

THANJAVUR SPINNING MILL LIMITED



FIFTY FIFTH ANNUAL REPORT AND ACCOUNTS

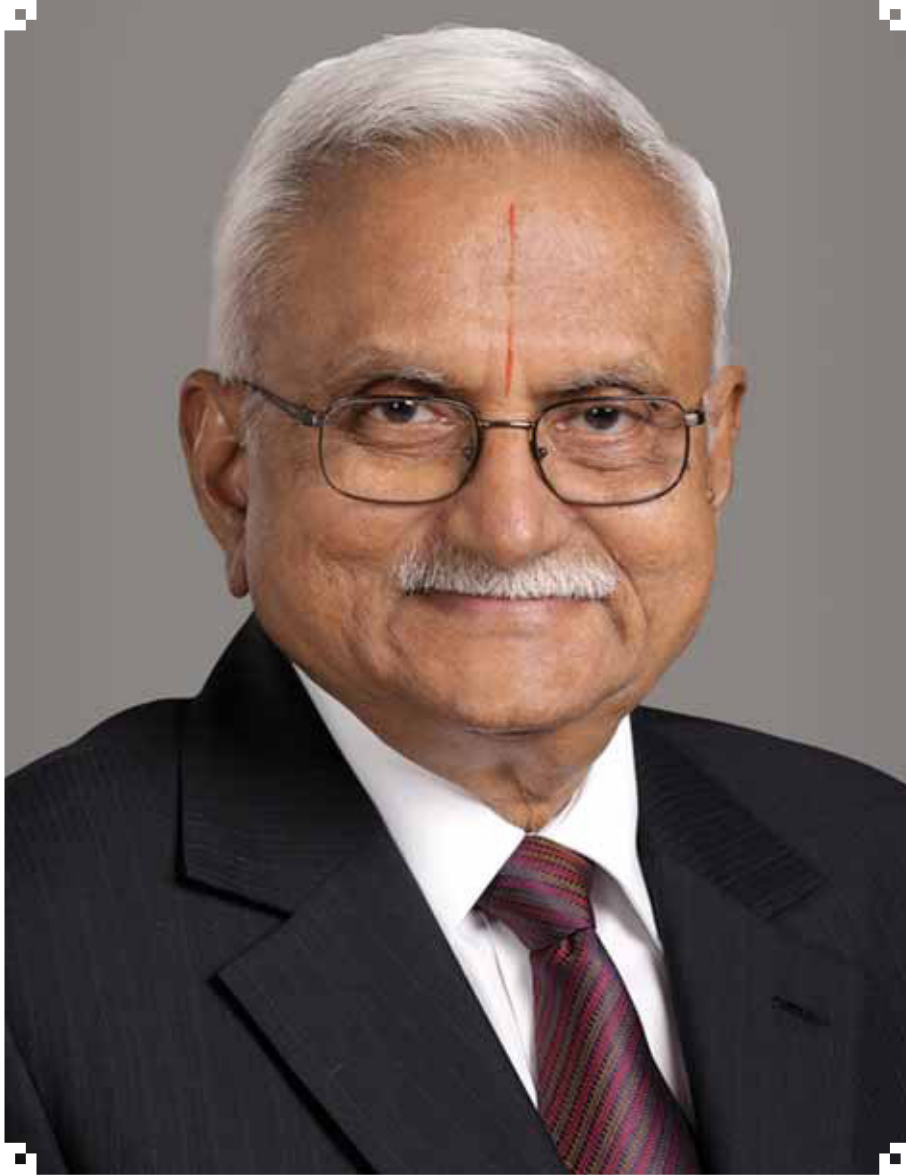
2016 - 2017



SHRI. K. TIRUVENGADA MUDALIAR
Founder



SHRI P.A.C. RAMASAMY RAJA



SHRI P.R. RAMASUBRAHMANEYA RAJHA
Chairman, Ramco Group of Companies. Rajapalayam

04.07.1935 - 11.05.2017



THANJAVUR SPINNING MILL LIMITED

BOARD OF DIRECTORS

Shri P.R. RAMASUBRAHMANEYA RAJHA, B.Sc.
Chairman (Upto 11-05-2017)

Shri P.R. VENKETRAMA RAJA, B.Tech., M.B.A
Chairman (From 04-06-2017)

Shri S. KANTHIMATHINATHAN, M.Sc. (Tech)

