

THANJAVUR SPINNING MILL LIMITED



FIFTY FOURTH ANNUAL REPORT AND ACCOUNTS

2015 - 2016



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

Shri K.T. RAMACHANDRAN, B.E.,

Shri S. KANTHIMATHINATHAN, M.Sc., (Tex), M.B.A.,

Shri S. KRISHNASWAMY KAMAYA NAICKER,

Shri P.A.S. KRISHNAMA RAJA, B.Com.,

Shri P.J. RAMKUMAR RAJHA, B.Com.

Chief Financial Officer :

Shri U. Alagappan

Registered Office :

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

E-mail: tsml@ramcotex.com

Phone:04563-235666

Fax:04563-236520

Web Site :

www.thanjavurspinningmill.co.in

Corporate Identification Number:

U17111TN1961PLC004505

Factory :

Vallam One Road,
Thanjavur - 613 005,
Tamil Nadu.

Bankers :

Axis Bank Limited

Canara Bank

Indian Bank

ICICI Bank Limited

The Karur Vysya Bank Limited

Tamilnad Mercantile Bank Limited

Tata Capital Financial Services Limited

Auditors :

M/s. N.A. JAYARAMAN & CO.,

Chartered Accountants,

9, Cedar Wood,

No. 11, 4th Main Road,

Raja Annamalaipuram,

Chennai - 600 028.

Cost Auditors :

M/s. RKMS & Associates,

Cost Accountants,

IV B, Akshaya Homes,

9B-20, Barathiyar 4th Street,

Tagore Nagar, S.S. Colony,

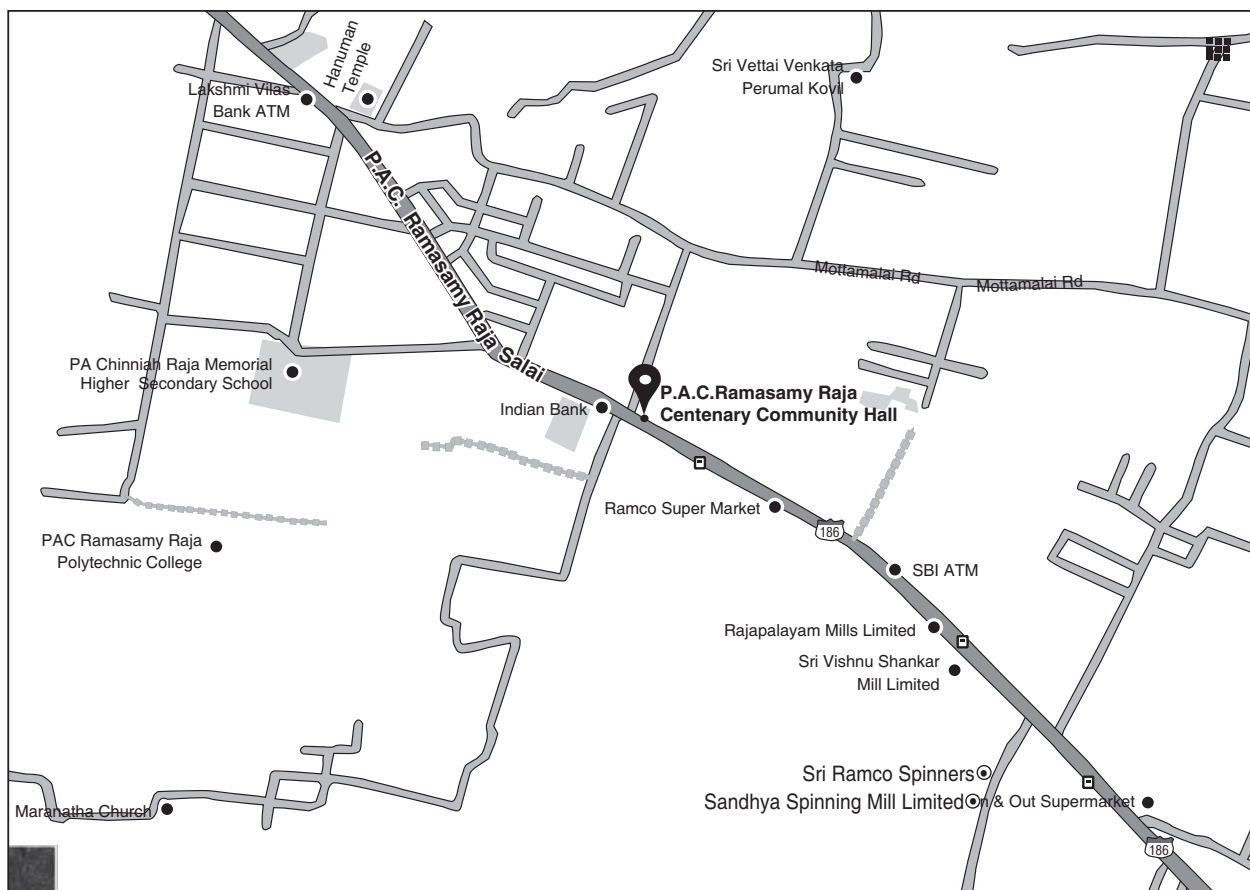
Madurai - 625 016.

THANJAVUR SPINNING MILL LIMITED

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Map Showing location of venue of 54th Annual General Meeting
Venue Address : P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens,
P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu



Land Mark : Near Indian Bank, P.A.C.R. Polytechnic College Branch

Distance from Rajapalayam Bus Stand : 3.5 KM; Distance from Rajapalayam Railway Station : 3.9 KM.

THANJAVUR SPINNING MILL LIMITED

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 54th Annual General Meeting of the Company will be held at 11.30 A.M on Wednesday, the 10th August, 2016 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 consider and pass the following Resolution, as an ORDINARY RESOLUTION:
“RESOLVED that the Directors’ Report and the Company’s Statement of Profit & Loss for the year ended 31st March 2016, Balance sheet as at that date and Cash Flow Statement for the year ended on that date and the Auditors’ Report thereon be and are hereby considered and adopted.”
2. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
“RESOLVED that Shri. K.T. Ramachandran, (DIN: 00351334), who retires by rotation, be and is hereby elected as Director of the Company.”
3. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
“RESOLVED that Shri. S. Kanthimathinathan, (DIN: 01124581), who retires by rotation, be and is hereby elected as Director of the Company.”
4. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
“RESOLVED that in terms of Section 139 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, the appointment of Shri R. Palaniappan, Prop. M/s. N.A. Jayaraman & Co., Chartered Accountants, Chennai, holding Firm Registration No.: 001310S as Auditor of the Company for the third consecutive year, viz., from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting, out of their term of three consecutive years as approved at the Annual General Meeting held on 04-08-2014, be and is hereby ratified.”

SPECIAL BUSINESS

5. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
“RESOLVED that pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Shri P.A.S. Krishnama Raja (DIN: 00487322), appointed as an Additional Director of the Company on 19-05-2016 pursuant to the provisions of Section 161 of the Companies Act, 2013 and who holds office upto the date of this Annual General Meeting, and being eligible, offer himself for appointment and in respect of whom the Company has received a notice in writing from a Member, pursuant to the provisions of Section 160 of the Companies Act, 2013 signifying his intention to propose the candidature of Shri P.A.S. Krishnama Raja, for the office of Director, be and is hereby appointed as a Director of the Company, under Independent Director category for a period of 5 consecutive years from the date of his appointment, viz. 19-05-2016.”

THANJAVUR SPINNING MILL LIMITED

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6. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
“RESOLVED that pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Shri P.J. Ramkumar Rajha (DIN 00487193), appointed as an Additional Director of the Company on 19-05-2016 pursuant to the provisions of Section 161 of the Companies Act, 2013 and who holds office upto the date of this Annual General Meeting, and being eligible, offer himself for appointment and in respect of whom the Company has received a notice in writing from a Member, pursuant to the provisions of Section 160 of the Companies Act, 2013 signifying his intention to propose the candidature of Shri P.J. Ramkumar Rajha, for the office of Director, be and is hereby appointed as a Director of the Company, under Independent Director category for a period of 5 consecutive years from the date of his appointment, viz. 19-05-2016.”
7. To consider and pass the following Resolution as an ORDINARY RESOLUTION:
“RESOLVED THAT the fact of the accumulated loss of the Company as on 31st March, 2016 resulting in erosion of more than fifty percent of the peak net worth of the Company during the immediately preceding four financial years and the reasons for such erosion be and is hereby considered in accordance with the provisions of Section 23 and other applicable provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 in all respects and that the report in the prescribed format be filed with the Board for Industrial and Financial Reconstruction (BIFR) within 60 days thereof.”

RAJAPALAYAM,
28-05-2016.

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

NOTES:

1. Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning each item of Special Business is annexed hereto.
2. **A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and that the Proxy need not be a Member.**
3. 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.

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NOTICE

4. The cut-off date will be 4th August, 2016 for determining the eligibility to vote by remote e-voting or in General Meeting.
5. Electronic copy of the Notice for the Annual General Meeting and the Annual Report for 2015-16 are being sent to all the members whose E-Mail IDs are registered with the Company / Share Transfer Agent (Cameo Corporate Services Limited) / 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. Members are also requested to provide their Unique Identification Number and PAN (CIN in the case of Corporate Members) to the Company / Share Transfer Agent / Depository Participants.
7. A Route map with prominent Landmark for easy location of the venue of the meeting is given with this notice as per the requirement of Clause No. 1.2.4 of the Secretarial Standard - 2 on "General Meetings".
8. Voting through electronic means
 - A. 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 remote e-voting facility to exercise their right to vote at the 54th Annual General Meeting (AGM) and the business may be transacted through such voting, through e-voting services provided by Central Depository Services (India) Limited (CDSL).
 - B. The facility for voting, either through electronic voting system or ballot shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
 - C. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

The instructions for e-voting are as under:

- i) To log on to the e-voting website **www.evotingindia.com**
- ii) To Click on Shareholders tab.

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- iii) Now enter your User ID as given below:
- For CDSL: 16 Digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- iv) Next enter the Captcha Code as displayed and Click on Login.
- v) **PASSWORD**
- 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.
 - If you are first time user follow the steps given below:
 - (a) Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).

Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the Folio No. / Client ID in the PAN field.

In case the Folio No is less than 8 digits, enter the applicable number of 0's before the Folio No. to make it 8 digits after the first two characters of the name in CAPITAL letters. Eg. If your name is R.Murugan with folio number 1 then enter RM00000001 in the PAN Field.
 - (b) Please enter any one of the following details in order to login:

Date of Birth: 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.

Dividend Bank Details: Please enter Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.

If both of the above details are not recorded with the depository or Company, please enter the user ID [mentioned in iii above] in the Dividend Bank details field.
- vi) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used the demat holders for voting for resolutions of any other Company on which they are eligible to

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vote, provided that Company opts for e-voting through CDSL platform. It is recommended not to share your password with any other person and take utmost care to keep your password confidential.

- vii) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- viii) Click on the relevant EVSN for THANJAVUR SPINNING MILL LIMITED on which you choose to vote.
- ix) 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.
- x) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolutions.
- xi) 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.
- xii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xiii) You can also take out print of the voting done by you clicking on “Click here to Print” option on the Voting page. It need not be sent to the Company.
- xiv) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha code and click on Forgot Password & enter the details as prompted by the system.
- xv) Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to **<https://www.evotingindia.com>** and register themselves as Corporates. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com. After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on. The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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- D. The facility for remote e-voting shall remain open from 9.00 A.M. on Sunday the 7th August, 2016 to 5.00 P.M. on Tuesday the 9th August, 2016. During this period, the Members of the Company, holding Shares either in physical form or in dematerialised form, as on the cut-off-date, viz., Thursday the 4th August, 2016, may opt for remote e-voting. Voting shall not be allowed beyond 5.00 PM on 9th August, 2016.
- E. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindi.com
- F. The voting rights of Shareholders shall be in proportion to the Shares held by them in the paid up equity Share capital of the Company as on 04-08-2016.
- G. 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.
- H. The Chairman shall, at the general meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting, with the assistance of scrutinizer, by use of ballot or by using an electronic voting system for all those members who are present at the general meeting but have not cast their votes by availing the remote e-voting facility.
- I. The Scrutinizer shall immediately after conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting there after unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make not later than three days of conclusion of the Meeting, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or person authorised by him in writing who shall countersign the same and the Chairman or a person authorised by him in writing shall declare the result of the voting forthwith.

RAJAPALAYAM,
28-05-2016.

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

THANJAVUR SPINNING MILL LIMITED

NOTICE

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM No. 5

The Board of Directors, based on the recommendation of Nomination and Remuneration Committee had appointed Shri P.A.S. Krishnama Raja (DIN: 00487322), as Additional Director on 19th May, 2016, under Non-Executive Independent Director category.

Shri P.A.S. Krishnama Raja, aged 39, holds bachelor degree in Commerce.

Shri P.A.S. Krishnama Raja, is also a Director in the following Companies:

CIN	Name of the Company	Designation
U17111TN1995PTC031982	Tirupathi YarnTex Spinners Private Limited	Director
U17111TN1994PLC027037	Sandhya Spinning Mill Limited	Director

He is also a Member in the following Committees:

Name of the Company	Name of the Committee	Position Held (Chairperson / Member)
Sandhya Spinning Mill Limited	Audit Committee	Member
	Nomination and Remuneration Committee	Member

In terms of Section 161 (1) of the Companies Act, 2013, Shri P.A.S. Krishnama Raja, holds Office as Additional Director up to the date of the forthcoming Annual General Meeting.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 along with the amount of requisite deposit from a Member signifying his intention to propose the appointment of Shri P.A.S. Krishnama Raja as a Director.

