free Reserves, with the consent of the Members by way of Special Resolution. Accordingly, approval is sought from Members by way of Special Resolution to authorise the Board of Directors to borrow such that the maximum outstanding, shall not at any time exceed Rs.250 crores.

As provided under Section 180(1)(c) of the Companies Act, 2013, the limit is exclusive of loans repayable on demand or within six months from the date of the loan such as short term, cash credit, discounting of bills and other short term loans of seasonal character.

Your Directors recommend the resolution for your approval.

None of the Directors, Key Managerial Personnel or their relatives are deemed to be interested in this Resolution.

By order of the Board,
For THANJAVUR SPINNING MILL LIMITED,

P.R. RAMASUBRAHMANEYA RAJHA,
CHAIRMAN

RAJAPALAYAM,
25-05-2014.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors wish to present the 52nd Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2014.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2014 after charging all expenses but before deducting interest and depreciation have resulted in operating profit of Rs. 1,967.55 Lakhs as against operating profit of Rs. 2,150.81 Lakhs for the previous year ended 31st March, 2013.

After deducting Rs. 1,679.33 Lakhs towards finance cost, providing Rs. 719.08 Lakhs towards Depreciation, the loss for the year is Rs. 430.86 Lakhs. After taking into account Rs. 136 Lakhs towards Deferred Tax Asset, the Net Loss for the year is Rs 294.86 Lakhs (Previous Year: Net Loss of Rs. 117.95 Lakhs).

DIVIDEND

In view of loss incurred by the Company, your Directors are unable to recommend any dividend for the current year.

TAXATION

The Company is not liable to pay income tax under both regular method and Minimum Alternate Tax. An amount of Rs. 136 Lakhs towards Deferred Tax Asset is considered, which is in accordance with the Accounting Standards.

TRADE CONDITIONS

The power cut in Tamilnadu is still continuing. Timely decision taken by your Directors to install Windmills in previous years has helped the Company to mitigate the power short fall during peak wind season. During this year, there was an unusual restrictions imposed by the Tamilnadu Generation and Distribution Corporation (TANGEDCO) in evacuation of power generated by wind mills, which has resulted in loss in generation of power from wind mills to the extent of approximately 7 million units, which translated into Rs. 4 Crores in monetary terms.

Due to shut-down of wind mills by TANGEDCO, the Company was forced to purchase the power from power generating companies / run the DG sets, which are costly compared to wind mills. Due to this, the power cost during the year has gone up substantially.

EXPORTS

On the export front during the year, we have made export of Cotton Yarn including merchant export for a value of Rs. 4,020.09 Lakhs as against Rs. 2,066.16 Lakhs of the previous year.

PROSPECTS FOR THE CURRENT YEAR

The cotton prices are currently ruling high at uneconomical levels. Due to sluggish demand for yarn, the Spinning Mills are not able to increase the yarn prices in line with the increased cotton cost. While the costs of major inputs are increasing steeply, the yarn prices are falling due to sluggishness in both domestic and global yarn markets. There is no parity between cotton cost and yarn selling prices.

The Company is maintaining high standards of yarn quality, cost effective production and stringent waste control measures and focusing on more automation with a view to utilize the skilled manpower more efficiently. The Company is making all efforts to cope up with the current challenges through continuous cost reduction, imparting training to the employees at all levels, re-engineering of process and improved customer service to protect the profit margins. Your Directors are hopeful of achieving satisfactory results for the current year with the implementation of above steps.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

WIND MILL

The Company has wind mills with installed capacity of 9 MW for its captive power consumption. These wind mills are connected to the grids maintained by Tamil Nadu Generation and Distribution Corporation (TANGEDCO). These wind mills were permitted to run and generate power throughout the wind season until previous years. But during this year, TANGEDCO did not evacuate the power generated by wind mills and the wind mills were forced to shut down during peak wind season, ranging from eight to twenty hours resulting in heavy financial losses to the Company. Due to this, there was drastic reduction in the power generated by our wind farm, though there was good wind season during the year compared to previous year.

The wind farm has generated 141 Lakhs Kwh as compared to 196 Lakhs Kwh of the previous year. The income during the year from the Wind Mill Division was Rs. 8.13 Crores as against Rs. 11.30 Crores of previous year.

PERSONNEL

Industrial relations with employees remained cordial during the year. Human Resources Development activities received considerable focus. The emphasis was on imparting training and development of the skill-set of the employees to enable them to face the challenges in the work environment. The scarcity of skilled labour and heavy absenteeism in labour attendance are causing loss of production. We are striving our best to retain them by implementing attractive incentive schemes to labourers to achieve better attendance.

None of the employee is receiving remuneration more than Rs. 5,00,000/- per month. Hence disclosure under section 217(2A) of the Companies Act, 1956, is not applicable.

INTERNAL CONTROL SYSTEM

Your Company has adequate internal control procedures commensurate with the size and nature of its operations. The audit committee constituted by the Board of Directors is functioning effectively. All significant audit observations were discussed in the audit committee, which met four times during the year under review. ERP System developed by Ramco Systems Ltd., has been installed for online monitoring of all functions and management information reports are being used to have better control and to take decisions in time.

DIRECTORS

The following Directors retire by rotation at the ensuing Annual General Meeting and they are eligible for re-appointment.

1. Shri P.R. Venketrama Raja (DIN – 00331406)
2. Shri R.Sivasubramanian (DIN – 01759517)

The Board of Directors has appointed Shri.S.Kanthimathinathan (DIN – 01124581), as additional director w.e.f. 04/09/2013 and he will hold office till the date of the forthcoming AGM. A Notice has been received from a Member signifying his intention to propose the appointment of Shri. S.Kanthimathinathan at the AGM.

PUBLIC DEPOSITS

During the year, the Company has not accepted any fixed deposit. The total deposits from the public outstanding with the Company as on 31st March, 2014 was Nil.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

SHARES

The Company's shares are listed in Madras Stock Exchange Limited. The Company had paid listing fees to the Stock Exchange for the financial year 2014-15.

The Company's shares are available for dematerialization both in NSDL & CDSL (Company's ISIN No. INE715M01010). The Company has already appointed M/s. Cameo Corporate Services Limited, "Subramanian Building", No.1, Club house Road, Chennai- 600002 as Registrar of the Company for the Depository Services relating to both NSDL & CDSL and also for the Share Transfer Registry Services in respect of shares held in physical form.

In view of the advantages offered by the Depository System, the Members are requested to avail the facility of dematerialization of the shares held by them.

REFERENCE TO THE BIFR:

Subsequent to our reference to BIFR u/s 15 of the Sick Industrial Companies (Special Provisions) Act, 1985 before the Honourable Board for Industrial and Financial Reconstruction (BIFR), New Delhi, the bench has declared the Company as Sick u/s 3(1)(o) of SICA and appointed Indian Bank as the Operating Agency (OA) u/s 17(3) of the Act to prepare a rehabilitation scheme for the company, however the company is taking various steps to make the Net worth positive.

AUDITORS

Mr. R. Palaniappan Proprietor of M/s. N.A.Jayaraman & Co., Chartered Accountants, Chennai are the Auditors of the Company.

Under Section 139 of the Companies Act, 2013, a listed Company can appoint an Audit Firm as Auditor for a maximum of 2 terms of 5 consecutive years. However, they are eligible for reappointment after a period of 5 years from the completion of such term. Auditors have completed the maximum threshold limit of 10 consecutive years. However, a period of 3 years is given for compliance of the new requirement. Since a period of 3 years is available to continue with the existing auditors, it is proposed to appoint him for the remaining eligibility period of 3 years.

COST AUDITOR

The Government has approved the Company's proposal to appoint M/s. RKMS Associates, Cost Accountants, Madurai for audit of Company's cost accounts for the year ended 31-03-2014 on a remuneration of Rs.42,000/- exclusive of out-of-pocket expenses. As per Central Government's direction, cost audit will be done every year.

The Cost Audit Report for the financial year 2012-13 due to be filed with Ministry of Corporate Affairs by 27-09-2013, had been filed on 20-09-2013. The Cost Audit Report for the financial year 2013-14 is due to be filed within 180 days from the closure of the financial year and will be filed within the stipulated period.