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

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

Chief Executive Officer

Shri S. Muthusamy

Chief Financial Officer

Shri G. Ramachandran

Company Secretary

Shri A. Karthiswaran

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

ICICI Bank Limited

Indian Bank

RBL Bank Limited

Tamilnad Mercantile Bank Limited

Auditors

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

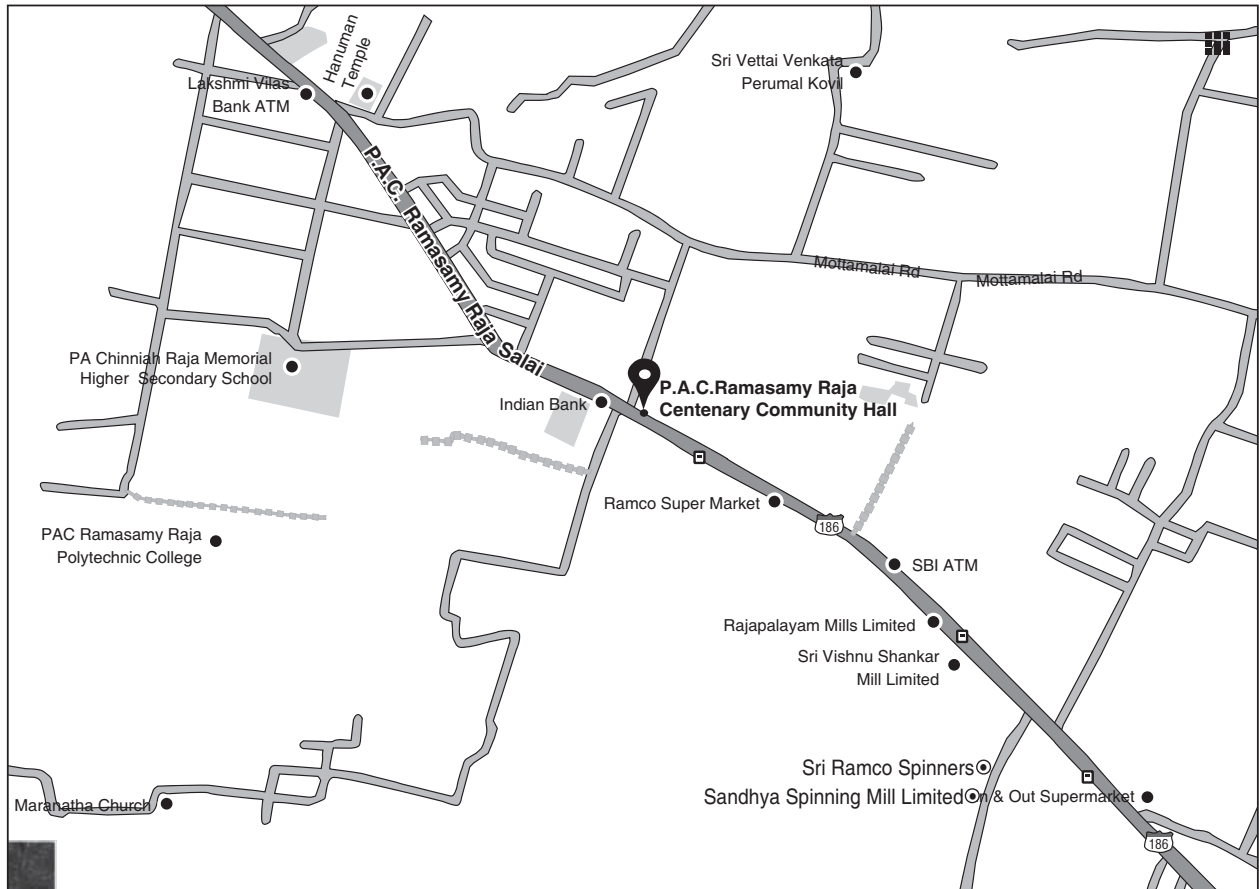
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Map Showing location of venue of 55th Annual General Meeting

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 55th Annual General Meeting of the Company will be held at 11.30 A.M on Thursday, the 10th August, 2017 at P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, 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 2017, 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 S.Kanthimathinathan, (DIN: 01124581), who retires by rotation, be and is hereby re-appointed as Director of the Company.”

3. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:

“RESOLVED that in terms of Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants, holding Firm Registration No.: 001208S be and is hereby appointed as Statutory Auditors of the Company, (in the place of M/s. N.A. Jayaraman & Co., Chartered Accountants, whose tenure as auditors come to an end at the close of the 55th Annual General Meeting in terms of Section 139(2) of the Companies Act, 2013) for 5 consecutive financial years commencing from the financial year 2017-18 and to hold office from the conclusion of 55th Annual general Meeting till the conclusion of 60th Annual General Meeting to be held in the year 2022, subject to ratification of their appointment by the Members at every intervening Annual General Meeting to be held after this Annual General Meeting.

RESOLVED FURTHER that Auditors shall be paid for the financial year 2017-18 a remuneration of Rs. 85,000/- (Eighty five thousand only) per year plus applicable taxes and out-of-pocket expenses.

RESOLVED FURTHER that for the financial years 2018-19 to 2021-22, the Board of Directors are authorized to fix the remuneration based on the recommendation of the Audit Committee.”

SPECIAL BUSINESS

4. 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.R. Venketrama Raja (DIN 00331406), appointed as an Additional Director

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of the Company on 04-06-2017 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.R. Venketrama Raja, for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

RAJAPALAYAM,
04th June, 2017.