Shri P.A.S. Krishnama Raja is proposed to be appointed as an Independent Director for 5 consecutive years from the date of his appointment. He has furnished a declaration pursuant to Section 149(6) of the Companies Act, 2013 that he meets the criteria of independence and is hence eligible for appointment as an Independent Director. In the opinion of the Board, Shri P.A.S. Krishnama Raja fulfills the conditions specified in the Act and the Rules made thereunder and that he is Independent of the Management.

He holds no shares in Thanjavur Spinning Mill Limited.

The Board of Directors is of the opinion that his vast knowledge and experience in Textiles will be of great value to the Company and hence recommends the Resolution for the approval of the Members.

THANJAVUR SPINNING MILL LIMITED

NOTICE

The notice received under Section 160 of the Companies Act, 2013 and a copy of letter of appointment issued to Shri P.A.S. Krishnama Raja as an Independent Director would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

Disclosure of Interest:

Except Shri P.A.S. Krishnama Raja, being an appointee, none of the Directors of the Company and their relatives is concerned or interested in the Resolution.

Item No. 6

The Board of Directors, based on the recommendation of Nomination and Remuneration Committee had appointed Shri P.J. Ramkumar Rajha (DIN: 00487193), as Additional Director on 19th May, 2016, under Non-Executive Independent Director category.

Shri P.J. Ramkumar Rajha , aged 54, holds bachelor degree in Commerce.

Shri P.J. Ramkumar Rajha, is also a Director in the following Companies:

CIN	Name of the Company	Designation
U20293TN1961PLC004457	Madras Chip Boards Limited	Director
U01403TN2013PTC091326	Rajapalayam Precision Farmers Producer Company Limited	Director
U17111TZ2012PLC018705	Cotton Sourcing Company Limited	Director
U17120TN2014PLC094685	Rajapalayam Textile Limited	Director
U17111TN1939PLC002302	The Ramaraju Surgical Cotton Mills Limited	Director
U17115TN1993PTC024975	Senthur Textiles Private Limited	Director

In terms of Section 161 (1) of the Companies Act, 2013, Shri P.J. Ramkumar Rajha, holds Office as Additional Director up to the date of the forthcoming Annual General Meeting.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 along with the amount of requisite deposit from a Member signifying his intention to propose the appointment of Shri P.J. Ramkumar Rajha, as a Director.

THANJAVUR SPINNING MILL LIMITED

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Shri P.J. Ramkumar Rajha, is proposed to be appointed as an Independent Director for 5 consecutive years from the date of his appointment. He has furnished a declaration pursuant to Section 149(6) of the Companies Act, 2013 that he meets the criteria of independence and is hence eligible for appointment as an Independent Director. In the opinion of the Board, Shri P.J. Ramkumar Rajha, fulfills the conditions specified in the Act and the Rules made thereunder and that he is Independent of the Management.

He holds no shares in Thanjavur Spinning Mill Limited.

The Board of Directors is of the opinion that his vast knowledge and experience in textiles will be of great value to the Company and hence recommends the Resolution for the approval of the Members.

The notice received under Section 160 of the Companies Act, 2013 and a copy of letter of appointment issued to Shri P.J. Ramkumar Rajha as an Independent Director would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

Disclosure of Interest:

Except Shri P.J. Ramkumar Rajha, being an appointee, none of the Directors of the Company and their relatives is concerned or interested in the Resolution

Item No. 7

The Company has incurred a net loss of Rs. 202.15 Lakhs for the year ended 31st March, 2016. This has resulted in erosion of more than 50% of the peak net worth of the Company during the immediately preceding four financial years and the Company has become potentially sick. The accounts of the Company are being considered for adoption at this Annual General Meeting. The provisions of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 apply to the Company and Section 23 requires such erosion to be considered by the Members of the Company at the General Meeting

The reason for the erosion and steps taken for improvement has been explained in the report of the Directors.

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

RAJAPALAYAM,
28-05-2016.

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

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors wish to present the 54th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2016.

1. FINANCIAL RESULTS

The financial results for the year ended 31st March, 2016 after charging all expenses but before deducting finance cost and depreciation have resulted in operating profit of Rs. 818.10 Lakhs as against operating profit of Rs. 705.78 Lakhs for the previous financial year 2014-15.

After deducting Rs. 1,034.77 Lakhs towards finance cost, and providing Rs. 408.53 Lakhs towards Depreciation and considering Rs. 261.14 being profit on sale of Assets related to 'A' Unit and windmill division of the Company, the loss for the year is Rs. 364.06 Lakhs. After taking into account Rs. 161.91 Lakhs towards Deferred Tax Asset, the Net Loss for the year is Rs. 202.15 Lakhs (Previous Year: Net Loss of Rs. 851.59 Lakhs).

2. SHARE CAPITAL

The Paid-up Capital of the Company is Rs. 2,970 Lakhs (Previous year: Rs. 2,970 Lakhs) consisting of the following:

- i) 27,00,000 Nos. Equity share capital of Rs.10/- each.
- ii) 2,50,00,000 Nos. 9% Cumulative redeemable preference shares of Rs.10/- each.
- iii) 20,00,000 Nos. 9% Cumulative Optionally Convertible redeemable preference shares of Rs.10/- each.

3. DIVIDEND

In view of loss incurred by the Company, your Directors are unable to recommend any dividend for the current year on the Preference as well as Equity shares. In view of the loss incurred by the Company your directors have not made any provision for payment of Dividend for the preference share capital.

4. TAXATION

The Company is not liable to pay income tax under both regular method and Minimum Alternate Tax. An amount of Rs. 161.91 Lakhs towards Deferred Tax Asset is considered, which is in accordance with the Accounting Standards.

5. TRADE CONDITIONS

During the year, the cotton prices have come down by 12% and correspondingly the yarn price was also declined. Sluggish yarn demand in India as well as in export market coupled with oversupply situation in India, dragged the yarn prices both in Domestic as well as Export markets.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

The preferential access being given in major importing nations like European Union to other countries including Bangladesh, Cambodia, Pakistan, South Korea, Turkey and Vietnam has put India in disadvantageous position and hence the export volume of textile goods from India to Europe was severely affected. Indian textile goods attract 4 to 16 per cent duty in Europe, while the majority of the competitors in other countries enjoy zero duty access. The Chinese government's decision to offload its reserve cotton stock has reduced their dependence on import of yarn from India and the Pakistan government's decision to impose regulatory duty for import of cotton yarn into their country have affected the shipments of yarn from India.

The power cut imposed in Tamil Nadu during the previous years was lifted during the year. However, the restrictions imposed by the Tamil Nadu Generation and Distribution Corporation (TANGEDCO) in evacuation of power generated by wind mills has continued and even worsened during this year, which has resulted in loss in generation of power from wind mills.

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

The above adverse factors are the main reasons for incurring losses for the financial year 2015-16.

6. EXPORTS

On the export front during the year, we have made export of Cotton Yarn including merchant export for a value of Rs. 2,723.62 Lakhs as against Rs. 1,990.47 Lakhs of the previous year.

7. PROSPECTS FOR THE CURRENT YEAR

The cotton prices are showing increasing trend due to lower production of cotton projected during the current cotton season 2015-16 because of reduced acreage of cotton plantation and whitefly attack on cotton crops in Punjab and Haryana. Due to sluggish demand for yarn, the Spinning Mills are not able to increase the yarn prices in line with the increased cotton cost. With the flexibility to produce coarser counts and by using imported contamination free cotton, the Company is now focusing more on expanding the marketing activities across the globe during the current year.

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 improve the profit margins.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

8. WIND MILL

As a part of financial restructuring of the Company and based on the approval given by the Members through postal ballot process, the entire windmill division with an aggregate capacity of 6.60 MW were sold to Ramco Windfarms Limited in the month of March, 2016 and the proceeds of Rs. 21 Crores were utilized for prepayment of Loans to various Bankers.

During the financial year 2015-16, the wind farm has generated 70 Lakhs Kwh as compared to 139 Lakhs Kwh of the previous year. All the Units generated by wind mills were adjusted for captive consumption at our Mills. The income during the year from the Wind Mill Division was Rs. 4.53 Crores as against Rs. 8.02 Crores of previous year. The reduction in income on account of wind mills is due to disposal of 3 Wind Mill with a capacity of 2.4 MW in March, 2015.

9. STATUS OF SALE OF A MAJOR OF THE UNDERTAKING, PROPERTIES AND ASSETS OF THE COMPANY AS INFORMED PREVIOUS YEAR.

As informed in the Directors' Report of last year, the details of sale process of assets related to Unit 'A' are given below:

- i. Sale of Assets of 'A' Unit at Thanjavur
 - a) The Company has sold the Machineries for an aggregate value of Rs. 16.82 Crores and entire proceeds were used for pre payment of Loans with Bankers.
 - b) It is proposed to sell the Land by developing residential plots and the Company has entered a Memorandum of Understanding with Developers for this purpose.
- ii. Sale of Land at Tiruttani.

The Company is in the process of finding suitable parties for Sale of Land and buildings at Tiruttani.

10. INDUSTRIAL RELATIONS AND PERSONNEL

The Company has 368 employees as on 31-03-2016. 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 absentism in labour attendance are causing loss of production. We are striving our best to retain them by implementing attractive incentive schemes to labours to achieve better attendance.

Information in terms of Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to the Company.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

11. INTERNAL FINANCIAL CONTROLS

In accordance with Section 134(5)(e) of the Companies Act, 2013, the Company has Internal Financial Controls Policy by means of Policies and Procedures commensurate with the size & nature of its operations and pertaining to financial reporting. In accordance with Rule 8(5)(viii) of Companies (Accounts) Rules, 2014, it is hereby confirmed that the Internal Financial Controls are adequate with reference to the financial statements. ERP System developed by Ramco Systems Limited has been installed for online monitoring of all functions and management information reports are being used to have better internal control system and to take decisions in time.

12. VIGIL MECHANISM / WHISTLE BLOWER POLICY

In accordance with Section 177(9) and (10) of the Companies Act, 2013 the Company has established a Vigil Mechanism and has a Whistle Blower Policy.

13. DIRECTORS

In accordance with the provision of the Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the Company, the following Directors retire by rotation at the ensuing Annual General Meeting and they are eligible for re-appointment.

1. Shri K.T.Ramachandran (DIN: 00351334)
2. Shri S.Kanthimathinathan(DIN: 01124581)

We regret to report the sad demise of our Director R.Sivasubramanian (DIN: 01759517) on 21-05-2015. Shri. R. Sivasubramanian was the Chairman of the Nomination and Remuneration Committee and Stakeholders Relationship Committee of the Board. He was also a member in Audit committee of the Board. The Directors place on record Shri. R. Sivasubramanian's valuable and constructive contribution in the Board and Committee Meetings during his association of 50 years with the Company.

Shri P.A.S. Krishnama Raja (DIN: 00487322) and Shri. P.J. Ramkumar Rajha (DIN: 00487193) have been co-opted on 19th May, 2016 as Additional Directors under Independent Director Category and hold the office till the date of the forthcoming Annual General Meeting.

Shri. S.Venkataraghavan, Chief Financial Officer of the Company has resigned from the Company with effect from 14th November, 2015.

Shri.U. Alagappan, has been appointed as Chief Financial Officer of the Company with effect from 28th May, 2016.

Pursuant to Rule 8(5)(iii) of Companies (Accounts) Rules, 2014, it is reported that, other than the above, there have been no changes in the Directors or Key Managerial Personnel during the year.

The Company has received necessary declarations from all the Independent Directors under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence as provided in

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

Section 149(6) of the Companies Act, 2013.

The Audit Committee has three members, out of which two are Independent Directors. Pursuant to Section 177(8) of the Companies Act, 2013, it is reported that there has not been an occasion, where the Board had not accepted any recommendation of the Audit Committee

In accordance with Section 178(3) of the Companies Act, 2013 and based upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors have approved a policy relating to appointment and remuneration of Directors, Key Managerial Personnel and Other Employees. The objective of the Nomination and Remuneration Policy is to ensure that the level and composition of remuneration is reasonable, the relationship of remuneration to performance is clear and appropriate to the long term goals of the Company.

14. EVALUATION OF BOARD

Pursuant to Section 134(3)(p) of the Companies Act, 2013, Directors have evaluated the quality, quantity and timeliness of the flow of information between the Management and the Board, performance of the Board as a whole, its Committees and its Members and other required matters.

15. MEETINGS

MEETINGS OF THE BOARD

During the year under review, four Board Meetings were held, one each on 21-05-2015, 11-08-2015, 07-11-2015 and 14-02-2016.

Details of attendance of each Director at the Board Meetings held during the year are as follows:

S. No.	Name of the Director	Directorship	No. of Meetings attended	Attendance at Last AGM
1.	Shri P.R. Ramasubrahmaneya Rajha	Chairman	4	Yes
2.	Shri.K.T.Ramachandran	Director	1	No
3.	Shri.S.Kathimathinathan	Director	4	Yes
4.	Shri.S.Krishnaswamy Kamaya Naicker	Director	2	Yes
5.	Shri.R.Sivasubramanian @	Director	0	NA
6.	Shri P.A.S. Krishnama Raja*	Additional Director	NA	NA
7.	Shri P.J. Ramkumar Rajha*	Additional Director	NA	NA

@ Shri R. Sivasubramanian expired on 21-05-2015.

* Shri P.A.S. Krishnama Raja and Shri P.J. Ramkumar Rajha have been appointed as Directors with effect from 19-05-2016.