Under Section 148 of the Companies Act, 2013, the Government is yet to notify the class of companies to which the Cost Audit is applicable. Based upon such notifications as and when issued, the Company will take steps for implementation.

CONSERVATION OF ENERGY, ETC.,

The Company continues to take keen interest in conservation of energy and the information required under Section 217(1) (e) of the Companies Act, 1956 read with the relevant Rules, with regard to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in Annexure I to this report.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors Confirm that -

- i) In the preparation of Annual Accounts for the year ended 31st March 2014, the applicable accounting standards had been followed;
- ii) The selected accounting policies were applied consistently and judgments and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the Company for that period.
- iii) Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act had been taken for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) The annual accounts were prepared on a going concern basis.
- v) Secretarial Compliance Certificate issued by a practicing Company Secretary u/s. 383 A of the Companies Act, 1956 is given in Annexure II to this report.

ACKNOWLEDGEMENT

The Directors are grateful to the various Departments and agencies of the Central and State Governments for their help and co-operation. They are thankful to the Financial Institutions and Banks for their continued help, assistance and guidance. The Directors wish to place on record their appreciation of employees at all levels for their commitment and their contribution.

On behalf of the Board of Directors,
For THANJAVUR SPINNING MILL LIMITED,

P.R. RAMASUBRAHMANEYA RAJHA,
CHAIRMAN

RAJAPALAYAM,
25-05-2014.

THANJAVUR SPINNING MILL LIMITED

ANNEXURE I TO DIRECTORS' REPORT

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY:

- | | | |
|---|---|---|
| (a) Energy conservation measures taken | : | } The Company is continuously making efforts to conserve energy. |
| (b) Additional investments and proposals if any, being implemented for reduction of consumption of energy | : | |
| (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods. | : | } Energy saving devices have already been installed and energy consumption is constantly monitored. |
| (d) Total energy consumption per unit of production of goods | : | Particulars given in Form A |

B. TECHNOLOGY ABSORPTION:

- | | | |
|---|---|-----------------------------|
| (e) Efforts made in Technology Absorption | : | Particulars given in Form B |
|---|---|-----------------------------|

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- | | | |
|---|---|---|
| (f) (i) Activities relating to exports | : | The Company has made direct exports for a value of about Rs. 29.49 Crores (FOB value) besides merchant exports for a value of Rs.10.15 Crores during the year under review. |
| (ii) Initiatives taken to increase exports | : | The Company has taken steps to increase the yarn exports during the Current year. |
| (iii) Development of new export markets for products and services | : | } The possibilities of exporting yarn to other Asian countries, Western Countries including EEC countries are being explored. |
| (iv) Export Plans | : | |
| (g) (i) Total foreign exchange outgo (including Capital Goods) | : | Rs. 1.90 Crores |
| (ii) Total foreign exchange earned (in FOB Value) | : | Rs. 29.49 Crores |

THANJAVUR SPINNING MILL LIMITED

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION:

1. Electricity		2013-14	2012-13
(a) Purchased from Electricity Board			
Unit	Lakhs KWH	240.19	206.85
Total amount	Rs. In Lakhs	1,539.43	1,333.65
Rate / Unit	Rs.	6.41	6.45
(b) Own Generation			
(i) Through diesel generator			
Units	Lakhs KWH	2.13	5.76
Unit per Litre of Diesel Oil	KWH	3.34	3.41
Diesel Cost per unit	Rs.	16.13	11.80
(ii) Wind Energy	Lakhs KWH	140.80	195.51
(c) Purchased from Third Party			
Units	Lakhs KWH	43.82	50.85
Total amount	Rs. In Lakhs	304.27	360.70
Rate / Unit	Rs.	6.94	7.09
2. Diesel Oil			
Quantity	Lakhs Ltrs	0.64	1.69
Total Cost	Rs. In Lakhs	34.38	67.99
Average Cost per Litre	Rs.	53.83	40.22

B. CONSUMPTION PER UNIT OF PRODUCTION:

Product : Cotton Yarn

Unit : Kgs. (40s Converted) **48,87,929** 48,49,460

Electricity unit / Kg. **5.85** 5.43

(Based on 40s converted production)

NOTE:

- 1 No standard rate of consumption can be given as several factors enter into the picture.
2. As the Company is producing various counts separate details for each count are not given.

THANJAVUR SPINNING MILL LIMITED

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH REGARD TO ABSORPTION

Research and Development (R&D)

1. Specific areas in which R & D carried out by the Company
 2. Benefits derived as a result of the above R & D
 3. Future plan of action
 4. Expenditure on R & D
 - a. Capital
 - b. Recurring
 - c. Total
 - d. Total R & D expenditure as a percentage of total turnover
- } Nil

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.
 2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.
 3. In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year) following information may be furnished :
 - a. Technology imported.
 - b. Year of import
 - c. Has technology been fully absorbed?
 - d. If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action
- } Nil

THANJAVUR SPINNING MILL LIMITED

ANNEXURE II TO DIRECTORS' REPORT

COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31ST MARCH, 2014

CIN: L17111TN1961PLC004505

Nominal Capital: Rs.5,00,00,000/-

To

The Members,
THANJAVUR SPINNING MILL LIMITED
"Rajapalayam Mills Premises"
P.A.C. Ramasamy Raja Salai
Rajapalayam - 626117.

Sir,

I have examined the registers, records, books and papers of **THANJAVUR SPINNING MILL LIMITED** [the Company] as required to be maintained under the Companies Act, 1956, and Companies Act, 2013 (wherever applicable) [the Act] and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31.03.2014 [financial year]. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies and Central Government within the time prescribed under the Act and the rules made thereunder except as stated in Annexure "B".
3. The company is a public limited company and its paid up capital is Rs.2.70 crore.
4. The Board of Directors duly met four times respectively on 27.05.2013, 30.07.2013, 28.10.2013 and 03.02.2014 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolution in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members, from 27.07.2013 to 01.08.2013 (both days inclusive) and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on **31st March, 2013** was held on **01.08.2013** after giving due notice to the members of the company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act and Section 185 of the Companies Act 2013.
9. The Company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.

THANJAVUR SPINNING MILL LIMITED

ANNEXURE II TO DIRECTORS' REPORT

11. As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of Directors, Members or Central Government.
 12. No duplicate Share Certificates were issued during the year.
 13. The Company has:
 - i) Delivered all the certificates on lodgment thereof for transfer/transmission in accordance with the provisions of the Act; However there was no allotment of securities during the financial year.
 - ii) The Company has not deposited any dividend in a separate bank account as no dividend was declared during the financial year.
 - iii) The Company was not required to post warrants to any members of the Company as no dividend was declared during the financial year.
 - iv) The company has no amounts in unpaid dividend account application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to be transferred to Investor Education and Protection Fund.
 - v) Duly complied with the requirements of section 217 of the Act.
 14. The Board of Directors of the company is duly constituted and appointment of additional Director has been duly made. There was no appointment of Alternate directors, and Directors to fill casual vacancy during the financial year.
 15. The reappointment of Managing Director with effect from 10.11.2010 has been made in compliance with the provisions of section 269 read with Schedule XIII to the Act in the financial year ended 31.03.2011, which is valid upto 09.11.2015 .
 16. The Company has not appointed any sole selling agents during the financial year.
 17. The Company has applied for approval of appointment of Cost Auditor for year ended 31.03.2014. However the Company was not required to obtain any approvals of the Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
 18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
 19. The Company has not issued any shares, debentures or other securities during the financial year.
 20. The Company has not bought back any shares during the financial year.
 21. The Company has not issued any preference shares / debentures during the year. Hence the question of redemption of preference shares or debentures during the financial year does not arise.
 22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
 23. Since the Company has not accepted / renewed any Deposits the provisions of Section 58 A / 58AA read with Companies (Acceptance of Deposits) Rules 1975, is not applicable.
-

THANJAVUR SPINNING MILL LIMITED

ANNEXURE II TO DIRECTORS' REPORT

24. The amount borrowed by the Company from members, banks and others during the financial year ending 31.03.2013 are within the borrowing limits of the company and that necessary resolutions as per section 293(1) (d) of the Act have been passed in duly convened Annual General Meeting held on 04.08.2010 for Rs.250 Crores.
25. The Company has made investments, in other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose. However the Company has not made any loans or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was/were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. Since Employees Provident Fund Act, 1952 is applicable, sec.418 is not applicable.