By order of the Board,
For THANJAVUR SPINNING MILL LIMITED,
P.R. VENKETRAMA RAJA
CHAIRMAN

NOTES:

1. Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning 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. Attendance Slip is attached. Members, Proxies and Authorised Signatories are requested to bring the duly filled-in and signed, attendance slips to the Meeting.
4. The cut-off date will be Friday, 4th August, 2017 for determining the eligibility to vote by remote e-Voting or in General Meeting.
5. In accordance with Section 124(6) of the Companies Act, 2013, the shares in respect of which, dividend has not been paid or claimed for 7 consecutive years or more shall be transferred by the Company to IEPF. The Company has sent individual notices through Registered Post to the Shareholders, who have not claimed the final dividend for the year 2007-2008 on 26-08-2015. The statement containing the details of the Shareholders and the shares due for transfer is also uploaded on the Company's website, <http://www.thanjavurspinningmill.co.in> for information and necessary action by the Shareholders. Since the modalities for transfer of Shares to IEPF is yet to be finalised by Ministry of Corporate Affairs (MCA), the unclaimed shares will be transferred to IEPF as per the due date notified by MCA. Once the Shares are transferred to IEPF the Shareholders will be entitled to claim the shares from IEPF by making

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an online application in Form No: IEPF-5 to the IEPF Authority. The procedure and the form are available on the website of the Company at www.thanjavurspinningmill.co.in and also on www.iepf.gov.in

6. Electronic copy of the Notice for the Annual General Meeting and the Annual Report for 2016-17 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.
7. 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.
8. 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".
9. 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 55th 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 in dd/mm/yyyy format.

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

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 vote, provided that Company opts for e-Voting through CDSL platform. It is strongly
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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.) and custodian 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.
- D. The facility for remote e-Voting shall remain open from 9.00 A.M. on Sunday the 6th August, 2017 to 5.00 P.M. on Wednesday the 9th August, 2017. 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., Friday the 4th August, 2017, may opt for remote e-Voting. E-Voting shall not be allowed beyond 5.00 PM on 9th August 2017.

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- 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@cdslindia.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 the Friday, the 4th August, 2017.
- 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 thereafter 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,
04th June, 2017.

By order of the Board,
For THANJAVUR SPINNING MILL LIMITED,
P.R.VENKETRAMA RAJA
CHAIRMAN

THANJAVUR SPINNING MILL LIMITED

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STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4

The Board of Directors, based on the recommendation of Nomination and Remuneration Committee had appointed Shri P.R. Venketrama Raja (DIN 00331406) as Additional Director on 04th June, 2017.

Shri P.R. Venketrama Raja, aged 58, has a Bachelor Degree in Chemical Engineering from University of Madras and Master in Business Administration from University of Michigan, USA.

He is also a Director in the following Companies:-

1. The Ramco Cements Limited (Chairman & Managing Director)
2. Ramco Industries Limited
3. Ramco Systems Limited
4. Rajapalayam Mills limited
5. The Ramaraju Surgical Cotton Mills Limited
6. Sri Vishnu Shankar Mill Limited
7. Sandhya Spinning Mill Limited
8. Rajapalayam Textile Limited
9. LYNKS Logistics Limited
10. Sri Sandhya Farms (India) Private Limited
11. Sri Saradha Deepa Farms Private Limited
12. Ramamandiram Agricultural Estate Private Limited
13. Nalina Agricultural Farms Private Limited
14. Ramco Systems Corporation, USA
15. Ramco Systems Limited, Switzerland
16. Ramco Systems Sdn Bhd., Malaysia
17. Ramco Systems Pte. Limited, Singapore
18. Sri Ramco Lanka (Private) Limited, Sri Lanka
19. Sri Ramco Roofings Lanka Private Limited - Sri Lanka
20. RCDC Securities and Investments Private Limited
21. Nirmala Shankar Farms & Estates Private Limited
22. Sri Nithyalakshmi Farms Private Limited
23. Ram Sandhya Farms Private Limited
24. RSL Enterprise Solutions (Pty) Limited, South Africa

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25. Ramco Systems Canada Inc., Canada
 26. Ramco Systems FZ-LLC
 27. Ramco Systems Australia Pty Limited, Australia

He is also a Member in the following Committees:

Name of the Company	Name of the Committee	Position Held (Chairman / Member)
Rajapalayam Mills Limited	Stakeholders Relationship Committee	Chairman
	Corporate Social Responsibility Committee	Chairman
The Ramco Cements Limited	Audit Committee	Member
	Project Management Committee	Member
	Stakeholders Relationship Committee	Chairman
	Nomination and Remuneration Committee	Member
	Corporate Social Responsibility Committee	Member
Ramco Industries Limited	Stakeholders Relationship Committee	Member
	Corporate Social Responsibility Committee	Member
	Risk Management Committee	Chairman
Ramco Systems Limited	Stakeholders Relationship Committee	Member
	Corporate Social Responsibility Committee	Chairman
	Allotment Committee	Member
	Fund Raising Committee	Member
	Rights Issue 2013 Committee	Member
The Ramaraju Surgical Cotton Mills Limited	Stakeholders Relationship Committee	Member

In terms of Section 161 (1) of the Companies Act, 2013, Shri P.R. Venketrama Raja holds Office as Additional Director upto the date of the forthcoming Annual General Meeting and would be eligible for election at the ensuing Annual General Meeting.