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DIRECTORS' REPORT

MEETINGS OF THE COMMITTEES

AUDIT COMMITTEE

The composition of the Audit Committee and attendance of each Member at the Audit Committee Meetings held during the year are as follows:

S. No.	Name of the Director	Membership	No. of Meetings attended
1.	Shri.S.Krishnaswamy Kamaya Naicker	Chairman	11
2.	Shri.S.Kathimathinathan#	Member	11
3.	Shri.R.Sivasubramanian@	Member	2
4.	Shri P.A.S. Krishnama Raja*	Member	NA
5.	Shri P.J. Ramkumar Rajha*	Member	NA

Shri S. Kanthimathinathan ceased to be a Committee Member w.e.f. 19-05-1026.

@ Shri R. Sivasubramanian expired on 21-05-2015

* Shri P.A.S. Krishnama Raja and Shri P.J. Ramkumar Rajha have been nominated to the committee on 19-05-2016

No. of Meeting held during the year: 11

Date of Meeting : 07-04-2015, 08-05-2015, 20-05-2015, 29-05-2015, 19-06-2015, 30-06-2015, 10-08-2015, 22-09-2015, 06-11-2015, 18-12-2015 and 13-02-2016.

NOMINATION AND REMUNERATION COMMITTEE

The composition of the Nomination and Remuneration Committee consists of the following Directors:

S.No	Name of the Director	Membership
1.	Shri.S.Krishnaswamy Kamaya Naicker	Chairman
2.	Shri P.A.S. Krishnama Raja	Member
3.	Shri P.J. Ramkumar Rajha	Member

No. of Meeting held during the year: Nil.

SHARE TRANSFER COMMITTEE

The composition of the Share Transfer Committee and attendance of each Member at the Share Transfer Committee Meetings held during the year are as follows:

S.No	Name of the Director	Membership	No. of Meetings attended
1.	Shri.S.Kathimathinathan	Chairman	1
2.	Shri.S.Krishnaswamy Kamaya Naicker	Member	1
3.	Shri.K.T.Ramachandran	Member	1

No. of Meeting held during the year: 1

Date of Meeting: 08-02-2016

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DIRECTORS' REPORT

STAKEHOLDERS RELATIONSHIP COMMITTEE

The composition of the Stakeholders Relationship Committee and attendance of each Member at the Stakeholders Relationship Committee Meeting held during the year are as follows:

S. No.	Name of the Director	Membership	No.of Meetings attended
1.	Shri.S.Kathimathinathan	Chairman	1
2.	Shri.S.Krishnaswamy Kamaya Naicker	Member	1

No. of Meeting held during the year: 1

Date of Meeting: 28-03-2016

16. PUBLIC DEPOSITS

Pursuant to Rule 8(5)(v) & (vi) of Companies (Accounts) Rules, 2014, it is reported that the Company has not accepted any deposit from public during the financial year under review. There has been no default in the repayment of deposits / payment of interest thereon during the year. The Company has no deposit, which is not in compliance with the Chapter V of the Companies Act, 2013.

17. ORDERS PASSED BY REGULATORS

Pursuant to Rule 8(5)(vii) of Companies (Accounts) Rules, 2014, it is reported that, no significant and material orders have been passed by the Regulators or Courts or Tribunals, impacting the going concern status and Company's operations in future.

18. PARTICULARS OF LOANS, GURANTEES AND INVESTMENTS

The Company has not given any loan or guarantee to any Company. The details of investment made by the Company is disclosed in Note.10 which is forming part of financial statements.

19. SHARES

The Company's shares were listed only in Madras Stock Exchange Limited up to November, 2014. Consequent to the voluntary exit and de-recognition of Madras Stock Exchange Limited (MSE) as a stock exchange, pursuant to Securities and Exchange Board of India (SEBI) circular dated 30th May, 2012, companies exclusively listed on MSE were required to either seek listing on any other recognised stock exchange with diluted listing norms or opt for voluntary delisting; or otherwise be moved to the Dissemination Board of BSE Limited (BSE) or National Stock Exchange of India Limited (NSE) where shares of such companies could be bought/ sold by following a prescribed procedure.

Since the Company could not meet the diluted listing norms, it was not in a position to obtain listing in BSE or NSE. It also did not opt for voluntary de-listing. Accordingly, Madras Stock Exchange Ltd informed vide their letter dated 3rd December, 2014 that the Company has ceased to be a

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

listed Company with MSE, and has been placed on the Dissemination Board of NSE, and NSE has allowed buying and selling of the shares of the Company on the Dissemination Board with effect from 1st December 2014. The Company informed the same to the Members vide letter dated 31st December, 2014.

The Company's shares are available for dematerialization both in NSDL & CDSL (Company's ISIN No. INE715M01010). The Company has appointed M/s. Cameo Corporate Services Limited, "Subramanian Building", No.1, Club house Road, Chennai - 600002 (Ph: 044 - 28460390 (5Lines) Email:investor@cameoindia.com) 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.

20. POTENTIAL SICKNESS OF THE COMPANY

At the end of the financial year 31st March, 2016, the accumulated loss of the Company has resulted in erosion of more than fifty percent of the peak net worth of the Company during the immediately preceding four financial years and the Company has become potentially sick. The decrease in selling prices of Yarn, increase in power cost due to low generation of power from wind mill, higher interest charges on account of delay in selling the properties pertaining to "A" Unit because of lengthy process involved in conversion of property from Industrial land to Residential land classification, etc. are the main reasons for the losses incurred during the financial year 2015-16, which has resulted in erosion of more than 50% of peak net worth during immediately preceding four financial years.

STEPS TAKEN FOR IMPROVEMENT:

- 1) The Company expects improvement in Yarn prices, and more export orders in the coming years, where margin is good.
- 2) The Company has sold the machineries pertaining to "A" Unit to the extent of Rs. 32.33 Crores as on 31-03-2016.
- 3) The Company has sold the entire wind mill division of the Company consists of 6.60 MW in March, 2016 for a sale consideration of Rs. 21 Crores.
- 4) The Company has entered a MOU for development and sale of land pertaining to "A" Unit as residential plots and if entire plots are sold the Company expects to realise an amount of Rs. 68 Crores. The Company is taking steps for conversion of this industrial land into Residential land and indent to apply for DTCP approval.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

All the above steps will help the Company to reduce the borrowings and interest cost is expected to come down in the forth coming years.

REPORTING TO THE BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR):

[As per Sick Industrial Companies (Special Provisions) Act, 1985]

As required under Section 23 of Sick Industrial Companies (Special Provisions) Act, the Board of Directors have included in the notice of AGM the matter of erosion of more than 50% of the peak net worth of the Company during the immediately preceding four financial years as a special business for consideration by the Shareholders. The Directors will also report the fact of such erosion in the prescribed format to the BIFR.

21. AUDIT

STATUTORY AUDIT

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

At the 52nd Annual General Meeting, the above Auditors have been appointed as a statutory auditors for a period of 3 consecutive years being their remaining eligible period in terms of Rule 6 of Companies (Audit and Auditors) Rules, 2014. The matter relating to their appointment for the third year of their term is being placed before the Members for ratification at the ensuing Annual General Meeting, in accordance with the requirements of Section 139(1) of the Companies Act, 2013.

The Auditors have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141 of the Companies Act, 2013.

The report of the Statutory Auditor for the year ended 31st March, 2016 does not contain any qualification, reservation or adverse remark and no instance of fraud has been reported by Auditors under Section 143(12) of Companies Act, 2013.

COST AUDIT

Cost Audit is not applicable to the Company for the financial year 2014-15. However, Ministry of Corporate Affairs has amended the Companies (Cost Records and Audit) Rules, 2014 vide its notification dated 31st December, 2014 and Textile Mills are required to file cost audit report for the financial year 2015-16.

The Board of Directors had approved the appointment of M/s RKMS & Associates, Cost Accountants as the Cost Auditor of the Company to audit the Company's Cost Records relating to manufacture of textile products for the year 2015-16.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

The Cost Audit Report for the financial year 2015-16 is due to be filed within 180 days from the closure of the financial year and will be filed within the stipulated period.

22. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Pursuant to Section 134(3)(m) of the Companies Act, 2013 and Rule 8(3) of Companies (Accounts) Rules, 2014, the information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is attached as Annexure – I.

23. EXTRACT OF ANNUAL RETURN

In Accordance with Section 92(3) of the Companies Act, 2013, read with Rule 12(1) of Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT-9 is attached herewith as Annexure - II.

24. RELATED PARTY TRANSACTION

The transactions with related party entered into by the Company are periodically placed before the Audit Committee for its approval. The particulars of contracts entered into by the Company during the year as per Form AOC-2 is enclosed as Annexure - III. In accordance with AS – 18, (Related Party Disclosure) the details of transactions with the related parties are set out in Note No. 26(15) of disclosure forming part of Financial Statements.

25. RISK MANAGEMENT POLICY

Pursuant to Section 134(3)(n) of the Companies Act, 2013, the Company has developed and implemented a Risk Management Policy. The Policy envisages identification of risk and procedures for assessment and minimization of risk thereof.

26. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors confirm that:

- (a) they had followed the applicable accounting standards along with proper explanation relating to material departures, if any, in the preparation of the annual accounts for the year ended 31st March, 2016;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2016 and loss of the Company for the year ended on that date;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

- (d) they had prepared the Annual Accounts on a going concern basis;
- (e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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.

RAJAPALAYAM,
28-05-2016.

On behalf of the Board of Directors,
For THANJAVUR SPINNING MILL LIMITED,
P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

THANJAVUR SPINNING MILL LIMITED

ANNEXURE I TO DIRECTORS' REPORT

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

*[Pursuant to Section 134(3)(m) of the Companies Act, 2013
read with Rule 8(3) of Companies (Accounts) Rules 2014]*

A. CONSERVATION OF ENERGY

The Company pays attention at all levels to reduce energy consumption, by continuous monitoring maintenances and improvements.

- | | | |
|---|---|--|
| (i) the steps taken on conservation of energy | : | Installation of 400 Nos. of LED Tube lamps in lighting area by replacing conventional tube lamps. Optimization of pneumafil suction pressure in spinning frame by replacing of suction fan. |
| Impact on conservation of energy | : | Installation of 400 Nos. of LED lamps resulted power saving of around 75000 units per annum. Optimization of pneumafil suction pressure resulted power saving of around 85000 units per annum. |
| (ii) the steps taken by the company for utilising alternate sources of energy | : | NIL |
| (iii) the capital investment on energy conservation equipments | : | NIL |

B) TECHNOLOGY ABSORPTION:

- | | | |
|---|---|----------------|
| (i) the efforts made towards technology absorption | : | NIL |
| (ii) the benefits derived like product improvement, cost reduction, product development or import substitution | : | NIL |
| (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) | : | NIL |
| (a) the details of technology imported | : | NIL |
| (b) the year of import | : | NIL |
| (c) whether the technology been fully absorbed; and | : | Not Applicable |
| (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof | : | Not Applicable |
| (iv) the expenditure incurred on Research and Development | : | Not Applicable |

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

- | | | |
|--|---|--------------------|
| The Foreign Exchange earned in terms of actual inflows during the year and | : | Rs. 1,024.33 Lakhs |
| The Foreign Exchange outgo during the year in terms of actual outflows. | : | Rs. 477.98 Lakhs |

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

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

RAJAPALAYAM,
28-05-2016.

THANJAVUR SPINNING MILL LIMITED

ANNEXURE II TO DIRECTORS' REPORT

Form MGT - 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2016

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014].

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U17111TN1961PLC004505
2.	Registration Date	09-06-1961
3.	Name of the Company	THANJAVUR SPINNING MILL LIMITED
4.	Category / Sub-category of the Company	Public Limited Company
5.	Address of the Registered office and Contact details	"Rajapalayam Mills Premises" P.a.c.ramasamy Raja Salai, Rajapalayam - 626 117, Tamil Nadu. Phone:04563-235666 ; Fax:04563-236520 E-Mail:tsml@ramcotex.com Web: www.thanjavurspinningmill.co.in
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. CAMEO CORPORATE SERVICES LIMITED Subramanian Building, No. 1, Club House Road, Chennai - 600 002. Phone : 044-28460390; Fax : 044-28460129 Email : investor@cameoindia.com Web : www.cameoindia.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(Business activities contributing 10% or more of the total turnover of the company):

Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
Yarn	13111	91.34%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Name and address of the Company	CIN/GNL	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
- NIL -				

THANJAVUR SPINNING MILL LIMITED

ANNEXURE II TO DIRECTORS' REPORT

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	5,76,234	3,47,866	9,24,100	34.23	6,31,184	2,87,084	9,18,268	34.01	(0.22)
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (1)	5,76,234	3,47,866	9,24,100	34.23	6,31,184	2,87,084	9,18,268	34.01	(0.22)
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) FI/ Banks	-	-	-	-	-	-	-	-	-
e) Any others	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoters (A) = A(1)+A(2)	5,76,234	3,47,866	9,24,100	34.23	6,31,184	2,87,084	9,18,268	34.01	(0.22)
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	200	200	0.01	-	200	200	0.01	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	2,398	-	2,398	0.09	2,398	-	2,398	0.09	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)									
Sub-total (B)(1):-	2,398	200	2,598	0.10	2,398	200	2,598	0.10	-