M.R.L. NARASIMHA
Practicing Company Secretary
C.P. No. 799.

Place : RAJAPALAYAM,
Date : 23.05.2014.

THANJAVUR SPINNING MILL LIMITED

ANNEXURE 'A'

SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31ST MARCH, 2014

Name of the Company: THANJAVUR SPINNING MILL LIMITED

CIN: L17111TN1961PLC004505

Nominal Capital : Rs.5,00,00,000/-

Registers as maintained by the Company:

- 1) Register of Members u/s.150.
- 2) Register of Directors u/s.303.
- 3) Register of Share Transfer.
- 4) Board Meeting Minutes u/s.193.
- 5) Annual General Meeting Minutes u/s.193.
- 6) Register of charges and documents evidencing creation of charges u/s.136.
- 7) Register of Contracts in which Directors are Interested u/s.301 and 301(3).
- 8) Register of Attendance cum Sitting Fees of Board of Directors.
- 9) Share Transfer Committee Attendance Cum-Sitting Fees Register
- 10) Register of Investments.
- 11) AGM Attendance Register.
- 12) Register of Directors Share holding u/s. 307.
- 13) Share Transfer Committee Minutes.
- 14) Remuneration committee minutes.
- 15) Register of Deposits under rule 7 of Companies (Acceptance of Deposit) Rule 1975.
- 16) Register of Proxies
- 17) Register for issue of Share Certificates

Place : RAJAPALAYAM,
Date : 23.05.2014.

M.R.L. NARASIMHA,
Practicing Company Secretary,
C.P.No. 799.

THANJAVUR SPINNING MILL LIMITED

ANNEXURE 'B'

SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31ST MARCH, 2014

Name of the Company: THANJAVUR SPINNING MILL LIMITED

CIN: L17111TN1961PLC004505

Nominal Capital : Rs.5,00,00,000/-

Forms and Returns filed by the Company with the Registrar of Companies during the Financial Year Ending 31st March, 2014 :

S. No.	Form No. Return	Filed U/s.	For	Date of Filing SRN	Whether filed within prescribed Time	If delay in Filing whether Requisite Additional fees paid
1	66	383A	Secretarial Compliance Certificate for the year ended 31.03.2013	08.08.2013 Q09946260	Yes	Not Applicable
2	8	125	Creation of Charges with Axis Bank Rs. 35 Crores	13.08.2013 B81679946	Yes	Not Applicable
3	32	303(2)	Cessation of Director Shri. R.T. Iyengar by resignation	16.08.2013 B81858458	Yes	Not Applicable
4	5 INV	Rule 3 of IEPF, Rules 2012	Statement of unclaimed and unpaid amounts as on 01.08.2013	19.08.2013 S21879416	Yes	Not Applicable
5	61	25(8)	Intimation of Postal Ballot	20.08.2013 B82166075	Yes	Not Applicable
6	23AC, XBRL 23ACA XBRL	220	XBRL Documents in respect of Balance Sheet, P&L A/c. as at 31.03.2013	30.08.2013 Q10609808	Yes	Not Applicable
7	20B	159	Annual Return made upto 01.08.2013	17.09.2013 Q11284973	Yes	Not Applicable
8	32	303(2)	Appointment of Shri. S. Kanthimathinathan as additional Director	27.09.2013 B85511384	Yes	Not Applicable
9	23	192	Special Resolution to invest in shares of Ramco Windfarms Limited.	18.10.2013 B87145017	Yes	Not Applicable
10	8	135	Modification of Charges with Canara Bank Rs.252.15 Crores	23.01.2014 B94333796	Yes	Not Applicable

THANJAVUR SPINNING MILL LIMITED

S. No.	Form No. Return	Filed U/s.	For	Date of Filing SRN	Whether filed within prescribed Time	If delay in Filing whether Requisite Additional fees paid
11	8	135	Modification of Charges with Axis Bank	27.01.2014 B94670577	Yes	Not Applicable
12	17	138	Satisfaction of Charge with Axis Bank Rs.10 Crores	12.03.2014 B98404478	Yes	Not Applicable

Central Government :

1	23C	233(B)(2)	Appointment of Cost Auditor for the year ended 31.03.2014	12.06.2013 S21249065	Yes	Not Applicable
2	FORM A XBRL	209(1) (d) 600(3) (b)	Compliance Report for the year ended 31.03.2013	20.09.2013 S22408876	Yes	Not Applicable
3	FORM I XBRL	233 (B) (4) 600(3) (b)	Cost Audit Report for the year ended 31.03.2013	20.09.2013 S22408843	Yes	Not Applicable

Regional Director and other Authorities : Nil

Place : RAJAPALAYAM,
Date : 23.05.2014.

M.R.L. NARASIMHA,
Practicing Company Secretary,
C.P.No. 799.

THANJAVUR SPINNING MILL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF M/S. THANJAVUR SPINNING MILL LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of M/s. Thanjavur Spinning Mill Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that gives a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that gives a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

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

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014.
- b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.

THANJAVUR SPINNING MILL LIMITED

INDEPENDENT AUDITOR'S REPORT

2. As required by Section 227(3) of the Act, we report that :
- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section(1) of Section 274 of the Companies Act, 1956.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For N.A. JAYARAMAN & CO.
Chartered Accountants
FRN-001310S

Place : Rajapalayam
Date : 25-05-2014.

R. PALANIAPPAN
Proprietor
Membership No. 205112

THANJAVUR SPINNING MILL LIMITED

ANNEXURE TO THE AUDITOR'S REPORT

Annexure Referred to in paragraph 1 of "Report on other Legal and Regulatory requirements" of our Report of even date

- i) In respect of Fixed Assets:
 - a) The Company has Maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The management is having a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - c) No substantial part of fixed assets of the company has been disposed off during the year.
 - ii) In respect of Inventories:
 - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in the books of accounts.
 - iii)
 - a) The company has not granted any loans, secured or unsecured to companies covered in the register maintained under section 301 of the Companies Act, 1956.
 - b) The company had taken loan from other companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.2500 Lakhs and the year-end balance of loans taken from such parties was Rs. 2500 Lakhs.
 - c) The Company has not taken unsecured loans from any other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - d) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
 - e) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
 - f) There is no overdue amount of loans taken from companies listed in the register maintained under section 301 of the Companies Act, 1956.
 - iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and also with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal control system of the Company.
 - v)
 - a) According to the information and explanations given to us, we are of the opinion, that the particulars of transactions made in pursuance of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been at prices which are reasonable having regard to the prevailing market prices.
 - vi) The company has not accepted deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
 - vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
 - viii) We have broadly reviewed the books of accounts maintained by the company in respect of products pursuance to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not however made a detailed examination of the records with a view to determine whether they are accurate or complete.
-

THANJAVUR SPINNING MILL LIMITED

ANNEXURE TO THE AUDITOR'S REPORT

- ix) a) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales tax, customs duty, investor education and protection fund, wealth tax and any other material statutory dues applicable to it. According to the information and explanations given to us, there were no outstanding statutory dues as at 31, March 2014 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no dues of income-tax, sales tax, wealth tax, Excise Duty, Service tax and cess, customs duty and cess which have not been deposited on account of any dispute.
- x) The Company has accumulated losses at the end of the financial year and has not incurred any cash loss during the financial year and has not incurred cash loss in the financial year immediately preceding financial year.
- xi) According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institutions or bank during the year.
- xii) According to the information and explanations given to us, the company has not granted loans or advances on the basis of security by way of pledge of shares, debentures or other Investments.
- xiii) In our opinion, the Company is not a Chit fund or a Nidhi / Mutual benefit fund / Society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditor's Report) order 2003 are not applicable to the Company.
- xiv) In our opinion, the company is not dealing in or trading in shares, securities, debenture or other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- xv) The Company has not given any guarantee during the year.
- xvi) On the basis of review of utilisation of funds on an overall basis in our opinion, the term loans taken by the company were applied for the purpose for which the loans were obtained.
- xvii) According to the information and explanations given to us and on the basis of overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- xviii) The Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- xix) The Company has not issued debentures and accordingly no security or charge has been created in respect of debentures.
- xx) The Company has not made a public issue of any its securities during the year and accordingly the provisions of clause 4(xx) of the Companies (Auditor's Report) order 2003 are not applicable to the Company.
- (xxi) According to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the course of our audit.
- xxii) The Company is a Sick Industrial Company within the meaning of clause (o) of sub-section (1) of Sec 3 of the Sick Industrial Companies (Special Provisions) Act, 1985. The Bench II of the Board for Industrial and Financial Reconstruction (BIFR) has declared the Company as sick u/s 3(1)(o) of SICA, vide their letter dated 18.03.2014.