THANJAVUR SPINNING MILL LIMITED

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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.R. Venketrama Raja as a Director.

Shri P.R. Venketrama Raja holds 54,000 Shares in the Company as on 31-03-2017.

The Board recommends the Resolution for the approval of the Members.

The notice received under Section 160 of the Companies Act, 2013 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.R. Venketrama Raja, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution.

RAJAPALAYAM,
04th June, 2017.

By order of the Board,
For THANJAVUR SPINNING MILL LIMITED,
P.R.VENKETRAMA RAJA
CHAIRMAN

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

Before reporting the working results of the year, your Directors with deep regret inform the sad and sudden demise of Shri P.R. Ramasubrahmaneya Rajha, Chairman of the Company on 11-05-2017. Shri P.R. Ramasubrahmaneya Rajha was Director of the Company since its incorporation and served the Company for more than 55 years. He was known for his business ethics, value systems and philanthropic activities. He not only led the Thanjavur Spinning Mill Limited but was also the guiding force for the entire Ramco Group of Companies, which has made the Group, one of the most respected industrial houses in the country.

The Directors place on record the immense contribution, Shri. P.R. Ramasubrahmaneya Rajha had made to the Company in its growth progress. The Directors are committed to take forward the future growth of the Company, in line with his vision and values.

The Directors are presenting their 55th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2017.

1. FINANCIAL RESULTS

The financial results for the year ended 31st March, 2017 after charging all expenses but before deducting finance cost and depreciation have resulted in operating profit of Rs. 189.29 Lakhs as against operating profit of Rs. 818.10 Lakhs for the previous financial year 2015-16.

After deducting Rs. 652.56 Lakhs towards finance cost, and providing Rs. 254.57 Lakhs towards Depreciation and considering Rs. 1,808.42 being profit on sale of Assets related to 'A' Unit, the profit for the year is Rs. 1,090.58 Lakhs as compared to loss of Rs. 364.06 Lakhs for the previous financial year 2015-16. After providing Rs. 369.95 Lakhs towards Deferred Tax Liability, the Net Profit for the year is Rs. 720.63 Lakhs (Previous Year: Net Loss of Rs. 202.15 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 Shares 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 accumulated losses of Rs. 2,199.22 Lakhs as at 31-03-2017 your Directors are unable to recommend any dividend for the current year on the Preference as well as Equity Shares and also your Directors have not made any provision for payment of dividend for the Preference Share Capital.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

4. TAXATION

The Company is not liable to pay income tax under both regular method and Minimum Alternate Tax. An amount of Rs. 369.95 Lakhs towards Deferred Tax Liability has been provided in accordance with the Accounting Standards.

5. MANAGEMENT DISCUSSION AND ANALYSIS

TRADE CONDITIONS

❖ COTTON

India is the largest producer of cotton in the world. At the time of beginning of the cotton season during November-2016, the Government of India announced demonetization of high value currency notes, which prompted farmers to postpone their cotton sales. Because of this, the cotton prices had gone up by 18% as compared to the prices quoted at the same period of last cotton season. The Company has put in place a well-defined system for monitoring demand and supply of required quality of cotton and also the price movements in domestic and international cotton markets. Because of this, the Company was able to procure high quality cotton when the prices were competitive.

❖ YARN PRODUCTION

The Company has produced 27.33 Lakhs Kgs of yarn during the financial year 2016-17 as against 29.68 Lakhs Kgs of last year.

❖ SALE OF YARN

The sale volume has decreased in line with production during the financial year 2016-17 and it was 27.71 Lakh Kgs as compared to 30.05 Lakh Kgs of last year and also the sale value of yarn has decreased from Rs. 59.76 Crores [FY 2015-16] to Rs. 58.54 Crores [FY 2016-17].

Due to weak export demand especially from China and sluggishness in domestic market for yarn, the Company was not able to increase the yarn prices in line with the increase in raw material cost. Though, India is the top exporter of Cotton yarn in the world, yarn exports from India during the financial year 2016-17 has declined by more than 11% as compared to financial year 2015-16.

❖ POWER COST

During the financial year 2016-17, the power cost has increased when compared to last year mainly due to disposal of 6.60 MW windmills during the previous year.