THANJAVUR SPINNING MILL LIMITED

ANNEXURE II TO DIRECTORS' REPORT

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	2,100	6,086	8,186	0.30	2,600	5,586	8,186	0.30	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	56,193	5,62,059	6,18,252	22.90	57,659	5,60,593	6,18,252	22.90	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	10,11,100	1,35,764	11,46,864	42.47	10,38,985	1,13,711	11,52,696	42.69	0.22
c) Others - (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	10,69,393	7,03,909	17,73,302	65.67	10,99,244	6,79,890	17,79,134	65.89	0.22
Total Public Shareholding (B)=(B)(1)+ (B)(2)	10,71,791	7,04,109	17,75,900	65.77	11,01,642	6,80,090	17,81,732	65.99	0.22
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	16,48,025	10,51,975	27,00,000	100	17,32,826	9,67,174	27,00,000	100	-

THANJAVUR SPINNING MILL LIMITED

ANNEXURE II TO DIRECTORS' REPORT

ii) Shareholding of Promoters:

Sl. No.	Shareholders' Name	Shareholding at the beginning of the year 1 st April, 2015			Shareholding at the end of the year 31 st March, 2016			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Shri P.R.RAMASUBRAHMANEYA RAJHA	4,41,234	16.34	-	4,41,234	16.34	-	-
2	Smt.R.SUDARSANAM	1,35,000	5.00	-	1,35,000	5.00	-	-
3	Smt. R.CHTTAMMAL	1,422	0.05	-	1,422	0.05	-	-
4	Shri N.R.K.RAMKUMAR RAJA	400	0.01	-	400	0.01	-	-
5	Shri S.S.RAMACHANDRA RAJA	1,000	0.04	-	1,000	0.04	-	-
6	Smt. K.T.RUKMANI ANNI	13,600	0.50	-	-	-	-	(0.50)
7	Shri. K.T.RAMACHANDRAN	2,136	0.08	-	4,078	0.15	-	0.07
8	Shri. K.R.TIRUVENGADAM	72,400	2.68	-	72,400	2.68	-	-
9	Smt. K.R.RUKMANI	4,222	0.16	-	4,222	0.16	-	-
10	Smt. K.R.VAISHNAVI	4,222	0.16	-	4,222	0.16	-	-
11	Smt. K.R.SAKUNDALA DEVI	4,222	0.16	-	4,222	0.16	-	-
12	DR.K.T.KRISHNAN	30,008	1.11	-	30,008	1.11	-	-
13	Smt. ANNAPOORANI KRISHNAN	12,650	0.47	-	13,135	0.49	-	0.02
14	DR.K.TIRUVENGADAKRISHNAN	40,000	1.48	-	40,487	1.50	-	0.02
15	MINOR K.T.HARINI BY F&G.K.TIRUVENGADAKRISHNAN	1,000	0.04	-	1,000	0.04	-	-
16	MINOR K.T.HARSHINI BY F&G.K.TIRUVENGADAKRISHNAN	1,000	0.04	-	1,000	0.04	-	-
17	Smt. K.PADMAVATHI	22,600	0.84	-	23,085	0.85	-	0.01
18	Shri K.S.KRISHNAKUMAR	20,000	0.74	-	20,000	0.74	-	-
19	Mr.K.SANTHANA KRISHNAN	1,100	0.04	-	1,100	0.04	-	-
20	Mr. K.RAGUVIR	1,200	0.04	-	1,200	0.04	-	-
21	Smt. K.UMAMAHESWARI	30,200	1.12	-	30,685	1.14	-	0.02
22	Ms. P.P.HASINI	1,000	0.04	-	1,000	0.04	-	-
23	Shri K.T.SRINIVASAN	282	0.01	-	2,224	0.08	-	0.07
24	Shri K.T.KALYANAKRISHNAN	33,202	1.23	-	35,144	1.30	-	0.07
25	Smt. MEENAKSHI KALYANAKRISHNAN	6,000	0.22	-	6,000	0.22	-	-
26	Shri R.SIVASUBRAMANIAN	2,000	0.07	-	2,000	0.07	-	-
27	Smt. S.JALAJAAMMAL	2,000	0.07	-	2,000	0.07	-	-
28	Shri S.KRISHNASWAMY KAMAYA NAICKER	4,000	0.15	-	4,000	0.15	-	-
29	Shri K.KUMARAN	27,000	1.00	-	27,000	1.00	-	-
30	Smt.V.VEERALAKSHMI	9,000	0.33	-	9,000	0.33	-	-
	TOTAL	9,24,100	34.23	-	9,18,268	34.01	-	(0.22)

THANJAVUR SPINNING MILL LIMITED

ANNEXURE II TO DIRECTORS' REPORT

iii) Change in Promoters' Shareholding:

S. No.	Shareholding		Date	Increase / (Decrease) in Shareholdings	Reason	Cumulative Shareholding during the year 01.04.2015 to 31.03.2016	
	No. of shares at the beginning (01.04.2015) / end of the year (31.03.2016)	% of total shares of the company				No. of shares	% of total shares of the company
1.	9,24,100	34.23	01.04.2015	-	-	-	-
	9,18,268	34.01	30.01.2016	(5,832)	Transmission	9,18,268	34.01

iv) Shareholding Pattern of Top Ten Shareholders:

(Other than Directors and Promoters)

S. No.	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of shares at the beginning of the year (01.04.2015) / end of the year (31.03.2016)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Smt. R. NALINA RAMALAKSHMI	2,70,000	10.00	N.A.	N.A.	N.A.	2,70,000	10.00
2	Smt. SARADHA DEEPA	2,70,000	10.00	N.A.	N.A.	N.A.	2,70,000	10.00
3	Shri ABINAV RAMASUBRAMANIAM RAJA P V	2,13,300	7.90	N.A.	N.A.	N.A.	2,13,300	7.90
4	Smt. P.V.NIRMALA	67,500	2.50	N.A.	N.A.	N.A.	67,500	2.50
5	Smt.P.V.SRI SANDHYA	67,500	2.50	N.A.	N.A.	N.A.	67,500	2.50
6	Shri P.R.VENKETRAMA RAJA	54,000	2.00	N.A.	N.A.	N.A.	54,000	2.00
7	Shri ANANTHARAMAKRISHNAN K S	29,886	1.11	N.A.	N.A.	N.A.	29,886	1.11
8	Shri SATHYANARAYANAN K S	29,876	1.11	N.A.	N.A.	N.A.	29,876	1.11
9	Smt. DHARSHINI RAAJA DH	27,000	1.00	N.A.	N.A.	N.A.	27,000	1.00
10	Smt. SRIMATHI D	27,000	1.00	N.A.	N.A.	N.A.	27,000	1.00

THANJAVUR SPINNING MILL LIMITED

ANNEXURE II TO DIRECTORS' REPORT

v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of shares at the beginning of the year (01.04.2015) / end of the year (31.03.2016)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Shri P R RAMASUBRAHMANEYA RAJHA	4,41,234	16.34	N.A.	N.A.	N.A.	4,41,234	16.34
2	DR.KRISHNAN K T	30,008	1.11	N.A.	N.A.	N.A.	30,008	1.11
3	Shri RAMACHANDRAN K T	2,136	0.08	30.01.2016	1,942	Transmission	4,078	0.15
4	Shri KRISHNASWAMY KAMAYA NAICKER S	4,000	0.15	N.A.	N.A.	N.A.	4,000	0.15
5	Shri SIVASUBRAMANIAN R@	2,000	0.07	N.A.	N.A.	N.A.	2,000	0.07
6	Shri KANTHIMATHINATHAN S	Nil	Nil	N.A.	N.A.	N.A.	Nil	Nil
7	Shri VENKATARAGHAVAN S #	Nil	Nil	N.A.	N.A.	N.A.	N.A.	N.A.

@ Shri R. Sivasubramanian expired on 21-05-2015.

Shri S. Venkataraghavan, CFO has Resigned on 14-11-2015.

THANJAVUR SPINNING MILL LIMITED

ANNEXURE II TO DIRECTORS' REPORT

V. INDEBTEDNESS

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

(Rs.in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	9,823.26	1,500.00	-	11,323.26
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	33.81	-	-	33.81
Total (i+ii+iii)	9,857.07	1,500.00	-	11,357.07
Change in Indebtedness during the financial year				
Addition	3,500.00	-	-	3,500.00
Reduction	6,389.31	1,000.00	-	7,389.31
Net Change	(2,889.31)	(1,000.00)	-	(3,889.31)
Indebtedness at the end of the financial year				
i) Principal Amount	6,954.84	500.00	-	7,454.84
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	12.92	-	-	12.92
Total (i+ii+iii)	6,967.76	500 .00		7,467.76

THANJAVUR SPINNING MILL LIMITED

ANNEXURE II TO DIRECTORS' REPORT

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

Sl. No.	Particulars of Remuneration	Dr. K.T. Krishnan, Managing Director (upto 30.04.2015)	Total Amount Rs. In Lakhs
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2.49	2.49
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify...	-	-
5	Others - Leave Salary	13.47	13.47
	Total (A)	15.96	15.96
	Ceiling as per the Act	Managing Director remuneration is fixed at 5% of net profits of the Company and in case, no profits or inadequacy of profits, the Managing Director Shall be paid the maximum remuneration as per Section II, Part II of schedule V of the Companies Act, 2013.	

THANJAVUR SPINNING MILL LIMITED

ANNEXURE II TO DIRECTORS' REPORT

B. Remuneration to other Directors:

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
1	Independent Directors						
	Fee for attending board committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	-	-	-	-	-	-
2	Other Non-Executive Directors	Shri. P.R. Ramasubrahmaneya Rajha	Shri. K.T. Ramachandran	Shri. S. Krishnaswamy Kamaya Naicker	Shri. S. Kanthimathinathan	Shri. R. Sivasubramanian	
	Fee for attending board committee meetings	0.20	0.08	0.12	0.23	-	0.63
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	0.20	0.08	0.12	0.23	-	0.63
	Total (B)=(1+2)	0.20	0.08	0.12	0.23	-	0.63
	Overall Ceiling as per the Act	1% of Net profit of the Company, calculated as per Section 198 of the Companies Act, 2013.					
	Total Managerial Remuneration (A+B)						16.59

THANJAVUR SPINNING MILL LIMITED

ANNEXURE II TO DIRECTORS' REPORT

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Shri S. Venkataraghavan Chief Financial Officer (Upto 14.11.2015)	Total (Rs. in lakhs)
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	9.45	9.45
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	others, specify	-	-
5	Others, please specify	-	-
	Total	9.45	9.45

THANJAVUR SPINNING MILL LIMITED

ANNEXURE II TO DIRECTORS' REPORT

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY Penalty Punishment Compounding			NIL		
B. DIRECTORS Penalty Punishment Compounding			NIL		
C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding			NIL		

RAJAPALAYAM,
28-05-2016.

On behalf of the Board of Directors,
For THANJAVUR SPINNING MILL LIMITED,
P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

THANJAVUR SPINNING MILL LIMITED

ANNEXURE III TO DIRECTORS' REPORT

Form No. AOC - 2

[Pursuant to Clause (h) of Sub-Section(3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Particulars of contracts or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis – NIL
2. Details of material contracts or arrangement or transactions at arm's length basis-

Particulars	I	II	III	IV	V
Name(s) of the related party and nature of relationship	Rajapalayam Mills Limited	Sri Vishnu Shankar Mill Limited	Sandhya Spinning Mill Limited	The Ramaraju Surgical Cotton Mills Limited	Ramco Industries Limited
Nature of Relationship	Shri P.R. Ramasubrahmaneya Rajha, Director is a Director and holds along with his relatives, more than 2% of the Paid-up Share capital of Rajapalayam Mills Limited	Shri P.R. Ramasubrahmaneya Rajha, Director is a Director and holds along with his relatives, more than 2% of the Paid-up Share capital of Sri Vishnu Shankar Mill Limited	Shri P.R. Ramasubrahmaneya Rajha, Director is a Director and holds along with his relatives, more than 2% of the Paid-up Share capital of Sandhya Spinning Mill Limited	Shri P.R. Ramasubrahmaneya Rajha, Director is a Director and holds along with his relatives, more than 2% of the Paid-up Share capital of The Ramaraju Surgical Cotton Mills Limited	Shri P.R. Ramasubrahmaneya Rajha, Director is a Director and holds along with his relatives, more than 2% of the Paid-up Share capital of Ramco Industries Limited
Nature of contracts/ arrangements/ transactions	Sale of Textile Machineries	Sale of Textile Machineries	Sale of Textile Machineries	Sale of Textile Machineries	Sale of Textile Machineries
Duration of the contracts / arrangements/ transactions	During the FY 2015-16	During the FY 2015-16	During the FY 2015-16	During the FY 2015-16	During the FY 2015-16
Salient terms of the contracts or arrangements or transactions including the value, if any:	Sale of Textile Machineries as per Shareholders Resolution dated 20-12-2014 for the Value of Rs.568.55 Lakhs	Sale of Textile Machineries as per Shareholders Resolution dated 20-12-2014 for the Value of Rs.82.12 Lakhs	Sale of Textile Machineries as per Shareholders Resolution dated 20-12-2014 for the Value of Rs.91.65 Lakhs	Sale of Textile Machineries as per Shareholders Resolution dated 20-12-2014 for the Value of Rs.71.12 Lakhs	Sale of Textile Machineries as per Shareholders Resolution dated 20-12-2014 for the Value of Rs.67.05 Lakhs
Date(s) of approval by the Board, if any	24-09-2014	24-09-2014	24-09-2014	24-09-2014	24-09-2014
Amount paid as advances, if any	NIL	NIL	NIL	NIL	NIL

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

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

RAJAPALAYAM,
28-05-2016.