For N.A. JAYARAMAN & CO.
Chartered Accountants
FRN-001310S

R. PALANIAPPAN
Proprietor
Membership No. 205112

Place : Rajapalayam
Date : 25-05-2014.

THANJAVUR SPINNING MILL LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2014

(Rs. in Lakhs)

	Note		As at 31-03-2014		As at 31-03-2013
I EQUITY AND LIABILITIES					
(1) Shareholders' Fund					
(a) Share Capital	1	270.00		270.00	
(b) Reserves and Surplus	2	<u>(1,830.05)</u>	<u>(1,560.05)</u>	<u>(1,535.20)</u>	(1,265.20)
(2) Non Current Liabilities					
(a) Long Term Borrowings	3	8,898.49		7,531.66	
(b) Long Term Provisions	4	<u>25.07</u>	<u>8,923.56</u>	<u>20.93</u>	7,552.59
(3) Current Liabilities					
(a) Short Term Borrowings	5	3,158.09		3,083.65	
(b) Trade Payables	6	128.31		451.62	
(c) Other Current Liabilities	7	4,469.62		3,997.19	
(d) Short Term Provisions	8	<u>120.98</u>	<u>7,877.00</u>	<u>98.37</u>	7,630.83
TOTAL			<u><u>15,240.51</u></u>	<u><u>13,918.22</u></u>	
II ASSETS					
(1) Non Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	9	10,306.61		10,795.67	
(ii) Intangible Assets	9	0.88		0.98	
(iii) Capital Work-in-Progress		<u>11.19</u>	<u>10,318.68</u>	<u>0.74</u>	10,797.39
(b) Non Current Investments	10		2.53		0.03
(c) Long term Loans & Advances	11		97.21		126.07
(d) Deferred Tax Assets	12		297.37		161.37
(2) Current Assets					
(a) Inventories	13	3,372.35		2,014.10	
(b) Trade Receivables	14	828.53		642.13	
(c) Cash and Bank Balances	15	14.98		12.37	
(d) Short Term Loans & Advances	16	52.69		48.35	
(e) Other Current Assets	17	<u>256.17</u>	<u>4,524.72</u>	<u>116.41</u>	2,833.36
TOTAL			<u><u>15,240.51</u></u>	<u><u>13,918.22</u></u>	
Significant Accounting Policies	25				
Notes on Financial Statements	26				

The notes form an integral part of these financial statements

(As per our report annexed)

For N.A. JAYARAMAN & CO.,
Chartered Accountants
FRN-001310S

R. PALANIAPPAN
Proprietor
Membership No.205112

RAJAPALAYAM,
25th May, 2014.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

Dr. K.T. KRISHNAN
MANAGING DIRECTOR

S. VENKATARAGHAVAN
CHIEF FINANCIAL OFFICER

S. KRISHNASWAMY KAMAYA NAICKER

S. KANTHIMATHINATHAN

R. SIVASUBRAMANIAN

DIRECTORS

THANJAVUR SPINNING MILL LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

		(Rs. in Lakhs)		
Particulars	Note	For the year ended 31-03-2014	For the year ended 31-03-2013	
I	Revenue from Operations	18	15,475.96	10,353.43
II	Other Income	19	21.02	49.93
III	Total Revenue (I+II)		<u>15,496.98</u>	<u>10,403.36</u>
IV	EXPENSES			
	Cost of Materials Consumed	20	8,364.09	6,053.60
	Trade Purchases - Yarn		2,134.45	-
	Changes in Inventories	21	(563.24)	(333.38)
	Employee Benefit Expenses	22	1,051.28	837.66
	Finance Costs	23	1,679.33	1,610.16
	Depreciation		719.08	709.60
	Other Expenses	24	2,542.85	1,694.67
	Total Expenses		<u>15,927.84</u>	<u>10,572.31</u>
V	Profit / (Loss) Before Exceptional and Extraordinary items and Tax (III-IV)		(430.86)	(168.95)
VI	Exceptional & Extraordinary items		-	-
VII	Profit / (Loss) Before Tax (V-VI)		(430.86)	(168.95)
VIII	Tax Expenses			
	Deferred Tax Asset		136.00	51.00
IX	Profit / (Loss) After Tax (VII-VIII)		<u>(294.86)</u>	<u>(117.95)</u>
X	Earnings per Equity Share of Rs. 10/- each Basic & Diluted (in Rupees)		(11)	(4)
	Significant Accounting Policies	25		
	Notes on Financial Statements	26		

The notes form an integral part of these financial statements

(As per our report annexed)
For N.A. JAYARAMAN & CO.,
Chartered Accountants
FRN-001310S

R. PALANIAPPAN
Proprietor
Membership No.205112

RAJAPALAYAM,
25th May, 2014.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

Dr. K.T. KRISHNAN
MANAGING DIRECTOR

S. VENKATARAGHAVAN
CHIEF FINANCIAL OFFICER

S. KRISHNASWAMY KAMAYA NAICKER

S. KANTHIMATHINATHAN

R. SIVASUBRAMANIAN

DIRECTORS

THANJAVUR SPINNING MILL LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

		(Rs. in Lakhs)
	2013-14	2012-13
A. Cash flow from Operating activities		
Net Profit/(Loss) before tax and prior period and extraordinary items	(430.86)	(168.95)
Adjustments for :		
Depreciation	719.08	709.60
Interest paid	1,679.33	1,610.16
Interest Received	(13.99)	(15.48)
Dividend Received	(0.01)	-
Deferred revenue expenditure written off	-	0.22
Profit on sale of assets	-	(25.74)
Operating Profit/(Loss) before Working capital Changes	1,953.55	2,109.81
Adjustments for :		
Trade Receivables	(186.40)	70.04
Loans and Advances	(115.20)	67.64
Inventories	(1,358.25)	(1,061.41)
Trade Payables & Current liabilities	(769.79)	(2,360.55)
Cash generated from Operations	(476.09)	(1,174.47)
Taxes Paid	(0.04)	5.00
Net Cash from / (used) in Operating activities	A (476.13)	(1,169.47)
B. Cash Flow from Investing activities :		
Purchase of fixed assets	(240.37)	(126.34)
Purchase of Investments	(2.50)	-
Sale of assets	-	28.90
Interest received	13.99	15.48
Dividend received	0.01	-
Net Cash from / (used) in Investing activities	B (228.87)	(81.96)
C. Cash Flow from Financing activities :		
Proceeds from Long Term borrowings	6,162.19	2,849.69
Repayment of Long Term Loan	(3,849.69)	(1,683.03)
Increase / (Decrease) in working capital borrowings	74.44	1,692.19
Interest Paid	(1,679.33)	(1,610.16)
Net cash from / (used) in financing activities	C 707.61	1,248.69
Net Increase/(Decrease) in Cash and Cash Equivalents	(A+B+C) 2.61	(2.74)
Opening balance of Cash and Cash Equivalents (Ref to Note No.15)	D 12.37	15.11
Closing balance of Cash and Cash Equivalents (Ref to Note No.15)	E 14.98	12.37
Net Increase/(Decrease) in Cash and Cash Equivalents	(E-D) 2.61	(2.74)

(As per our report annexed)

For N.A. JAYARAMAN & CO.,
Chartered Accountants
FRN-001310S

R. PALANIAPPAN
Proprietor
Membership No.205112

RAJAPALAYAM,
25th May, 2014.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

Dr. K.T. KRISHNAN
MANAGING DIRECTOR

S. VENKATARAGHAVAN
CHIEF FINANCIAL OFFICER

S. KRISHNASWAMY KAMAYA NAICKER

S. KANTHIMATHINATHAN

R. SIVASUBRAMANIAN

DIRECTORS

THANJAVUR SPINNING MILL LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
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Note 1