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DIRECTORS' REPORT

❖ FINANCE COST

The Finance cost has reduced from Rs. 1,034.77 Lakhs to Rs. 652.56 Lakhs, a decline of 37% mainly due to repayment of Term Loans and initiatives taken by the Company to reduce the average cost of borrowings.

6. EXPORTS

On the export front during the year, we have made export of Cotton Yarn including merchant export for a value of Rs. 2,420.70 Lakhs as against Rs. 2,723.62 Lakhs of the previous year.

7. PROSPECTS FOR THE CURRENT YEAR

The cotton prices are showing increasing trend due to reduced acreage of cotton plantation during the cotton season 2016-17. There is a huge volatility in the demand of cotton and yarn in domestic as well as international markets, which is reflecting in their prices also. There is an expectation that the US's exit from the Trans-Pacific partnership is likely to realign textile trade towards India, which will boost the consumption of Indian yarn. Cotton yarn is now enjoying the excise duty exemption through optional route since 2004. The Government is planning to implement GST in India with effect from 01-07-2017 and it is expected to yield long-term benefits.

The Company is always focusing on maintaining highest standards of yarn quality and also concentrating on cost effective production. It is always our endeavor to minimize the waste and to focus more on automation with a view to utilize the skilled manpower more efficiently.

8. STATUS OF SALE OF MAJORITY 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) In order to sell the Unit "A" Land, the Company has demolished the Unit "A" entire Buildings (around 2.5 lakhs sq. ft.). Debris from the demolition were sold to Rs.1.10 Crores (Net) and entire proceeds were used for repayment of Loans with Bankers.
 - b) The Company has sold 5.25 acres of land out of 16 acres of surplus land for an aggregate value of Rs. 20.35 Crores and entire proceeds were used for repayment of Loans with Bankers.
 - c) The Company has got an approval from Town Planning Authority to convert the Control Industrial Area to Mixed Residential Area and Directorate of Town and County Planning (DTCP) approval for lay out of plots was also received by the Company. The sale of these plots is expected to be completed during the current financial year 2017-18.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

ii. Sale of Land at Tiruttani.

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

9. 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.

10. 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.

11. DIRECTORS

In accordance with the provision of the Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the Company, Shri S. Kanthimathinathan, Director (DIN:01124581) retire by rotation at the ensuing Annual General Meeting and he is eligible for re-appointment.

Shri P.R. Venketrama Raja (DIN:00331406) has been co-opted on 04th June, 2017 as an Additional Director and he was appointed as the Chairman of the Board. He will hold the office till the date of the forthcoming Annual General Meeting. A Notice in writing has been received from a Member signifying his intention to propose the appointment of Shri P.R. Venketrama Raja as a Director at the Annual General Meeting.

Shri S. Krishnaswamy Kamaya Naicker (DIN:01115933) Promoter and Non-Executive Director of the Company has resigned from the Company with effect from 14-06-2016. Shri S. Krishnaswamy Kamaya Naicker was Chairman of the Audit Committee & Nomination and Remuneration Committee of the Board. He was also a Member in Stakeholders Relationship Committee and Share Transfer Committee of the Board. The Directors place on record Shri S. Krishnaswamy Kamaya Naicker's valuable contribution in the Board and Committee Meetings during his association of more than 50 years with the Company.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

Shri K.T. Ramachandran (DIN:00351334) Promoter and Non Executive Director, ceased to be a Director with effect from 14-02-2017. He was also a Member in Share Transfer Committee of the Board. The Directors place on record his valuable contribution during his tenure of more than 55 years with the Company.

Shri A. Karthiswaran has been appointed as Company Secretary of the Company with effect from 09-08-2016. Shri U. Alagappan, Chief Financial Officer of the Company has resigned from the Company with effect from 20-12-2016.

Shri S. Muthusamy has been appointed as a Chief Executive Officer and Shri G. Ramachandran has been appointed as a Chief Financial Officer of the Company with effect from 11-02-2017.

The Independent Directors hold office for a fixed term of 5 years and not liable to retire by rotation. No Independent Directors has retired during the year.

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 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.

12. EVALUATION OF BOARD

Pursuant to Section 134(3)(p) of the Companies Act, 2013, Independent 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.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

13. MEETINGS

MEETINGS OF THE BOARD

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

Sl. No.	Name of the Director, Director Identification Number (DIN) & Directorship	28-05-2016	09-08-2016	10-11-2016	22-12-2016	11-02-2017	Attendance at Last AGM held on 10-08-2016
1	Shri P.R. Ramasubrahmaneya Rajha Chairman (till 11-05-2017) DIN: 00331357 Directorship: P & NE	Yes	Yes	Yes	Yes	Yes	Yes
2	Shri P.R. Venketrama Raja Chairman (from 04-06-2017) DIN: 00331406 Directorship: NE	NA	NA	NA	NA	NA	NA
3	Shri K.T. Ramachandran Director (till 13-02-2017) DIN: 00351334 Directorship: P & NE	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence	No
4	Shri S. Kanthimathinathan DIN: 01124581 Directorship: NE	Leave of Absence	Yes	Yes	Yes	Yes	Yes
5	Shri S. Krishnaswamy Kamaya Naicker Director (till 13-06-2016) DIN: 01115933 Directorship: P & NE	Yes	NA	NA	NA	NA	No
6	Shri P.A.S. Krishnama Raja DIN: 00487322 Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes	Yes
7	Shri P.J. Ramkumar Rajha DIN: 00487193 Directorship: NE & ID	Yes	Yes	Yes	Yes	Leave of Absence	No