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 THANJAVUR SPINNING MILL LIMITED ('the Company') which comprise the Balance Sheet as at 31st March 2016, the Statement of profit and loss, and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair

THANJAVUR SPINNING MILL LIMITED

AUDITOR'S REPORT TO SHAREHOLDERS

view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
 2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" and
-

THANJAVUR SPINNING MILL LIMITED

AUDITOR'S REPORT TO SHAREHOLDERS

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer to Note 27 (5) to the financial statements;
 - ii. The company has made provision, as required under applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts-
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

R. PALANIAPPAN
Proprietor
Membership No. 205112

Place: Rajapalayam
Date : 28-05-2016.

THANJAVUR SPINNING MILL LIMITED

“ANNEXURE - A” TO THE INDEPENDENT AUDITORS' REPORT - 31ST MARCH 2016

(Referred to Paragraph 1 under the heading of - “Report on other Legal and Regulatory Requirements” of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars , including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets.
- (c) During the year, the company has disposed the entire wind mill division and some used machineries pertaining to Unit A.
- (d) According to the information and explanations given to us on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (e) During the year the Company has entered into MOU with URC Developers Private Ltd to develop and sell the land pertaining to Unit A.
- (ii) The inventories, except goods in transit, have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of inventories lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on verification between the physical stocks and book records were not material.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act 2013.

Accordingly paragraph (iii) of the Order is not applicable to the Company.

- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans, investments, guarantees and security made.
- (v) The Company has not accepted any deposits within the meaning of Section 73 to 76 of the act and Companies (Acceptance of Deposits) Rules 2014 from the public during the year.

THANJAVUR SPINNING MILL LIMITED

AUDITOR'S REPORT TO SHAREHOLDERS

- (vi) The Central Government under sub-section (1) of Section 148 of the Companies Act 2013 has specified maintenance of cost records for the Company and the such accounts and records have been made and maintained by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues were in arrears as at 31st March, 2016 for a period of more than six months from the date they become payable.
- (c) According to the information and explanations given to us, the following dues of value added tax have not been deposited by the Company on account of disputes:

Name of the Statue	Amount Rs.in Lakhs	Forum where the dispute is pending
VAT IN Tamil Nadu	1,555.13	High Court of Madras, Madurai Bench.

- (viii) The Company has not defaulted in repayment of loans or borrowing to financial institutions or bank. The Company did not have any loans or borrowings from the government or borrowings by way of debentures.
- (ix) The Company has not raised any money by way of initial public offer (including debt instruments). The moneys raised by way of Term Loans were applied for the purposes for which they were raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been notice or reported during the course of our audit.
- (xi) According to the information and explanations given to us, and based on our examination of the records of the Company, the Company has paid for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
-

THANJAVUR SPINNING MILL LIMITED

AUDITOR'S REPORT TO SHAREHOLDERS

- (xiii) According to information and explanations given to us, and based on our examination of the records of the Company, transactions with related parties are in compliance with Sections 177 and 188 of the Act where applicable. The details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and base on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934. Accordingly the provisions of Clause 3(xvi) of the Order are not applicable to the Company.
- (xvii) The Company is potentially sick within the meaning of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985. The accumulated losses at the end of financial year resulted in more than 50% of its peak net worth during the immediately preceding four financial years.

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

R. PALANIAPPAN
Proprietor

Place: Rajapalayam
Date : 28-05-2016.

Membership No. 205112

THANJAVUR SPINNING MILL LIMITED

“ANNEXURE- B” TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF THANJAVUR SPINNING MILL LIMITED

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

We have audited the internal financial controls over financial reporting of Thanjavur Spinning Mill Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

THANJAVUR SPINNING MILL LIMITED

AUDITOR'S REPORT TO SHAREHOLDERS

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

R. PALANIAPPAN
Proprietor

Place: Rajapalayam
Date : 28-05-2016.

Membership No. 205112

THANJAVUR SPINNING MILL LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2016

		(Rs. in Lakhs)			
		Note No.	As at 31-03-2016	As at 31-03-2015	
I EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a)	Share Capital	1	2,970.00	2,970.00	
(b)	Reserves and Surplus	2	<u>(2,919.85)</u>	<u>(2,714.45)</u>	255.55
(2) Non Current Liabilities					
(a)	Long Term Borrowings	3	3,965.86	2,960.98	
(b)	Long Term Provisions	4	<u>16.60</u>	<u>13.86</u>	2,974.84
(3) Current Liabilities					
(a)	Short Term Borrowings	5	2,256.62	4,186.56	
(b)	Trade Payables	6	58.34	134.03	
(c)	Other Current Liabilities	7	1,469.19	4,519.76	
(d)	Short Term Provisions	8	<u>74.41</u>	<u>73.58</u>	8,913.93
TOTAL			<u><u>7,891.17</u></u>	<u><u>12,144.32</u></u>	
II ASSETS					
(1) Non Current Assets					
(a) Fixed Assets					
(i)	Tangible Assets	9	4,182.05	8,113.27	
(ii)	Intangible Assets	9	0.84	0.84	
(iii)	Capital Work-in-Progress		<u>5.20</u>	<u>3.51</u>	8,117.62
(b)	Non Current Investments	10	344.32		344.32
(c)	Long term Loans & Advances	11	151.61		222.53
(d)	Other Non Current Assets	12	70.47		93.96
(e)	Deferred Tax Assets	13	976.00		812.36
(2) Current Assets					
(a)	Inventories	14	1,301.42	1,442.41	
(b)	Trade Receivables	15	582.74	204.04	
(c)	Cash and Cash equivalents	16	50.96	564.03	
(d)	Short Term Loans & Advances	17	54.49	140.04	
(e)	Other Current Assets	18	<u>171.07</u>	<u>203.01</u>	2,553.53
TOTAL			<u><u>7,891.17</u></u>	<u><u>12,144.32</u></u>	
Significant Accounting Policies		26			
Notes on Financial Statements		27			

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,
28th May, 2016.

For and on behalf of the Board

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

U. ALAGAPPAN
CHIEF FINANCIAL OFFICER

THANJAVUR SPINNING MILL LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(Rs. in Lakhs)			
	Note No.	For the year ended 31-03-2016	For the year ended 31-03-2015
I REVENUE			
Revenue from Operations	19	6,573.35	10,479.77
II Other Income	20	134.61	112.18
III Total Revenue (I+II)		6,707.96	10,591.95
IV EXPENSES			
Cost of Materials Consumed	21	4,328.64	6,386.59
Changes in Inventories of Finished Goods and Work-in-Progress	22	9.07	1,060.73
Employee Benefit Expenses	23	422.39	721.06
Finance Costs	24	1,034.77	1,510.84
Depreciation and Amortization Expenses	9	408.53	561.53
Other Expenses	25	1,129.76	1,717.79
Total Expenses		7,333.16	11,958.54
V Profit / (Loss) Before Exceptional and Extraordinary items and Tax (III-IV)		(625.20)	(1,366.59)
VI Exceptional & Extraordinary items [Refer to Note No.27(11)]		261.14	-
VII Profit / (Loss) Before Tax (V+VI)		(364.06)	(1,366.59)
VIII Tax Expenses			
Deferred Tax Asset		(161.91)	(515.00)
IX Profit / (Loss) After Tax (VII-VIII)		(202.15)	(851.59)
X Earnings per Equity Share of Rs. 10/- each			
Basic & Diluted (in Rupees) (Refer Note 27(14))		(18.32)	(38.52)

Significant Accounting Policies 26

Notes on Financial Statements 27

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,
28th May, 2016.

For and on behalf of the Board

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

U. ALAGAPPAN
CHIEF FINANCIAL OFFICER

THANJAVUR SPINNING MILL LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

	(Rs. in Lakhs)	
	2015-16	2014-15
A. Cash flow from Operating Activities		
Net Profit/(Loss) before tax and extraordinary items	(364.06)	(1,366.59)
Adjustments for :		
Depreciation and Amortization	408.53	561.53
Interest paid	1,034.77	1,510.84
Interest Received	(7.81)	(25.91)
Deferred revenue expenditure written off	23.49	(93.96)
Profit on Sale of Assets	(261.14)	(68.56)
Operating Profit before Working Capital Changes	833.78	517.35
Adjustments for :		
Trade Receivables	(378.70)	624.49
Loans and Advances	188.37	(158.73)
Inventories	140.99	1,929.94
Trade Payables & Current liabilities	(179.33)	(2.75)
Cash generated from Operations	605.11	2,910.30
Taxes Paid	0.04	(0.78)
Net Cash generated from Operating Activities	A 605.15	2,909.52
B. Cash Flow from Investing activities		
Purchase of Fixed Assets (including Capital Work-in-Progress)	(9.38)	(12.58)
Sale of assets	-	1,346.07
Exceptional items - Sale of Assets of 'A' Unit & Windmill Division	3,786.54	-
Interest received	7.81	25.91
Net Cash from Investing activities	B 3,784.97	1,359.40

THANJAVUR SPINNING MILL LIMITED

		(Rs. in Lakhs)	
		2015-16	2014-15
C. Cash Flow from Financing activities			
Proceeds from Long Term Borrowings		3,500.00	1,500.00
Issue of Preference Shares		-	200.00
Repayment of Long Term Loan		(5,438.48)	(4,937.50)
Repayment / Availment of Short Term Borrowings (Net)		(1,929.94)	1,028.47
Interest Paid		(1,034.77)	(1,510.84)
Net cash used in Financing Activities	C	<u>(4,903.19)</u>	<u>(3,719.87)</u>
Net Decrease in Cash and Cash Equivalents	(A+B+C)	(513.07)	549.05
Opening balance of Cash and Cash Equivalents (Ref to Note No.16)	D	564.03	14.98
Closing balance of Cash and Cash Equivalents (Ref to Note No.16)	E	50.96	564.03
Net Decrease in Cash and Cash Equivalents	(E-D)	(513.07)	549.05

As per our report annexed
 For N.A. JAYARAMAN & CO.,
 Chartered Accountants
 FRN-001310S
 R. PALANIAPPAN
 Proprietor
 Membership No.205112
 RAJAPALAYAM,
 28th May, 2016.

For and on behalf of the Board
 P.R. RAMASUBRAHMANEYA RAJHA
 CHAIRMAN

U. ALAGAPPAN
 CHIEF FINANCIAL OFFICER

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at
31-03-2016

As at
31-03-2015

Note No. 1

SHARE CAPITAL

Authorised

70,00,000 Equity Shares of Rs.10/- each

(PY: 70,00,000 Equity Shares of Rs.10/- each) **700.00** 700.00

2,50,00,000 9% Cumulative Redeemable Preference Shares of Rs.10/- each (PY : 2,50,00,000 9% Cumulative Redeemable Preference Shares of Rs.10/- each)

2,500.00 2,500.00

40,00,000 9% Cumulative Optionally Convertible Redeemable Preference Shares of Rs.10/- each (PY: 40,00,000 9% Cumulative Optionally Convertible Redeemable Preference Shares of Rs .10/- each)

400.00 400.00

3,600.00 3,600.00

Issued, Subscribed and Fully Paid-up

27,00,000 Equity Shares of Rs.10/- each

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

2,50,00,000 9% Cumulative Redeemable Preference Shares of Rs.10/- each* (PY : 2,50,00,000 9% Cumulative Redeemable Preference Shares of Rs.10/- each)

2,500.00 2,500.00

20,00,000 9% Cumulative Optionally Convertible Redeemable Preference Shares of Rs.10/- each# (PY: 20,00,000 9% Cumulative Optionally Convertible Redeemable Preference Shares of Rs .10/- each)

200.00 200.00

2,970.00 2,970.00

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

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

b. Reconciliation of the number of shares outstanding

Particulars	As at 31-03-2016		As at 31-03-2015	
	No. of Shares	Amount	No. of Shares	Amount
EQUITY SHARES				
Number of shares at the beginning	27,00,000	270.00	27,00,000	270.00
Shares issued during the year	-	-	-	-
Number of Shares at the end	<u>27,00,000</u>	<u>270.00</u>	<u>27,00,000</u>	<u>270.00</u>
PREFERENCE SHARES				
9% Cumulative Redeemable Preference Shares				
Number of shares at the beginning	2,50,00,000	2,500.00	-	-
Shares issued during the year	-	-	2,50,00,000	2,500.00
Number of Shares at the end	<u>2,50,00,000</u>	<u>2,500.00</u>	<u>2,50,00,000</u>	<u>2,500.00</u>
9% Cumulative Optionally Convertible Redeemable Preference Shares				
Number of shares at the beginning	20,00,000	200.00	-	-
Shares issued during the year	-	-	20,00,000	200.00
Number of Shares at the end	<u>20,00,000</u>	<u>200.00</u>	<u>20,00,000</u>	<u>200.00</u>

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

Particulars	As at 31-03-2016		As at 31-03-2015	
	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. R. Nalina Ramalakshmi	2,70,000	10.00%	2,70,000	10.00%
Smt. Saradha Deepa	2,70,000	10.00%	2,70,000	10.00%
Shri. P.V. Abinav Ramasubramaniam Raja	2,13,300	7.90%	2,13,300	7.90%

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

d. Preference Share Holding:

Particulars	As at 31-03-2016		As at 31-03-2015	
	No. of Shares	% of holding	No. of Shares	% of holding
9% Cumulative Redeemable Preference Shares				
M/s. Rajapalayam Mills Limited	2,50,00,000	100.00%	2,50,00,000	100.00%
9% Cumulative Optionally Convertible Redeemable Preference Shares				
Shri. P.R.Ramasubrahmaneya Rajha	20,00,000	100.00%	20,00,000	100.00%

* The Preference shares of Rs. 25 Crores shall be redeemable at par, within a period of 20 years from the date of their issue, either in single or multiple installments, as may be decided by the board of directors of the company.