SHARE CAPITAL

Authorised

50,00,000 Equity Shares of Rs.10/- each	500.00	500.00
PY 50,00,000 Equity Shares of Rs.10/- each)		

Issued, Subscribed and fully paid-up

27,00,000 Equity Shares of Rs.10/- each	270.00	270.00
(PY 27,00,000 Equity Shares of Rs.10/- each)		
	270.00	270.00

a. Issued, Subscribed and fully paid-up shares includes
9,00,000 Shares of Rs. 10/- each were allotted as fully paid Bonus Shares by Capitalisation of Reserves.

b. Reconciliation of the number of shares outstanding

Number of shares at the beginning	27,00,000	27,00,000
Number of Shares at the end	27,00,000	27,00,000

c. List of Shareholders holding more than 5 percent in the Company

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares	% of holding	No. of Shares	% of holding
Shri. P.R. Ramasubrahmaneya Rajha	4,41,234	16.34	4,41,234	16.34
Smt. Nalina Ramalakshmi	2,70,000	10.00	2,70,000	10.00
Smt. S. Sharada Deepa	2,70,000	10.00	2,70,000	10.00
Mr. P.V. Abinav Ramasubramaniam Raja	2,13,300	7.90	2,13,300	7.90

Note 2

RESERVES AND SURPLUS

Securities Premium Reserve

Opening Balance	60.00	60.00
	60.00	60.00

General Reserve

Opening Balance	(1,595.20)	(1,477.24)
Add : Transfer from Surplus Account	(294.86)	(117.95)
	(1,890.05)	(1,595.20)

Surplus in the statement of profit and loss

Opening Balance	-	-
Add: Loss for the Year	(294.86)	(117.95)
Less: Transfer to General Reserve	294.86	117.95
	(1,830.05)	(1,535.20)

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	As at 31st March, 2014	(Rs. in Lakhs) As at 31st March, 2013
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Note 3

LONG TERM BORROWINGS

Term Loan from Banks, Secured	6,398.49	7,031.66
Loan from Related Party, Unsecured (Refer to Note 26)	2,500.00	500.00
	8,898.49	7,531.66

- a) Term Loan from Banks are secured by *pari-passu* first charge on the fixed assets of the Company and *pari-passu* second charge on the current assets of the Company and backed by Corporate Guarantee of M/s. Rajapalayam Mills Ltd. Loan from Axis Bank is secured by subservient charge and backed by Corporate Guarantee of The Ramco Cements Ltd
- b) Working Capital Term Loans with Tamilnad Mercantile Bank are secured by *pari-passu* second charge on fixed and current assets of the Company and backed by Corporate Guarantee of The Ramco Cements Ltd., to an extent of Rs.15 Crores.
- c) The Term Loans from Banks are repayable in quarterly installments. The year wise repayment of Term Loans are as follows:

Year	Amount	Amount
2013-14	-	3,849.69
2014-15	4,170.32	2,868.98
2015-16	3,442.10	1,691.27
2016-17	1,555.42	1,117.09
2017-18	1,061.75	1,060.08
2018-19	266.89	254.50
2019-20	56.00	39.74
2020-21	8.20	-
	10,560.68	10,881.35
Less: Amount disclosed under current-liabilities (current maturities)	4,162.19	3,849.69
	6,398.49	7,031.66

Note 4

LONG TERM PROVISION

Provision for Other Employee Benefits	25.07	20.93
	25.07	20.93

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

Particulars	As at 31-03-2014	As at 31-03-2013
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Note 5

SHORT TERM BORROWINGS

Secured

Loan Repayable on Demand from Banks *	3,158.09	3,083.65
	3,158.09	3,083.65

* Loan Repayable on Demand from Banks are secured by *pari-passu* first charge on the current assets and *pari-passu* second charge on the fixed assets of the Company. Loans with Canara Bank and Indian Bank are backed by Corporate Guarantee of M/s. Rajapalayam Mills Ltd. and the loan with Tamilnad Mercantile Bank is backed by Corporate Guarantee of The Ramco Cements Ltd.

Note 6

TRADE PAYABLES

Trade Payables	128.31	451.62
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Note 7

OTHER CURRENT LIABILITIES

Current Maturities of Long Term Debts	4,162.19	3,849.69
Interest Accrued but not Due on Borrowings	48.06	14.46
Unpaid Dividends	2.36	2.36
Liabilities for Other Finance	257.01	130.68
	4,469.62	3,997.19

Note 8

SHORT TERM PROVISIONS

Provision for Employee Benefits	120.98	98.37
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THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

Note 9

FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block			
	Cost as at 01-04-2013	Additions during the year	Sold / withdrawn during the year	Cost as at 31-03-2014	Up to 31-03-2013	For the year	Withdrawn	Up to 31-03-2014	As at 31-03-2014	As at 31-03-2013
Tangible Assets										
Land	86.03	-	-	86.03	-	-	-	-	86.03	86.03
Buildings	1,800.67	64.51	-	1,865.18	289.95	55.77	-	345.72	1,519.46	1,510.72
Plant and machinery	12,096.08	149.92	-	12,246.00	3,381.69	625.70	-	4,007.39	8,238.61	8,714.39
Electrical machinery	686.52	0.74	-	687.26	232.37	30.07	-	262.44	424.82	454.15
Furniture & Office Equipments	46.62	0.10	-	46.72	31.03	1.87	-	32.90	13.82	15.59
Vehicles	27.81	13.59	-	41.40	15.87	4.89	-	20.76	20.64	11.94
Computer Machinery	32.89	1.05	-	33.94	30.04	0.67	-	30.71	3.23	2.85
Total - Tangible Assets	14,776.62	229.91	-	15,006.53	3,980.95	718.98	-	4,699.92	10,306.61	10,795.67
Intangible Assets										
Computer software	16.80	-	-	16.80	15.82	0.10	-	15.92	0.88	0.98
Grand Total	14,793.42	229.91	-	15,023.33	3,996.77	719.08	-	4,715.84	10,307.49	10,796.65
Total Tangible Assets for Previous Year	14,709.34	130.51	63.23	14,776.62	3,332.08	708.95	60.07	3,980.95	10,795.67	11,377.26
Intangible Assets for Previous year	16.80	-	-	16.80	15.17	0.65	-	15.82	0.98	1.63

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
Particulars	As at 31-03-2014	As at 31-03-2013
Note 10		
NON-CURRENT INVESTMENTS		
Shares in Thanjavur Textiles Emp. Co-operative Stores Ltd.	0.03	0.03
Shares in Ramco Windfarms	2.50	-
	2.53	0.03
	2.53	0.03
Note 11		
LONG TERM LOANS AND ADVANCES		
Unsecured, considered good		
Security Deposits	97.21	126.07
	97.21	126.07
	97.21	126.07
Note 12		
DEFERRED TAX ASSETS (NET)		
Deferred Tax Liability		
Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	2,042.37	2,059.32
Deferred Tax Asset		
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	(2,339.74)	(2,220.69)
Net Deferred Tax Assets	(297.37)	(161.37)
	(297.37)	(161.37)
Note 13		
INVENTORIES		
Finished Goods	1,110.35	657.33
Rawmaterials	1,967.91	1,180.70
Stores and Spares	35.71	27.91
Work-in-Process	258.38	148.16
	3,372.35	2,014.10
	3,372.35	2,014.10

Mode of valuation of inventories are disclosed in Accounting Policies in Note No. 25.