P – Promoter E- Executive NE – Non Executive ID- Independent Director

During the year, two meetings of the Independent Directors were held on 22-12-2016 and 10-02-2017 and both Independent Directors were present at the meetings.

MEETINGS OF THE COMMITTEES

AUDIT COMMITTEE

The composition of the Audit Committee and the details of attendance of its Members are as follows:

Sl. No.	Name of the Director	27-05-2016	08-08-2016	09-11-2016	21-12-2016	10-02-2017
1	Shri S. Kanthimathinathan Member of the Committee (from 14-06-2016)	NA	Yes	Yes	Yes	Yes
2	Shri S. Krishnaswamy Kamaya Naicker Chairman of the Committee (till 13-06-2016)	Yes	NA	NA	NA	NA
3	Shri P.A.S. Krishnama Raja	Yes	Yes	Yes	Yes	Yes
4	Shri P.J. Ramkumar Rajha Chairman of the Committee (from 14-06-2016)	Yes	Yes	Yes	Yes	Yes

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

NOMINATION AND REMUNERATION COMMITTEE

The composition of the Nomination and Remuneration Committee and the details of attendance of its Members are as follows:

Sl. No.	Name of the Director	27-05-2016	06-08-2016	10-02-2017
1	Shri S.Krishnaswamy Kamaya Naicker Chairman of the Committee (till 13-06-2016)	Yes	NA	NA
2	Shri P.J. Ramkumar Rajha Chairman of the Committee (from 14-06-2016)	Yes	Yes	Yes
3	Shri S.Kanthimathinathan Member of the Committee (from 14-06-2016)	NA	Yes	Yes
4	Shri P.A.S. Krishnama Raja	Yes	Yes	Yes

The Nomination and Remuneration Committee has laid down evaluation criteria for performance evaluation of Independent Directors, which will be based on attendance, independence, expertise and contribution brought in by the Independent Director at the Board and Committee Meetings, which shall be taken into account at the time of re-appointment of Independent Director.

SHARE TRANSFER COMMITTEE

The composition of the Share Transfer Committee and the details of attendance of its Members are as follows:

Sl. No.	Name of the Director	25-05-2016	08-08-2016	09-11-2016	06-02-2017
1	Shri S. Kanthimathinathan	Yes	Yes	Yes	Yes
2	Shri S. Krishnaswamy Kamaya Naicker Member of the Committee (till 13-06-2016)	Yes	NA	NA	NA
3	Shri K.T. Ramachandran	Yes	Yes	Yes	Yes

The Board of Directors at their Meeting held on 11-02-2017 had delegated the authority of approving the Transfer of Shares and other related matters to Shri A. Karthiswaran, Secretary of the Company. Consequently, the Share Transfer Committee has ceased to be in existence since 11-02-2017.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The composition of the Stakeholders Relationship Committee and the details of attendance of its Members are as follows:

Sl. No.	Name of the Director	30-03-2017
1	Shri P.J. Ramkumar Rajha Chairman of the Committee	Yes
2	Shri S. Kanthimathinathan	Yes
3	Shri P.A.S. Krishnama Raja	Yes

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

14. 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.

15. 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.

16. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

17. SHARES

Due to de-recognition of Madras Stock Exchange Limited (MSE) as a Stock Exchange pursuant to securities Exchange Board of India (SEBI) Circular CIR/MRD/DSA/14/2012 dated 30th May 2012 the Company Shares which were exclusively listed on Madras Stock Exchange Limited (MSE) was moved to the Dissemination Board of National Stock Exchange of India Limited.

During the year SEBI vide its Circular SEBI / HO / MRD / DSA / CIR / P/2016/110 dated 10-10-2016 stipulated that the exclusively listed Companies should exercise any one of the following options:

1. To get listed in any of the nationwide Stock Exchange
2. To provide exit opportunity to the Public Shareholders of the Company by complying with the provisions of the above circular.

The Board of Directors at its meeting held on 22-12-2016 had decided to give exit opportunity to the Public Shareholders of the Company.