The preference shares of Rs. 2 Crores shall be convertible into Equity shares at the option of the holder, at the end of 18 months from the date of issue, at the rate of 1 Equity share of Rs.10/- each for every preference share held.

Note No. 2

RESERVES AND SURPLUS

Securities Premium Reserve

Opening Balance	60.00	60.00
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General Reserve

Balance as per last Financial Statement	(2,774.45)	(1,890.05)
Less : Residual Value of Components/ Assets whose remaining useful life is Nil net of Deferred Tax [Refer to Note No. 27 (10)]	3.25	32.81
Add : Amount Transferred from from Surplus balance in the Statement of Profit and Loss	(202.15)	(851.59)
	(2,979.85)	(2,774.45)

Surplus in the statement of profit and loss

Opening Balance	-	-
Add: Loss for the Year	(202.15)	(851.59)
Less: Transfer to General Reserve	202.15	851.59
	(2,919.85)	(2,714.45)

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at
31-03-2016 **As at**
31-03-2015

Note No. 3

LONG TERM BORROWINGS

Secured

Term Loan from Banks **3,965.86** 2,460.98

Unsecured

Term Loan from Financial Institutions - 500.00

3,965.86 2,960.98

- 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. Loan from Axis Bank Limited is backed by Corporate Guarantee of M/s. The Ramco Cements Limited, Loan from ICICI Bank is backed by Corporate Guarantee of M/s. Ramco Industries Limited, and all other loans are backed by Corporate Guarantee of M/s. Rajapalayam Mills Limited.
- b) Working Capital Term Loans with Tamilnad Mercantile Bank Limited are secured by pari-passu second charge on fixed and current assets of the Company.
- c) The Term Loans from Banks and financial institutions are repayable in quarterly installments. The year wise repayment of Term Loans are as follows:

Amount	As at 31-03-2016	As at 31-03-2015
2016-17	-	1,912.87
2017-18	1,465.86	912.65
2018-19	1,000.00	119.45
2019-20	1,000.00	16.01
2020-21	500.00	-
	<u>3,965.86</u>	<u>2,960.98</u>

Note No. 4

LONG TERM PROVISION

Provision for Other Employee Benefits **16.60** 13.86

Note No. 5

SHORT TERM BORROWINGS

Secured

Loan Repayable on Demand from Banks * **2,256.62** 4,186.56

- * Working Capital Loans 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 Limited, and the loan with Tamilnad Mercantile Bank Limited is backed by Corporate Guarantee of M/s. The Ramco Cements Limited.

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at 31-03-2015	As at 31-03-2014
Note No. 6		
TRADE PAYABLES		
Trade Payables	<u>58.34</u>	<u>134.03</u>
Note No. 7		
OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debts	1,232.36	4,175.72
Interest Accrued but not Due on Borrowings	12.92	33.81
Unpaid Dividends	-	1.09
Liabilites for Other Finance	<u>223.91</u>	<u>309.14</u>
	<u>1,469.19</u>	<u>4,519.76</u>
Note No. 8		
SHORT TERM PROVISIONS		
Provision for Employee Benefits	<u>74.41</u>	<u>73.58</u>

THANJAVUR SPINNING MILL LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note No. 9
FIXED ASSETS

(Rs. in Lakhs)

Particulars	Gross block						Depreciation						Net block			
	Cost as at 01-04-2015	Additions made during the year	Additions made during PY 2014-15	Sold / withdrawn during the year	Sold / withdrawn during PY 2014-15	Cost as at 31-03-2016	Up to 31-03-2015	Adjustments made during the year#	Adjustments made during PY 2014-15*	Depreciation for the year	Depreciation for the PY 2014-15	Withdrawn during the year	Withdrawn during the PY 2014-15	Up to 31-03-2016	As At 31-03-2016	As at 31-03-2015
Tangible Assets																
Land	66.93	-	-	64.83	7.26	2.10	-	-	-	-	-	-	-	-	2.10	66.93
Buildings	1,325.05	-	-	-	-	1,325.05	205.82	17.31	42.15	52.96	-	-	-	247.97	1,077.08	1,119.23
Plant and machinery	10,586.72	7.69	19.83	6,173.73	1,679.11	4,420.68	4,013.97	4.97	303.93	427.32	2,781.91	421.03	-	1,540.96	2,879.72	6,572.75
Electrical machinery	662.06	-	-	244.18	25.20	417.88	333.91	-	57.85	74.29	176.03	13.25	-	215.73	202.15	328.15
Furniture & Office Equipments	46.72	-	-	0.13	-	46.59	40.42	4.23	1.62	3.29	0.10	-	-	41.94	4.65	6.30
Vehicles	39.93	-	-	3.01	1.47	36.92	22.73	-	2.55	3.02	2.44	1.25	-	22.84	14.08	17.20
Computer Machinery	34.37	-	0.43	-	-	34.37	31.67	-	0.43	0.61	-	-	-	32.10	2.27	2.70
Total - Tangible Assets	12,761.78	7.69	20.26	6,485.88	1,713.04	6,283.59	4,648.52	4.97	32.81	408.53	2,960.48	435.53	-	2,101.54	4,182.05	8,113.27
Intangible Assets																
Computer software	16.80	-	-	-	-	16.80	15.96	-	-	0.04	-	-	-	15.96	0.84	0.84
Grand Total	12,778.58	7.69	20.26	6,485.88	1,713.04	6,300.39	4,664.48	4.97	32.81	408.53	2,960.48	435.53	-	2,117.50	4,182.89	8,114.11
Total Tangible Assets for Previous Year	15,006.53	20.26	-	1,713.04	-	13,313.75	4,699.92	-	-	561.49	-	435.53	-	4,858.69	8,455.06	10,306.61
Intangible Assets for Previous year	16.80	-	-	-	-	16.80	15.92	-	-	0.04	-	-	-	15.96	0.84	0.88

Adjustment made during the year in Depreciation represents residual value of key components of assets, whose remaining useful life is Nil [Refer to Note No.27 (10)(a) (i)]

*Adjustment made during PY 2014-15 in Depreciation represents residual value of assets, whose remaining useful life is Nil [Refer to Note No.27 (10)(b)(ii)]

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

	As at 31-03-2016	As at 31-03-2015
Note No. 10		
NON-CURRENT INVESTMENTS		
Investment Property		
Land	11.84	11.84
Building	540.13	540.13
Less: Accumulated depreciation as at the beginning of the year	<u>(210.18)</u>	<u>(210.18)</u>
Total Investment Property	341.79	341.79
Other Non-current Investments, Non-Trade		
Shares in Thanjavur Textiles Employees' Co-operative Stores Ltd.,	0.03	0.03
Shares in M/s. Ramco Windfarms Limited	<u>2.50</u>	<u>2.50</u>
Total Investment Property	<u>344.32</u>	<u>344.32</u>
Note No. 11		
LONG TERM LOANS AND ADVANCES		
Unsecured, considered good		
Security Deposits	<u>151.61</u>	<u>222.53</u>
Note No. 12		
OTHER NON-CURRENT ASSETS		
Misc. Expenditure to the extent not written off		
Voluntary Retirement Scheme	<u>70.47</u>	<u>93.96</u>
Note No. 13		
DEFERRED TAX ASSETS (NET)		
Tax effect on unabsorbed depreciation under Income-Tax Act, 1961	2,077.30	2,621.48
Tax effect on Provision for Bonus and Leave Encashment	11.20	-
Deferred Tax Liability		
Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	<u>(1,112.50)</u>	<u>(1,809.12)</u>
Net Deferred Tax Assets	<u>976.00</u>	<u>812.36</u>

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

	As at 31-03-2016	As at 31-03-2015
Note No. 14		
INVENTORIES		
Finished Goods	175.98	237.62
Raw Materials- Cotton & Cotton Waste	972.51	1,094.08
Stores, Spares, Fuel and Packing Materials	29.98	40.33
Work-in-Process (Cotton Yarn)	122.95	70.38
	<u>1,301.42</u>	<u>1,442.41</u>
<i>Mode of valuation of inventories are disclosed in Significant Accounting Policies in Note No. 26(3).</i>		
Note No. 15		
TRADE RECEIVABLES		
Unsecured, considered good		
Trade Receivables less than six months	<u>582.74</u>	<u>204.04</u>
Note No. 16		
CASH AND BANK BALANCES		
Cash on Hand	0.76	1.21
Balance with Bank		
In Current Account	5.77	560.86
In Deposit Account for Margin Money	44.43	0.87
In Unclaimed Dividend Warrant Account	-	1.09
	<u>50.96</u>	<u>564.03</u>
Note No. 17		
SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Advance to Suppliers / Others	20.86	106.37
Income-Tax paid, TDS and Refund Receivables	33.63	33.67
	<u>54.49</u>	<u>140.04</u>
Note No. 18		
OTHER CURRENT ASSETS		
Accrued Income	117.87	170.26
Prepaid Expenses	51.61	25.76
Other Current Assets	1.59	6.99
	<u>171.07</u>	<u>203.01</u>

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

For the year ended
31-03-2016

For the year ended
31-03-2015

Note No. 19

REVENUE FROM OPERATIONS

Sale of Products

Yarn	5,056.17	9,892.14	
Fabrics	920.22	-	
Waste Cotton	566.39	569.45	
	6,542.78	10,461.59	
Other operating revenues			
Export Incentive	30.57	18.18	
	6,573.35	10,479.77	

Note No. 20

OTHER INCOME

Interest Received	7.81	25.91	
Carbon Credit Sale	0.27	-	
Miscellaneous Income	114.43	10.01	
Profit on Sale of Assets	-	68.56	
Exchange Gain on Foreign Currency Transactions, (Net)	12.10	7.70	
	134.61	112.18	

Note No. 21

COST OF MATERIALS CONSUMED

Yarn

Cotton & Cotton Waste	4,328.64	6,386.59	
	4,328.64	6,386.59	

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

For the year ended
31-03-2016

For the year ended
31-03-2015

Note No. 22

**CHANGES IN INVENTORIES OF
FINISHED GOODS AND
WOR-IN-PROGRESS**

Opening stock

Finished Goods	237.62		1,110.35	
Work-in-Process	70.38	308.00	258.38	1,368.73
Closing Stock				
Finished Goods	175.98		237.62	
Work-in-Process	122.95	298.93	70.38	308.00
Net (Increase) / Decrease in Stock		9.07		1,060.73

Note No. 23

EMPLOYEE BENEFIT EXPENSES

Salaries, Wages and Bonus		343.60		580.97
Contribution to Provident and Other Funds		34.74		66.76
Staff and Labour Welfare Expenses		44.05		73.33
		422.39		721.06

Note No. 24

FINANCE COSTS

Interest Expenses		1,022.23		1,502.94
Other Borrowing Costs		12.44		7.90
		1,034.77		1,510.84

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

	For the year ended 31-03-2016		For the year ended 31-03-2015
Note No. 25			
OTHER EXPENSES			
MANUFACTURING EXPENSES			
Power and Fuel (Refer to Point No.9 of Note No.27)	494.13		670.41
Packing Materials Consumed	127.61		154.63
Repairs to Buildings	9.15		19.93
Repairs to Plant and Machinery	191.04		344.18
Repairs - General	12.19		22.28
Job Work Charges paid	66.46	900.58	79.12
	<u> </u>		<u> </u>
			1,290.55
ESTABLISHMENT EXPENSES			
Managing Director's Remuneration	2.49		24.52
Rates and Taxes	12.24		35.38
Insurance	6.05		12.79
Postage and Telephone	8.41		17.89
Printing and Stationery	1.97		2.82
Travelling Expenses	4.43		7.52
Vehicle Maintenance	14.10		19.40
Directors Sitting Fees	0.63		1.13
Rent	1.20		6.61
Audit and Legal Expenses	14.99		17.64
Deferred Revenue Expenditure	23.49		22.49
Miscellaneous Expenses	21.55	111.55	42.11
	<u> </u>		<u> </u>
			210.30
SELLING EXPENSES			
Sales Commission	59.15		104.85
Export Expenses	19.52		16.78
Other Selling Expenses	38.96		95.31
	<u> </u>		<u> </u>
		117.63	216.94
	<u> </u>		<u> </u>
	<u>1,129.76</u>		<u>1,717.79</u>

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Note No. 26

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 in India, and in compliance of the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of Companies Act, 2013 and Companies Act, 1956 to the extent applicable.
- (ii) The accounting policies that are adopted in preparation of the financial statements are consistently followed as in the previous years except for change in the accounting policy for depreciation as given below:

The Company was previously depreciating its tangible assets based on useful life prescribed by the Schedule II of the Companies Act, 2013. With effect from 01-04-2015, it became mandatory that the computation of depreciation has to be done based on useful life of significant components that are materially different from the remaining components of those assets. Accordingly, the useful life and the value of significant components of tangible assets have been determined based on technical advice.

As per the transitional provisions of Schedule II of the Companies Act, 2013 the Company opted to adjust the carrying amount of the components of assets (net of deferred tax) as on 01-04-2015 in the General Reserve, where the remaining useful life of components of such assets is Nil after retaining the residual value of 5%.

- (iii) The financial statements are presented in Indian Rupees and the amounts are rounded to the nearest Lakhs with two decimals, except as stated otherwise.
- (iv) The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.
- (v) The Company has considered its operating cycle as 12 months for the purpose of Current or Non-current classification of assets and liabilities.
- (vi) The previous year figures are regrouped / restated wherever necessary.