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	As at 31-03-2014	As at 31-03-2013
(Rs. in Lakhs)		
Note 14		
TRADE RECEIVABLES		
Unsecured, considered good		
Other Trade Receivables	<u>828.53</u>	<u>642.13</u>
Note 15		
CASH AND BANK BALANCES		
Cash on Hand	1.75	1.12
Balance with Bank		
In Current Account	8.72	6.75
In Deposit Account for Margin Money	2.15	2.14
In Unclaimed Dividend Warrant Account	<u>2.36</u>	<u>2.36</u>
	<u>14.98</u>	<u>12.37</u>
Note 16		
SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Advance to Suppliers	19.80	15.50
Advance Income-Tax & TDS and Refund Due	<u>32.89</u>	<u>32.85</u>
	<u>52.69</u>	<u>48.35</u>
Note 17		
OTHER CURRENT ASSETS		
Accrued Income	225.10	85.28
Prepaid Expenses	30.49	30.46
Other Current Assets	<u>0.58</u>	<u>0.67</u>
	<u>256.17</u>	<u>116.41</u>

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	For the year ended 31-03-2014		(Rs. in Lakhs) For the year ended 31-03-2013	
Note 18				
REVENUE FROM OPERATIONS				
Sale of Products				
Yarn	14,997.79		10,129.28	
Waste Cotton	<u>349.49</u>		<u>221.65</u>	
		15,347.28		10,350.93
Other operating revenues				
Export Incentive		<u>128.68</u>		<u>2.50</u>
		<u>15,475.96</u>		<u>10,353.43</u>
Note 19				
OTHER INCOME				
Interest Received		13.99		15.48
Dividend Income		0.01		-
Carbon Credit Income		-		5.55
Miscellaneous Income		1.28		3.16
Profit on Sale of Cotton		5.74		-
Profit on Sale of Assets		-		25.74
		<u>21.02</u>		<u>49.93</u>
Note 20				
COST OF MATERIALS CONSUMED				
Raw materials consumed				
Cotton & Cotton Waste		<u>8,364.09</u>		<u>6,053.60</u>
Note 21				
CHANGES IN INVENTORIES				
Opening stock				
Finished Goods	657.33		317.12	
Work-in-Process	<u>148.16</u>	805.49	<u>154.99</u>	472.11
Less:				
Closing Stock				
Finished Goods	1,110.35		657.33	
Work-in-Process	<u>258.38</u>	<u>1,368.73</u>	<u>148.16</u>	<u>805.49</u>
		<u>(563.24)</u>		<u>(333.38)</u>

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	For the year ended 31-03-2014	For the year ended 31-03-2013
(Rs. in Lakhs)		
Note 22		
EMPLOYEE BENEFIT EXPENSES		
Salaries , Wages and Bonus	833.67	651.01
Contribution to Provident and Other Funds	86.59	74.23
Staff and Labour Welfare Expenses	131.02	112.42
	<u>1,051.28</u>	<u>837.66</u>
Note 23		
FINANCE COSTS		
Interest Expenses	1,673.34	1,604.98
Other Borrowing Costs	5.99	5.18
	<u>1,679.33</u>	<u>1,610.16</u>
Note 24		
OTHER EXPENSES		
Manufacturing Expenses		
Power and Fuel (Refer to Point No. 9 of Note No. 26)	1,210.05	776.77
Packing Materials	215.30	168.98
Repairs to Buildings	13.48	23.84
Repairs to Plant and Machinery	439.74	335.36
Repairs - General	29.27	30.05
Jobwork Charges Paid	83.18	55.36
	<u>1,991.02</u>	<u>1,390.36</u>
Establishment Expenses		
Managing Director's Remuneration	24.52	24.52
Rates and Taxes	31.31	26.88
Insurance	14.59	8.35
Postage and Telephone	12.81	10.88
Printing and Stationery	3.49	3.91
Travelling Expenses	7.29	6.55
Vehicle Maintenance	14.69	9.52
Directors Sitting Fees	1.03	1.00
Rent	6.30	4.51
Audit and Legal Expenses	10.85	10.45
Deferred Revenue Expenditure	-	0.22
Miscellaneous Expenses	60.32	18.65
	<u>187.20</u>	<u>125.44</u>
Selling Expenses		
Sales Commission	218.85	116.25
Export Expenses	40.99	2.70
Other Selling Expenses	104.79	59.92
	<u>364.63</u>	<u>178.87</u>
	<u>2,542.85</u>	<u>1,694.67</u>

THANJAVUR SPINNING MILL LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 25

SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of preparation and presentation of financial statements

- (i) The financial statements have been prepared under the historical cost convention and in accordance with the generally accepted accounting principles, the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act 1956, as adopted consistently by the Company.
- (ii) The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

2. Depreciation

(i) For Buildings, Plant & Machinery and Electrical Machineries

Depreciation has been provided on straight line basis at the rates specified under Rules/ Schedule XIV to the Companies Act, 1956, prevailing at the time of acquisition by the Asset.

(ii) On other assets

Under Written Down Value Method as per rates specified in schedule XIV.

3. Use of Estimates

The preparation of financial statements in accordance with the generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates in the future periods.

4. Tangible Fixed Assets

- (i) Tangible Fixed Assets are stated at cost of acquisition (net of CENVAT/VAT wherever applicable) less accumulated depreciation/amortisation and impairment losses if any, except freehold land which is carried at cost less impairment losses if any. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the asset beyond its previously assessed standard of performance. All other expenses on fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.
- (ii) Gains or losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of such assets are recognised in the statement of profit and loss.

5. Intangible Assets

The cost of computer software that are installed are accounted at cost for acquisition of such software and are carried at cost less accumulated amortisation and impairment, if any. Internally generated software is not capitalized and the expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

6. Investments

All Investments being long term & non-trade are stated at cost.

7. Inventories

- i) Raw materials, stores, spares, packing materials etc., are valued at cost including the cost incurred in bringing the inventories to their present location and condition.
- ii) Process stock is valued at cost including the cost of conversion. The cost of conversion includes direct costs.
- iii) Finished goods are valued at cost or net realisable value whichever is lower. Cost includes cost of conversion and other costs incurred in bringing the inventory to their present location and condition.

THANJAVUR SPINNING MILL LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

8. Revenue recognition

- i) Revenue is recognised to the extent that is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- ii) Sale of products is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer. Sale value excludes VAT and CST.
- iii) Income from Wind Mills:
The power generated from windmills are adjusted against the own consumption of power at our Mills (captive consumption) have been valued at the prevailing Electricity Tariff rates and set-off in cost of "Power and Fuel" (Refer to Item No. 9 of Note No. 26).

9. Employee Benefits

- (i) Short-term employee benefit viz., Salaries and Wages, are recognized as an expense at the undiscounted amount in the Statement of profit and loss account for the year in which the related service is rendered.
- (ii) Defined Contribution plan viz., Contributions to Provident fund and Superannuation fund are recognized as an expense in the Statement of profit and loss account for the year in which the employees have rendered services. The Company contributes to Provident fund administered by the Government on a monthly basis at 12% of employee's basic salary. The Company also contributed for superannuation a sum equivalent to 15% of the employee's eligible annual basic salary subject to a maximum of Rs. 1 Lakh per employee to funds administered by trustees and managed by LIC of India annually. There are no other obligations other than the above defined contribution plans.

(iii) **Defined Benefit Plan:**

Gratuity:

The Company has its own approved Gratuity Fund. It is in the form of lump sum payments to vested employees on resignation, retirement, death while in employment or on termination of employment of an amount equivalent to 15 Day's basic salary payable for each completed year of service. Vesting occurs upon completion of five years of continuous service. The Company makes annual contributions to funds administered by trustees and managed by LIC of India, based on the actuarial valuation by an independent external actuary as at the Balance sheet date using the projected unit credit method.

Leave Encashment:

The Company has a policy of allowing encashment of unavailed leave for its employees. The obligation for the leave encashment is recognized based on an independent external actuarial valuation at the Balance Sheet date. The expense is recognized at the present value of the amount payable determined based on actuarial valuation using projected unit credit method.

10. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Un-provided contingent liabilities are disclosed in the Accounts by way of Notes. Contingent Assets are not recognized.

11. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction of qualifying assets are capitalized as part of the cost of those assets as per Accounting Standard-16 (Borrowing Costs). All other borrowing costs are charged to revenue.

12. Government Subsidy / Grant

Interest subsidy under Technology Upgradation Fund Scheme (TUF) is credited to the Finance Costs.

THANJAVUR SPINNING MILL LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

13. Foreign Currency Transactions

- (i) Transactions in Foreign Currency are accounted at the exchange rates prevailing at the time of transaction. The difference in exchange rates arising on the settlement of monetary items are recognized as income or expenses in the Statement of Profit and Loss.
- (ii) Covered liabilities in foreign currencies are accounted at the rate at which they have been covered. Uncovered liabilities in foreign currency are accounted at the rates as on the Balance Sheet date. The exchange difference on account of this is recognized in the Statement of Profit and Loss as per Accounting Standard-11 (The Effects of Changes in Foreign Exchange Rates).