Shri P. R. Ramasubrahmaneya Rajha, Chairman & Promoter has submitted letter of intent to provide exit opportunity to the Public Shareholders of the Company vide his letter dated 02-01-2017 to National Stock Exchange of India Limited. M/s. Vivro Financial Services Private Limited, a SEBI registered Merchant Banker has determined the fair value at Rs.5/- per Equity Shares of the Company. Shri P. R. Ramasubrahmaneya Rajha Chairman had sent letter of

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

offer to the Public Shareholders of the Company on 06-02-2017. The exit window commenced on 07-02-2017 and ended on 25-02-2017. During the period Shri P. R. Ramasubrahmaneya Rajha, Chairman has acquired 38,133 nos of shares.

In accordance with the above said circular issued by SEBI, Public Shareholders may tender their Equity Shares by submitting the required documents upto 26th February, 2018.

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 - 600 002 (Ph: 044 - 28460390 (5 Lines) 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.

PREFERENCE SHARES

Based of the Shareholders' approval dated 28-03-2015, the Company had issued 20,00,000 Nos. of 9% Cumulative Optionally Convertible Redeemable Preference Shares of Rs.10/- each to Shri.P.R.Ramasubrahmaneya Rajha Chairman on 30th March, 2015.

According to the terms and conditions of the issue, the Preference Shares should be converted into Equity Shares at the option of the holder, at the end of 18 months from the date of issue (i.e. before 30th September, 2016) (or) if the option to convert the Preference Shares was not exercised by the preference Shareholder, the Company should redeem the preference Shares at par, in single or multiple installments within 3 months from the completion of the said period of 18 months (i.e. before 31st December, 2016).

Since, the preference Shareholder had not opted to convert his Preference Shares, the Company had redeemed the said Preference Shares on 28th December, 2016 by issuing 20,00,000 Nos. of 9% Cumulative Optionally Convertible Redeemable Preference Shares of Rs. 10 each on preferential basis to Shri P.R. Ramasubrahmaneya Rajha as per Special Resolution dated 21-12-2016 passed by the Members through Postal Ballot Process.

18. STATUS OF 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 and as per Section 23 and other applicable provisions of the Sick Industrial Companies (Special Provisions) Act, 1985, the Company has filed a reference before (BIFR) Board for Industrial And Financial Reconstruction on 03-10-2016 in the prescribed format of "FORM C".

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

The Net worth of the Company has increased from 50.15 Lakhs as on 31-03-2016 to Rs.770.78 Lakhs as on 31-03-2017. The Company has come out from the purview of Section 23 and other applicable provisions of the Sick Industrial Companies (Special Provisions) Act, 1985.

19. AUDITS

STATUTORY AUDIT

As per the provisions of Section 139 of the Companies Act, 2013, the term of Office of M/s. N.A.Jayaraman & Co, Chartered Accountants, come to an end at the close of the 55th Annual General Meeting of the Company.

M/s. N.A. Jayaraman & Co, Chartered Accountants were the Auditors of the Company since 2002-03. The Board of Directors wish to place on record their sincere appreciation for the services rendered by M/s. N.A. Jayaraman & Co, Chartered Accountants as Statutory Auditors of the Company, during their long association with the Company.

Subject to the approval of the Members of the Company at the ensuing 55th Annual General Meeting, the Board of Directors have recommended the appointment of M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants as Statutory Auditors of the Company, pursuant to Section 139 of the Companies Act, 2013. The Audit Committee at its meeting held on 24-05-2017 had recommended their appointment as Statutory Auditors, pursuant to Section 139 (11) of the Companies Act, 2013. Written consent from the incoming Auditors have been obtained, confirming that they satisfy the legal requirements for their appointment. The proposal relating to their appointment has been included in the notice convening the 55th Annual General Meeting of the Company. They shall hold office from the conclusion of 55th Annual General Meeting to the conclusion of 60th Annual General Meeting and the matter relating to the Auditors' appointment will be placed before the Members for their ratification at every intervening Annual General Meeting.

The report of Statutory Auditor viz., M/s. N.A.Jayaraman & Co, Chartered Accountants for the year ended 31st March, 2017 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

As per notification dated 31-12-2014 issued by MCA under the Companies (Cost Records and Audit) Rules, 2014, Textile Mills are required to file cost audit report with effect from the financial year 2015-16.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

The Cost Audit Report for the Financial year 2015-16 due to be filed with Ministry of Corporate Affairs by 30-09-2016 had been filed on 06-09-2016.

During the financial year 2015-16, the Company's production capacity has been substantially reduced due to closure of "A" unit and the Sale of plant and machinery. Consequently, the total Sales turnover during the financial year 2015-16 was reduced below the threshold limit and hence cost audit is not applicable to the Company for the financial year 2016-17.

20. 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.

21. 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.

22. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The disclosures in terms of provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 (2) and (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, relating to remuneration are provided in Annexure - III.

23. INDUSTRIAL RELATIONS AND PERSONNEL

The Company has 359 employees as on 31-03-2017. 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.