2. Use of Estimates

- (i) The preparation of financial statements in accordance with the generally accepted accounting principles requires management to make judgments, 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.
- (ii) Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

3. 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 after providing for obsolescence and other losses or net realisable value whichever is lower. However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost.
- (ii) Process stock is valued at cost including the cost of conversion with systematic allocation of production and administration overheads or net realisable value whichever is lower.
- (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.
- (iv) Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

4. Cash flow statement

- (i) Cash flows are presented using indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.
- (ii) Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances, highly liquid investments that are readily convertible into cash.

5. Depreciation & Amortization

- (i) Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value, except for process control systems whose residual value is considered as Nil.
- (ii) Freehold lands are not depreciated.
- (iii) Depreciation is provided on straight-line method based on useful life of significant components of certain class of tangible assets viz., Plant & Machinery and Electrical Machinery based on technical advice.
- (iv) The Company determines the useful life of the significant components of certain class of tangible assets on best estimate basis upon technical advice, which is different from the useful life of remaining asset as prescribed under Part C of Schedule II of the Companies Act, 2013, as below:

Type of Plant and Machinery	Useful life of such components ranging from
Textile Machineries / Equipment	2 to 20 Years
DG Sets	12 to 20 Years
Electrical Machineries	3 to 8 years

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

- (v) The Company does not consider it appropriate to component wise certain class of tangible assets viz., Building, Furniture & Office Equipments and Vehicles as these assets are generally replaced in entirety. For these classes of assets, the useful life prescribed in Schedule II to the Companies Act, 2013 have been adopted.
- (vi) Depreciation for tangible assets on additions is calculated on pro-rata basis from the date of such additions. For deletion / disposals, the depreciation is calculated on pro-rata basis upto the date on which such assets have been discarded / sold.
- (vii) Intangible Assets are amortized over their estimated useful lives on straight line method. The estimated useful lives of intangible assets and is included in “Depreciation and Amortization” is given below:

Nature of Intangible assets	Estimated useful life
Computer software	6 years

- (viii) The estimated useful life of the both tangible and intangible assets is reviewed each financial year to reflect the changed pattern, if any.

6. 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) Revenue from Operations:
 - i. 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 Excise duty, Education Cess, Secondary and Higher Education Cess, Trade Discounts, VAT / CST and Sales Returns, if any.
 - ii. Power generated from Wind Mills:
 The monetary value of the power generated at wind farms that are consumed at Mills under wheeling and banking arrangement with TANGEDCO are not treated as revenue but have been set off against the cost of Power & Fuel.
- iii) Other Income:
 - i. Interest Income is recognised on time proportion basis.
 - ii. Scrap Sales does not include Excise duty, Education Cess, Secondary and Higher Education Cess, VAT / CST.
 - iii. Sale of Carbon Credits are recognised upon execution of firm sale contract for the eligible credits

THANJAVUR SPINNING MILL LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

7. Tangible Fixed Assets

- (i) Tangible Fixed Assets are stated at cost of acquisition (net of CENVAT/VAT wherever applicable) less accumulated depreciation/amortization and impairment losses if any, except freehold land which is carried at cost. 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.

Machinery spares that are purchased alongwith the original equipments, machineries which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised at cost.

Pursuant to Schedule II of the Companies Act, 2013 the Company has componentized all the tangible fixed assets except furniture & office equipments and vehicles. The cost of replacement of significant components are capitalised and the carrying amount of replaced components are de-recognised.

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) Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash transaction. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident.
- (iii) 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 under "Other income".
- (iv) Projects / tangible fixed assets, which are not yet ready for their intended use are carried at cost, including related expenses and attributable interest are recognised as "Capital Work-in-Progress".

8. 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) Monetary Assets and Liabilities in foreign currencies that are covered under a forward contract are accounted at the rate at which they have been covered. Uncovered Monetary Assets and Liabilities in foreign currencies 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.

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

- (iii) The difference between the forward rate and the exchange rate at the inception of a forward exchange contract is recognized as income or expense over the life of contract. Any profit or loss arising on cancellation or renewal of such forward exchange contract is recognized as income or expense in the period in which such cancellation or renewal is made.

9. Government Subsidy / Grant

- (i) Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under Loans and advances.
- (ii) Revenue related grants are recognised upon fulfilment of conditions attached thereto on accrual basis, wherever there is reasonable certainty and are disclosed as under:
 - a. Interest subsidy under Technology Up-gradation Fund Scheme (TUFS) is recognised on accrual basis and credited to the Interest and Finance cost.

10. Investments

- (i) All investments being non-current and non-trade are valued at cost. Costs of investments include acquisition charges such as brokerage, fees and duties.
- (ii) The carrying amount of long term investments is determined on an individual investment basis.
- (iii) As at the balance sheet date, provision for diminution, if any, is made to recognise the decline other than temporary, in the value of investments. The reduction in carrying amount is charged to statement of profit and loss. This reduction amount is reversed when there is a rise in the value of investment other than temporary.
- (iv) On disposal of an investment, the difference between the carrying amount and the net disposal proceeds is recognised in the Statement of Profit and Loss under "Other income".

11. Investment Property

- (i) An investment in land or buildings, which is not intended to be occupied substantially for use by, or in the operations of the Company, is classified as investment property.
- (ii) Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment loss if any.
- (iii) Depreciation on buildings under investment property, which are held for rental to others, is calculated on straight-line method based on useful life prescribed under Schedule II to the Companies Act, 2013.
- (iv) As at the balance sheet date, provision for diminution, if any, is made to recognise the decline other than temporary, in the value of investment property. The reduction in carrying amount is charged to statement of profit and loss. This reduction amount is reversed when there is a rise in the value of investment property, other than temporary.

THANJAVUR SPINNING MILL LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

- (v) Gains or losses arising from disposal of investment properties are measured as the difference between the net disposal proceeds and the carrying amount of such investment properties are recognised in the statement of profit and loss.

12. 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 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 for the year in which the employees have rendered services.
- (iii) The Company contributes to Provident fund administered by the Government on a monthly basis at 12% of employee's basic salary & dearness allowance.
- (iv) The Company also contributes 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 "Thanjavur Spinning Mill Limited Officers' Superannuation Fund" administered by trustees and managed by LIC of India.

There are no other obligations other than the above defined contribution plans.

- (v) **Defined Benefit Plan:**

- (a) **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 Days' 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 "Thanjavur Spinning Mill Limited Employees' Gratuity Fund" 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.

- (b) **Leave Encashment:**

The Company has a policy of allowing encashment of un-availed leave for its employees. The expense is recognized at the present value of the amount payable determined based on an independent external actuarial valuation as at the balance sheet date, using projected unit credit method.

Actuarial gains and losses, if any, in respect of Defined Benefit plans are charged to Statement of Profit and Loss.

13. Borrowing Costs

- (i) Borrowing cost include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

THANJAVUR SPINNING MILL LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

- (ii) Borrowing costs that are directly attributable to the acquisition and construction of qualifying assets are capitalized as part of the cost of those assets upto the date of capitalization of such asset.

14. Segment Reporting

- (i) The company prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the company as a whole.
- (ii) The Company identifies business segment as the primary segment. Under the primary segment, there are two reportable segments viz., Textiles and Power generation from Windmills.
- (iii) Segments were identified considering the nature of the products, the differing risks and returns as per Accounting Standard -17 (Segment Reporting). The inter-segment transfers of units of power from windmills are recognized at the applicable tariff rates of the electricity boards for the purpose of segment reporting as per the relevant accounting standard.
- (iv) Costs are allocated to the respective segment based upon the actual incidence of respective cost. Unallocated items include general other income and expenses which are not allocated to any business segment.

15. Earnings Per Share

Basic Earnings Per Share and Diluted EPS are calculated as stipulated in Accounting Standard - 20 (Earning per Share)

16. Income tax

- (i) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income tax Act, 1961 and other applicable tax laws.
 - (ii) Current tax assets and liabilities are offset since the Company has legally enforceable right to set off the recognised amounts and intends to settle the asset and the liability on a net basis.
 - (iii) Deferred tax is recognised on timing difference between taxable income and the accounting income that originates in one period and is capable of reversal in one or more subsequent periods. It is recognised based on the accumulated timing difference using the tax rates and the tax laws enacted or substantially enacted as on reporting date.
 - (iv) The deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is un-absorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. This is reviewed for realisability at each Balance Sheet date.
 - (v) Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by same governing tax laws and the Company has legally enforceable right for such set off.
 - (vi) Deferred tax on items directly recognised in reserves is also recognised in reserves and not in the Statement of Profit and Loss.
-

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

17. Intangible Assets

- i. The costs of computer software that are installed are accounted at cost of 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.
- ii. The intangible assets that are not yet ready for their intended use are carried at cost including related expenses and attributable interest are recognised as Intangible assets under development.

18. Impairment of Assets

- (i) The carrying values of tangible assets, cash generating units and intangible assets at each balance sheet date are reviewed for impairment if any indication of impairment based on internal and external factors exists.
- (ii) Tangible asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. The intangible assets are treated as impaired when the asset is not available for use and no future economic benefits are expected from its use. After recognition of impairment loss, the depreciation for the fixed assets is provided for remaining useful life based on the revised carrying amount, less its residual value if any, on straight line basis.
- (iii) An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.
- (iv) An impairment loss is reversed when there is an indication that the impairment loss may no longer exist or may have decreased.

19. Provision, Contingent Liabilities and Contingent Assets

- (i) 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 in respect of which a reliable estimate can be made. Such provisions are not discounted to their present value except relating to retirement benefits. These provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- (ii) Insurance claims are accounted for on the basis of claims admitted or expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.
- (iii) Contingent liability is a possible obligation that may arise from past events and its existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the same are not recognised but disclosed its existence in the financial statements. Contingent Assets are neither recognised nor disclosed.

THANJAVUR SPINNING MILL LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note No. 27

(Rs. in Lakhs)

OTHER DISCLOSURES

As at
31-03-2016

As at
31-03-2015

1. Contingent Liabilities

Liability on Letter of Credit opened

Capital Goods NIL NIL

Others NIL NIL

2. Commitments

(i) Estimated amount of contracts remaining to be executed on capital account not provided NIL NIL

(ii) Other Commitments:

Liability on guarantees given to the Bankers NIL NIL

3. Sales Tax Assessment upto year ended 31st March, 2014 has been completed.

4. Income Tax Assessment have been completed upto the Accounting Year ended 31st March, 2013 i.e. Assessment Year 2013-14.

5. (i) 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.134.23 Lakhs (PY: Rs. 133.08 Lakhs).

(ii) The Company has received orders & demand notices from the office of Commercial Taxes, Thanjavur for an amount of Rs. 683.80 lakhs towards tax and Rs. 871.33 Lakhs towards penalty alleging that there was an escaped turnover not reported in monthly returns without considering the objections filed by the Company that the same has been reported in monthly return and taxes has already been paid. The Company has challenged the assessment orders / demand notices by means of writ petitions before the Honourable Madras High court, Madurai branch. The Honorable High Court has granted interim stay for the above orders / demand notices.

(iii) From October, 2011 onwards TNEB raised demand @ 0.10 paise per unit as electricity tax for electricity generated by wind mills under the Tamil Nadu Tax on Consumption or Sale of Electricity Act, 2003.

The Company has not paid this tax as there was a notification issued under [Tamil Nadu Electricity (Taxation on Consumption) Act, 1962] according to which, the Government of Tamil Nadu gave permanent exemption for the imposition of generation tax in respect of Paper, Textile, Chemical and Sugar Industries.

In spite of the above exemption, TNEB has raised the demand of E-Tax for an amount of Rs. 65.53 Lakhs and we have filed a SLP with Supreme Court against the above demand. Since the matter is pending before the Supreme Court, we have not paid the tax.

In the opinion of the management, there may not be any tax liability on the above matters.

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

6. Auditors' remuneration (excluding Service Tax) & expenses:	(Rs. in Lakhs)	
	As at 31-03-2016	As at 31-03-2015
A. Statutory Auditors:		
a. As Auditors		
- Fees	0.75	0.75
- Expenses reimbursed	0.37	0.48
b. In other Capacities		
- Tax Audit Fees	0.50	0.50
c. - VAT Audit Fees		
	0.30	0.30
d. - Certification Work Fees		
	1.11	0.87
	3.03	2.90

7. Madras Stock Exchange Ltd (MSE) informs vide their letter dated 03-12-2014 that the Company has ceased to be a listed company with MSE, and has been placed on the Dissemination Board of National Stock Exchange Ltd (NSE). The Company has paid all dues to NSDL & CDSL without fail during the year.

8. There are no dues to micro, small and medium enterprises / small scale enterprises as at 31-03-2016 (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.

9. (i) The value of power generated from windmills are adjusted against own consumption at the Mills (captive consumption) of Rs.453.86 Lakhs (PY: Rs.802.25 Lakhs) have been set-off against cost of "Power and Fuel".

(ii) The unadjusted units generated from the Windmills as on 31-03-2016 are 1.48 Lakhs KWH (PY: 2.84 Lakhs KWH) and its monetary value of Rs. 9.64 Lakhs (PY: Rs. 16.42. Lakhs) has been included in Other Current Assets.

10. (i) Pursuant to the Schedule II of the Companies Act 2013, the Company has componentized its fixed assets based on technical advice and separately assessed the useful life of the significant components, forming part of the main asset. Consequently, the depreciation for the year ended 31-03-2016 is higher by Rs. 18.23 Lakhs. The Company has opted to adjust the carrying value of the significant component of Rs. 4.97 Lakhs to the General Reserves as per the transitional provisions of the said Act. The deferred tax impact of Rs. 1.72 Lakhs on the said transitional adjustment is credited to the General Reserves.