14. Earnings per share

Net Loss after tax is divided by number of equity shares as stipulated in Accounting Standard - 20.

15. Income tax

The tax provision is considered as stipulated in Accounting Standard-22 (Accounting for Taxes on income) and includes deferred tax. The Company recognizes the deferred tax asset based on the accumulated timing difference using the current tax rate.

16. Segment Reporting

The Company has identified two reportable segments viz., Textiles, and Power generation from Windmills as primary business segments considering the nature of the products, the differing risks and returns as per Accounting Standard - 17 (Segment Reporting). The valuation of inter segment transfers are based on prevailing market prices.

THANJAVUR SPINNING MILL LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 26

(Rs. in Lakhs)

OTHER DISCLOSURES

	As at 31-03-2014	As at 31-03-2013
1. a) Contingent Liabilities		
(i) Liability on guarantees given by the bankers	NIL	NIL
(ii) Liability on guarantees given to the bankers	NIL	NIL
b) Commitments		
(i) Estimated amount of contracts remaining to be executed on capital account not provided	NIL	NIL
(ii) Other Commitments:		
Liability on Letter of Credit opened for Capital Goods	NIL	NIL
Liability on Letter of Credit opened for others	NIL	NIL
2. Income tax assessment have been completed upto the accounting year ended on 31st March, 2011, i.e Assessment year 2011-12.		
3. Sales Tax Assessment upto the year ended 31st March, 2013 has been completed.		
4. In respect of Electricity matters, Appeals / Writ petition are pending with TNERC / APTEL / High Court for various matters for which no provision has been made in the books of accounts to the extent of Rs. 70.83 Lakhs. In view of the various case laws decided in favour of the Company and in the opinion of the management, there may not be any tax liability.		
5. Auditors' remuneration (excluding Service Tax) & expenses:		
<u>A. Statutory Auditors:</u>		
a. As Auditors		
- Fees	0.75	0.65
- Expenses reimbursed	0.64	0.43
b. In other Capacities		
- Tax Audit Fees	0.40	0.40
c. Certification Work - Fees	0.69	0.63
	2.48	2.11
<u>B. Cost Auditors:</u>		
As Auditors	0.42	0.35
	2.90	2.46
6. Company's shares are listed in Madras Stock Exchange Limited for which listing fee for the year 2014-15 has been paid.		
7. There are no dues to micro and small enterprises as at 31-03-2014 (PY: NIL). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.		
8. The unadjusted units generated from the Windmills as on 31-03-2014 are 5.99 Lakhs KWH (PY 1.95 Lakhs KWH) and its monetary value of Rs. 34.60 Lakhs (PY Rs. 11.27 Lakhs) has been included in Other Current Assets.		
9. The value of power generated from windmills are adjusted against own consumption at the Mills (captive consumption) of Rs.813.26 Lakhs (PY:Rs.1130.08 Lakhs) have been set-off against cost of "Power and Fuel".		
10. As per Accounting Standard -15 (Employee Benefits), the disclosures of employee benefits as defined in the Accounting Standard are given below:		
Defined Contribution Plan:		Rs. in Lakhs
	2013-14	2012-13
Employer's Contribution to Provident Fund	51.02	45.16
Employer's Contribution to Superannuation Fund	1.79	2.13

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	2013-14	2012-13
Details of the post retirement gratuity plan (Funded) are as follows:		
Reconciliation of opening and closing balances of defined benefit plan:		
Defined Benefit Obligation as on 01-04-2013	113.38	101.96
Current Service Cost	7.07	7.07
Interest Cost	9.83	7.95
Actuarial (gain) / loss	(-) 27.32	6.54
Past Service Cost - (Vested Benefits)		
Benefits paid	(-) 10.67	(-) 10.13
Defined Benefit obligation as on 31-03-2014	92.29	113.38
Reconciliation of opening and closing balances of fair value of plan assets:		
Fair value of plan assets as on 01-04-2013	137.56	128.88
Expected return on plan assets	11.81	11.76
Actuarial gain / (loss)	0.19	0.30
Employer Contribution	5.42	6.75
Benefits paid	(-) 10.67	(-) 10.13
Fair value of plan assets as on 31-03-2014	144.31	137.56
Actual Return of plan assets:		
Expected return of plan assets	11.81	11.76
Actuarial gain / (loss) on plan assets	0.19	0.30
Actual return on plan assets	12.00	12.07
Reconciliation of fair value of assets and obligations:		
Fair value of plan assets	144.31	137.56
Present value of obligation	92.29	113.38
Difference	(-) 52.01	(-) 24.18
Unrecognized transitional liability	NIL	NIL
Unrecognized past service cost non vested benefits	NIL	NIL
Amount recognized in Balance Sheet	NIL	NIL
Expense recognized during the year:		
Current Service Cost	7.07	7.07
Interest Cost	9.83	7.95
Expected return on plan assets	(-) 11.81	(-) 11.76
Actuarial (gain) / loss	(-) 27.52	6.24
Transitional liability recognized in the year	NIL	NIL
Past service cost-non-vested benefits	NIL	NIL
Past service cost-vested benefits	NIL	NIL
Net Cost	(-) 22.42	9.49

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	2013-14	2012-13
Investment Details:		
GOI Securities	NIL	NIL
State Government Securities	NIL	NIL
High Quality Corporate Bonds	NIL	NIL
Funds with LIC	100%	100%
Bank balance	NIL	NIL
Others	NIL	NIL
Total	100%	100%
Actuarial assumptions:		
LIC 1994-96 Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a	9.10%	8.20%
Expected rate of return on plan assets p.a	8.75%	9.25%
Rate of escalation in salary p.a	4.00%	4.00%
Details of Leave encashment plan (Unfunded) are as follows:		
Reconciliation of opening and closing balances of Obligation:		
Defined Benefit Obligation as on 01-04-2013	20.93	14.55
Current Service Cost	5.26	4.41
Interest Cost	1.37	1.03
Actuarial (gain) / loss	5.96	6.57
Benefits paid	(-) 8.46	(-) 5.62
Defined Benefit obligation as on 31-03-2014	25.07	20.93
Reconciliation of opening and closing balances of fair value of plan assets:		
Fair value of plan assets as on 01-04-2013	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial gain / (loss)	NIL	NIL
Employer Contribution	8.46	5.62
Benefits paid	(-) 8.46	(-) 5.62
Fair value of plan assets as on 31-03-2014	NIL	NIL
Actual Return of plan assets:		
Expected return of plan assets	NIL	NIL
Actuarial gain / (loss) on plan assets	NIL	NIL
Actual return on plan assets	NIL	NIL

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	2013-14	2012-13
Reconciliation of fair value of assets and obligations:		
Fair value of plan assets	NIL	NIL
Present value of obligation	25.07	20.93
Difference	25.07	20.93
Unrecognized transitional liability	NIL	NIL
Unrecognized past service cost non vested benefits	NIL	NIL
Amount recognized in Balance Sheet	25.07	20.93
Expense recognized during the year:		
Current Service Cost	5.26	4.41
Interest Cost	1.37	1.03
Expected return on plan assets	NIL	NIL
Actuarial (gain) / loss	5.96	6.57
Transitional liability recognized in the year	NIL	NIL
Past service cost-non-vested benefits	NIL	NIL
Past service cost-vested benefits	NIL	NIL
Net Cost	12.59	12.01
Investment Details as on 31-03-2014:		
GOI Securities	NIL	NIL
State Government Securities	NIL	NIL
High Quality Corporate Bonds	NIL	NIL
Funds with LIC	NIL	NIL
Bank balance	NIL	NIL
Others	NIL	NIL
Total	NIL	NIL
Actuarial assumptions:		
LIC 1994-96 Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a	9.10%	8.20%
Expected rate of return on plan assets p.a	NIL	NIL
Rate of escalation in salary p.a	4.00%	4.00%

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

11. The Segment Information for the year ended 31st March, 2014 is detailed below: (Rs. in Lakhs)

Particulars	Textiles		Windmill Power		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
REVENUE						
External Sales(Net)	15475.95	10353.43	–	–	15475.95	10353.43
Inter Segment Sale	–	–	813.26	1130.08	813.26	1130.08
Total Sales	15475.95	10353.43	813.26	1130.08	16289.21	11483.51
Other Income	21.01	62.77	–	–	21.01	62.77
Total Revenue	15496.96	10416.20	813.26	1130.08	16310.22	11546.28
RESULT						
Segment Result	1384.50	1244.87	569.07	890.46	1953.57	2135.33
Unallocated Income					–	–
Unallocated Expenses					–	–
Operating Profit					1953.57	2135.33
Interest Expenses					1679.33	1610.16
Depreciation					719.07	709.60
Interest Income					13.98	15.48
Deferred Tax (Asset)/Liability					(136.00)	(51.00)
Profit from ordinary activities					–	–
Extraordinary Expenses					–	–
Net Profit					(294.86)	(117.95)
OTHER INFORMATION						
Segment Assets	12081.86	10673.93	2861.27	3082.92	14943.13	13756.85
Unallocated Assets					297.36	161.37
Total Assets	12081.86	10673.93	2861.27	3082.92	15240.49	13918.22
Segment Liabilities	15126.99	13089.10	1673.54	2094.30	16800.53	15183.40
Unallocated Liabilities					–	–
Total Liabilities	15126.99	13089.10	1673.54	2094.30	16800.53	15183.40
Capital Expenditure	229.91	130.51	–	–	229.91	130.51
Unallocated Capital Expenditure					–	–
Depreciation	496.20	486.12	222.87	223.48	719.07	709.60
Unallocated Depreciation	–	–	–	–	–	–
Non-Cash expenses other than Depreciation	–	–	–	–	–	–

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

12. Earnings per Share

Particulars	2013-14	2012-13
Net Loss after tax (A)-Rs.in Lakhs	(294.86)	(117.95)
Number of Equity shares (B) (in Nos)	27,00,000	27,00,000
Basic & Diluted earnings per share for Rs.10/- each (A)/(B) in Rs.	(10.92)	(4)

13. RELATED PARTY TRANSACTIONS

As per Accounting Standard-18 (Related Party Disclosures) issued by the Institute of Chartered Accountants of India, the Company's related parties are given below:

a. Key Management Personnel & Relatives.

Shri. P.R. Ramasubrahmaneya Rajha, Chairman
Dr. K.T. Krishnan, Managing Director

b. Enterprises over which the above persons exercise significant influences and with which the Company had transactions during the year:

M/s. The Ramco Cements Limited,
M/s. Rajapalayam Mills Limited,
M/s. Sri Vishnu Shankar Mill Limited,
M/s. Ramco Industries Limited,
M/s. Sandhya Spinning Mill Limited,
M/s. The Ramaraju Surgical Cotton Mills Limited,
M/s. Ramco Systems Limited,
M/s. Sri Harini Textiles Limited,
M/s. Ramco Windfarms Limited,

The Company's transactions with the above Related Parties are summarized below:

(a) Inter Corporate Deposits Accepted:

(Rs.in Lakhs)

Name of the Related Party	Maximum Outstanding		Outstanding as on	
	2013-14	2012-13	31-03-2014	31-03-2013
Rajapalayam Mills Limited	2500	1500	2500	500

Interest on Inter Corporate Deposits

Name of the Related Party	Interest		Outstanding as on	
	2013-14	2012-13	31-03-2014	31-03-2013
Rajapalayam Mills Limited	89.21	78.12	NIL	NIL

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

(b) Goods Supplied / Services Rendered:

Name of the Related Party	Value		Outstanding as on	
	2013-14	2012-13	31-03-2014	31-03-2013
Rajapalayam Mills Limited,	257.94	11.18	NIL	NIL
Ramco Industries Limited,	257.41	2.12	NIL	NIL
The Ramaraju Surgical Cotton Mills Limited,	94.66	74.73	NIL	NIL
Sandhya Spinning Mill Limited,	118.14	127.27	NIL	NIL
Sri Vishnu Shankar Mill Limited,	307.73	546.76	NIL	NIL
Sri Harini Textiles Limited,	165.02	44.83	NIL	NIL

(c) Goods Purchased / Services Availed:

Name of the Related Party	Value		Outstanding as on	
	2013-14	2012-13	31-03-2014	31-03-2013
Rajapalayam Mills Limited,	1313.52	43.13	NIL	NIL
Ramco Industries Limited,	411.93	3.46	NIL	NIL
Sri Vishnu Shankar Mill Limited,	595.65	NIL	NIL	NIL
Sandhya Spinning Mill Limited,	112.55	4.51	NIL	NIL
The Ramaraju Surgical Cotton Mills Limited,	58.83	3.09	NIL	NIL
The Ramco Cements Limited,	291.98	263.08	NIL	NIL
Ramco Systems Limited,	4.01	3.13	NIL	NIL

(d) Corporate Guarantee Received:

Name of the Related Party	Guarantee Amount	
	31-03-2014	31-03-2013
Rajapalayam Mills Limited,	11075	12675
The Ramco Cements Limited.,	8300	5800

(e) Investments Made

Name of the Related Party	Investment Amount	
	2013-14	2012-13
Ramco Windfarms Limited (2,50,000 Nos. equity shares of Re. 1/- each)	2.50	Nil

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

14. Other Additional information pursuant to the Revised Schedule VI of the Companies Act, 1956.

(a) Value of Imports calculated on CIF Value :

	2013-14	2012-13
Raw Materials	138.37	341.54
Components and Spares	35.40	25.22
Capital Goods	-	-

(b) Expenditure in Foreign Exchange during the year :

Export Sales Commission	26.45	4.09
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(c) Value of Raw Materials, Stores & Spare parts consumed

	2013-14		2012-13	
	Rs.	%	Rs.	%
Raw Materials				
Imported	138.37	2	341.54	6
Indigenous	8,225.72	98	5,712.06	94
Spares and Components				
Imported	35.40	6	25.22	6
Indigenous	530.15	94	403.86	94

(d) Earnings in Foreign exchange (FOB Value)

	2013-14	2012-13
Export on Yarn	2949	83

15. Figures have been rounded off to the nearest Lakh of rupees with two decimals.

(Signatures to Schedules 1 to 26)

(As per our report annexed)
For N.A. JAYARAMAN & CO.,
Chartered Accountants
FRN-001310S

R. PALANIAPPAN
Proprietor
Membership No.205112

RAJAPALAYAM,
25th May, 2014.

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

Dr. K.T. KRISHNAN
MANAGING DIRECTOR

S. VENKATARAGHAVAN
CHIEF FINANCIAL OFFICER

S. KRISHNASWAMY KAMAYA NAICKER

S. KANTHIMATHINATHAN

R. SIVASUBRAMANIAN

DIRECTORS

THANJAVUR SPINNING MILL LIMITED

CIN : L17111TN1961PLC004505

Regd. Office: Rajapalayam Mills Premises, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 117, Tamil Nadu

PROXY FORM

Name of the Member(s) :

Registered address :

E-mail ID :

Folio No./DP ID-Client ID:

I/We, being the member(s) of shares of the above named company, hereby appoint

1. Name : Address :

E-mail ID : Signature :, or failing him

2. Name : Address :

E-mail ID : Signature :, or failing him

3. Name : Address :

E-mail ID: Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 52nd Annual general meeting of the company, to be held on Monday, the 4th August, 2014 at 11.30 A.M. at P.A.C.Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.	Resolutions
	Ordinary Business:
1	Adoption of Financial Statements for the year ended 31st March, 2014.
2 (a)	Appointment of Shri P.R. Venketrama Raja, who retires by rotation and is eligible for re-appointment.
(b)	Appointment of Shri R. Sivasubramanian, who retires by rotation and is eligible for re-appointment.
3	Appointment of M/s. N.A. Jayaraman & Co., Chartered Accountants as Auditors.
	Special Business:
4	Appointment of Shri. S. Kanthimathinathan as Director.
5	Authority to borrow money upto Rs. 250 Crores.

Signed this day of 2014

Signature of Shareholder :

Signature of Proxy holder(s) :

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

Affix
Re. 1
Revenue
Stamp





Italian customer was felicitated at our Mill during their visit.

Italian customer inspected our quality upgradation at Blowroom.



A view of newly installed i- scan machine and unimix.