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(ii) During last year, pursuant to implementation of Schedule II of the Companies Act, 2013 with effect from 01-04-2014, the Company has calculated the depreciation on all the assets under Straight Line Method based on the useful life prescribed under the said schedule. Accordingly, the value of assets whose useful life is exhausted as on 01-04-2014, as per the new Act, amounting to Rs. 32.81 Lakhs had been charged off to the General Reserves.

11. The Company has sold the entire Plant and Machinery of Unit 'A' in accordance with the Special Resolution passed by the Shareholders through postal ballot on 20-12-2014. The Company has sold entire Wind Mill Division in accordance with Special Resolution passed by Shareholders through postal ballot on 28-03-2016. The Sales proceeds were utilized to pay term loans availed for purchase of respective machineries / windmills and remaining proceeds were utilized for repayment of other term loans and working capital loans. The profit on sale of above machineries and windmills of Rs. 261.14 Lakhs has been shown as an Exceptional Item in the Statement of Profit and Loss.

12. As per Accounting Standard -15 (Revised 2005) "Employee Benefits", the disclosures of employee benefits as defined in the Accounting Standard are given below:

	(Rs. in Lakhs)	
Defined Contribution Plan:	2015-16	2014-15
Employer's Contribution to Provident Fund	21.14	37.64
Employer's Contribution to Superannuation Fund	2.28	3.04

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 01-04-2015	20.83	92.29
Current Service Cost	4.62	5.20
Interest Cost	1.54	2.69
Actuarial (gain) / loss	(-) 0.49	36.19
Past Service Cost - (Vested Benefits)	Nil	Nil
Benefits paid	(-) 3.18	(-) 115.55
Defined Benefit obligation as on 31-03-2016	23.32	20.82

Reconciliation of opening and closing balances of fair value of plan assets:

Fair value of plan assets as on 01-04-2015	41.21	144.31
Expected return on plan assets	3.42	7.94
Actuarial gain / (loss)	0.46	(-) 3.82
Employer Contribution	6.27	8.33
Benefits paid	(-) 3.18	(-) 115.55
Fair value of plan assets as on 31-03-2016	48.18	41.21

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	2015-16	2014-15
Actual Return of plan assets:		
Expected return of plan assets	3.42	7.94
Actuarial gain / (loss) on plan assets	0.46	(-) 3.82
Actual return on plan assets	3.88	4.12
Reconciliation of fair value of assets and obligations:		
Fair value of plan assets	48.17	41.21
Present value of obligation	23.31	20.83
Difference	(-) 24.86	(-) 20.38
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	4.62	5.20
Interest Cost	1.54	2.69
Expected return on plan assets	(-) 3.42	(-) 7.93
Actuarial (gain) / loss	(-) 0.95	40.01
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	1.79	39.97
Investment Details as on 31-03-2016:		
Government of India 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%

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	2015-16	2014-15
Actuarial assumptions:		
Indian Assured Lives (2006-08) Ultimate Table applied for		
Service Mortality rate	Yes	Yes
Discount rate p.a	8.00%	7.80%
Expected rate of return on plan assets p.a	8.00%	8.75%
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:		
Present Value of Obligation as on 01-04-2015	21.24	25.07
Current Service Cost	3.18	4.22
Interest Cost	1.01	1.62
Actuarial (gain) / loss	8.27	4.94
Benefits paid	(-) 16.52	(-) 14.61
Defined Benefit obligation as on 31-03-2016	17.18	21.24
Reconciliation of opening and closing balances of fair value of plan asset		
Fair value of plan assets as on 01-04-2015	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial gain / (loss)	NIL	NIL
Employer Contribution	16.52	14.61
Benefits paid	(-) 16.52	(-) 14.61
Fair value of plan assets as on 31-03-2016	NIL	NIL
Actual Return of plan assets:		
Actuarial gain / (loss) on plan assets	NIL	NIL
Actual return on plan assets	NIL	NIL
Reconciliation of fair value of assets and obligations:		
Fair value of plan assets	NIL	NIL
Present value of obligation	17.18	21.23
Difference	17.18	21.23
Unrecognized transitional liability	NIL	NIL
Unrecognized past service cost non vested benefits	NIL	NIL
Amount recognized in Balance Sheet	17.18	21.23

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	2015-16	2014-15
Expense recognized during the year:		
Current Service Cost	3.18	4.22
Interest Cost	1.01	1.62
Expected return on plan assets	NIL	NIL
Actuarial (gain) / loss	8.27	4.94
Transitional liability recognized in the year	NIL	NIL
Net Cost	12.46	10.78
Investment Details as on 31-03-2016:		
Government of India 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:		
Indian Assured Lives (2006-08) Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a.	8.00%	7.80%
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

13. The Segment Information for the year ended 31st March, 2016 is detailed below:

(Rs. in Lakhs)

Particulars	Textiles		Power from Windmills		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
REVENUE						
External Sales(Net)	6,573.35	10,479.77	-	-	6,573.35	10,479.77
Inter Segment Sale		-	453.87	802.25	453.87	802.25
Total Sales	6,573.35	10,479.77	453.87	802.25	7,027.22	11,282.02
Other Income	126.80	33.92		52.35	126.80	86.27
Total Revenue	6,700.15	10,513.69	453.87	854.60	7,154.02	11,368.29
RESULT						
Segment Result	232.31	(359.55)	169.45	477.89	401.76	118.34
Operating Profit					401.76	118.34
Interest Expenses					1,034.77	1,510.84
Interest Income					7.81	25.91
Deferred Tax Asset					(161.91)	(515.00)
Profit from ordinary activities					(463.29)	(851.59)
Exceptional and Extraordinary Items					261.14	-
Net Profit / (Loss)					(202.15)	(851.59)
OTHER INFORMATION						
Segment Assets	7,891.17	10,764.92	-	1,379.40	7,891.17	12,144.32
Unallocated Assets					-	-
Total Assets			-		7,891.17	12,144.32
Segment Liabilities	3,965.86	2,406.79	-	554.19	3,965.86	2,960.98
Unallocated Liabilities					3,875.15	8,927.79
Total Liabilities			-		7,841.01	11,888.77
Capital Expenditure	9.38	20.26	-	-	9.38	20.26
Unallocated Capital Expenditure	-	-	-	-	-	-
Depreciation	298.53	398.71	110.00	162.82	408.53	561.53
Unallocated Depreciation	-	-	-	-	-	-
Non-Cash expenses other than depreciation	-	-	-	-	-	-

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

14. Earnings per Share

Particulars	2015-16	2014-15
Profit after Tax (Rs. in Lakhs)	(202.15)	(851.59)
Less: Preference Dividend including Tax thereon (Rs. in Lakhs)	(292.46)	(188.58)
Total Profit / (Loss) attributable to Equity Shareholders (Rs in Lakhs)	(494.61)	(1,040.17)
Number of Equity shares (in Nos.)	27,00,000	27,00,000
Basic earnings per share (in Rupees)	(18.32)	(38.52)
Diluted earnings per share (in Rupees) *	(18.32)	(38.52)
Nominal Value per Share (in Rupees)	10.00	10.00

*The effect of potential equity shares on account of Cumulative Optionally Convertible Preference Shares was anti-dilutive and hence the same was not considered in calculating the diluted EPS in accordance with Accounting Standard-20 (Earning Per Share).

15. 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 Managerial Personnel

Shri. P.R. Ramasubrahmaneya Rajha, Chairman
 Dr. K.T. Krishnan, Managing Director (Upto 30-04-2015)

b. Relatives of Key Managerial Personnel

Shri. K.T. Ramachandran brother of Dr. K.T. Krishnan

c. 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. Rajapalayam Textiles Limited
 M/s. Ramco Windfarms Limited

d. Employee Benefit Funds where control exists

Thanjavur Spinning Mill Limited Officers' Superannuation Fund
 Thanjavur Spinning Mill Limited Employees' Gratuity Fund

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

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

(A) Amount paid to Key Managerial Personnel

Name of the Related Party	Amount		Nature of Payment
	2015-16	2014-15	
P.R. Ramasubrahmaneya Rajha	0.20	0.25	Sitting Fees

(B) Inter Corporate Deposits Accepted

Name of the related party	Maximum Outstanding		Outstanding as at	
	2015-16	2014-15	31-03-2016	31-03-2015
M/s. Rajapalayam Mills Limited	NIL	2,500	NIL	NIL

(C) Interest paid on Inter Corporate Deposits

Name of the related party	Interest		Outstanding as at	
	2015-16	2014-15	31-03-2016	31-03-2015
M/s. Rajapalayam Mills Limited	NIL	83.63	NIL	NIL

(D) Corporate Guarantee availed

Name of the Related Party	Guarantee Amount as at	
	31-03-2016	31-03-2015
Rajapalayam Mills Limited	9,656	11,756
The Ramco Cements Limited	6,800	6,800
The Ramco Industries Limited	3,500	NIL

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

(E) Sale of Goods Supplied / Service Rendered

Name of the Related Party	Value		Outstanding as at	
	2015-16	2014-15	31-03-2016	31-03-2015
Rajapalayam Mills Limited	298.71	437.55	NIL	NIL
Ramco Industries Limited	-	298.41	NIL	NIL
The Ramaraju Surgical Cotton Mills Limited	460.12	702.08	NIL	NIL
Rajapalayam Textiles Limited	1.49	26.51	NIL	NIL
Sandhya Spinning Mill Limited	0.41	203.37	NIL	NIL
Sri Vishnu Shankar Mill Limited	170.82	472.99	NIL	NIL
Sri Harini Textiles Limited	10.29	107.06	NIL	NIL

(F) Sale of Fixed Assets

Name of the Related Party	Value		Outstanding as at	
	2015-16	2014-15	31-03-2016	31-03-2015
Rajapalayam Mills Limited	572.84	1303.28	NIL	NIL
Ramco Industries Limited	67.05	-	NIL	NIL
Sri Vishnu Shankar Mill Limited	82.12	-	NIL	NIL
The Ramaraju Surgical Cotton Mills Limited	71.12	-	NIL	NIL
Ramco Windfarms Limited	2100.00	-	NIL	NIL
Rajapalayam Textiles Limited	-	10.11	NIL	NIL
Sandhya Spinning Mill Limited	91.65	-	NIL	NIL

(G) Cost of Goods Purchased / Service Availed:

Name of the Related Party	Value		Outstanding as at	
	2015-16	2014-15	31-03-2016	31-03-2015
Rajapalayam Mills Limited	6.61	90.64	NIL	NIL
Ramco Industries Limited	NIL	362.54	NIL	NIL
Sri Vishnu Shankar Mill Limited	196.95	4.34	NIL	NIL
The Ramaraju Surgical Cotton Mills Limited	81.11	88.69	NIL	NIL
Ramco Windfarms Limited	74.68	88.11	NIL	NIL
The Ramco Cements Limited	1.08	92.97	NIL	NIL
Ramco Systems Limited	2.51	6.16	NIL	NIL

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

H) Remuneration to Key Managerial Personnel

Name of the Related Party	2015-16	2014-15
Dr. K.T. Krishnan	15.96	24.52

I) Amount paid to Relative of Key Managerial Personnel

Name of the Related Party	Amount		Nature of Payment
	2015-16	2014-15	
Shri. K.T. Ramachandran	0.08	0.13	Sitting Fees

J) Contribution to Superannuation Fund / Gratuity Fund

Name of the Related Party	2015-16	2014-15
Thanjavur Spinning Mill Limited Officers' Superannuation Fund	2.28	3.04
Thanjavur Spinning Mill Limited Employees' Gratuity Fund	1.79	39.97

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

16. Other Additional information pursuant to the Schedule III of the Companies Act, 2013.

(a) Value of Imports calculated on CIF Value

	2015-16	2014-15
Raw Materials	463.85	-
Components and Spares	-	5.07

(b) Expenditure in Foreign Exchange during the year

	2015-16	2014-15
Export Sales Commission	14.13	36.23

(c) Value of Raw Materials, Stores & Spare parts consumed

(Rs. in Lakhs)

	2015-16		2014-15	
	Amount	%	Amount	%
Raw Materials				
Imported	-	-	-	-
Indigenous	4,328.64	100	6,386.59	100
Spares and Components				
Imported	-	-	3.38	1
Indigenous	249.43	100	434.61	99

(d) Earnings in Foreign exchange (FOB Value)

	2015-16	2014-15
Export of Yarn	1,024.33	606.96

As per our report annexed

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

R. PALANIAPPAN
Proprietor
Membership No.205112

RAJAPALAYAM,
28th May, 2016.

For and on behalf of the Board

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

U. ALAGAPPAN
CHIEF FINANCIAL OFFICER

PROXY FORM

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

THANJAVUR SPINNING MILL LIMITED

CIN : U17111TN1961PLC004505

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

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 54th Annual General Meeting of the Company, to be held on Wednesday, the 10th August, 2016 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, 2016.
2	Appointment of Shri K.T. Ramachandran as Director, who retires by rotation.
3	Appointment of Shri S. Kanthimathinathan as Director, who retires by rotation.
4	Ratification of Appointment of M/s. N.A. Jayaraman & Co., Chartered Accountants, as Auditors.
	Special Business
5	Appointment of Shri P.A.S. Krishnama Raja as an Independent Director.
6	Appointment of Shri P.J. Ramkumar Rajha as an Independent Director.
7	To consider erosion of more than 50% of Peak net worth of the Company.

Signed this day of 2016

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
Revenue
Stamp