24. RELATED PARTY TRANSACTION

The transactions with related party entered into by the Company are periodically placed before the Audit Committee for its approval. In accordance with AS – 18, (Related Party Disclosure) the details of transactions with the related parties are set out in Note No. 27(14) of disclosure forming part of Financial Statements.

THANJAVUR SPINNING MILL LIMITED

DIRECTORS' REPORT

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, 2017;
- (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, 2017 and profit 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;
- (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,
04th June, 2017.

On behalf of the Board of Directors,
For THANJAVUR SPINNING MILL LIMITED,
P.R.VENKETRAMA RAJA
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 LED Tube lamps in lighting area by replacing conventional tube lamps.
Optimization of Humidification plant by close monitoring of RH. |
| Impact on conservation of energy | : | Installation of LED lamps resulted power saving of around 85,000 units per annum.
Optimization of Humidification Plant resulted power saving of around 40,000 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. 271.83 Lakhs |
| The Foreign Exchange outgo during the year in terms of actual outflows. | : | Rs. 799.70 Lakhs |

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

P.R.VENKETRAMA RAJA
CHAIRMAN

RAJAPALAYAM,
04th June, 2017.

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, 2017

[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, Tamil Nadu - 626 117.
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	90.40%

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 Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	6,31,184	2,87,084	9,18,268	34.01	6,65,396	2,52,872	9,18,268	34.01	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (1)	6,31,184	2,87,084	9,18,268	34.01	6,65,396	2,52,872	9,18,268	34.01	-
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
e) Any others	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoters (A) = A(1)+A(2)	6,31,184	2,87,084	9,18,268	34.01	6,65,396	2,52,872	9,18,268	34.01	-
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Financial Institutions / Banks	-	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-wise Share Holding (Contd.)

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 Corporate									
i) Indian	2,600	5,586	8,186	0.30	17,064	5,586	22,650	0.84	0.54
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	57,659	5,60,593	6,18,252	22.90	47,245	5,56,543	6,03,788	22.36	(0.54)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	10,38,985	1,13,711	11,52,696	42.69	10,52,934	99,762	11,52,696	42.69	-
c) Others - (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	10,99,244	6,79,890	17,79,134	65.89	11,17,243	6,61,891	17,79,134	65.89	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	11,01,642	6,80,090	17,81,732	65.99	11,19,641	6,62,091	17,81,732	65.99	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	17,32,826	9,67,174	27,00,000	100.00	17,85,037	9,14,9s63	27,00,000	100.00	-

THANJAVUR SPINNING MILL LIMITED

ANNEXURE II TO DIRECTORS' REPORT

ii) Shareholding of Promoters:

Sl. No.	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	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	Shri. K.T.RAMACHANDRAN	4,078	0.15	-	4,078	0.15	-	-
7	Shri. K.R.TIRUVENGADAM	72,400	2.68	-	72,400	2.68	-	-
8	Smt. K.R.RUKMANI	4,222	0.16	-	4,222	0.16	-	-
9	Smt. K.R.VAISHNAVI	4,222	0.16	-	4,222	0.16	-	-
10	Smt. K.R.SAKUNDALA DEVI	4,222	0.16	-	4,222	0.16	-	-
11	DR.K.T.KRISHNAN	30,008	1.11	-	30,008	1.11	-	-
12	Smt. ANNAPOORANI KRISHNAN	13,135	0.49	-	13,135	0.49	-	-
13	DR.K.TIRUVENGADAKRISHNAN	40,487	1.50	-	40,487	1.50	-	-
14	MINOR K.T.HARINI BY F&G.K.TIRUVENGADAKRISHNAN	1,000	0.04	-	1,000	0.04	-	-
15	MINOR K.T.HARSHINI BY F&G.K.TIRUVENGADAKRISHNAN	1,000	0.04	-	1,000	0.04	-	-
16	Smt. K.PADMAVATHI	23,085	0.85	-	23,085	0.85	-	-
17	Shri K.S.KRISHNAKUMAR	20,000	0.74	-	20,000	0.74	-	-
18	Mr.K.SANTHANA KRISHNAN	1,100	0.04	-	1,100	0.04	-	-
19	Mr. K.RAGUVIR	1,200	0.04	-	1,200	0.04	-	-
20	Smt. K.UMAMAHESWARI	30,685	1.14	-	30,685	1.14	-	-
21	Ms. P.P.HASINI	1,000	0.04	-	1,000	0.04	-	-
22	Shri K.T.SRINIVASAN	2,224	0.08	-	2,224	0.08	-	-
23	Shri K.T.KALYANAKRISHNAN	35,144	1.30	-	35,144	1.30	-	-
24	Smt. MEENAKSHI KALYANAKRISHNAN	6,000	0.22	-	6,000	0.22	-	-
25	Shri R.SIVASUBRAMANIAN	2,000	0.07	-	2,000	0.07	-	-
26	Smt. S.JALAJAAMMAL	2,000	0.07	-	2,000	0.07	-	-
27	Shri S.KRISHNASWAMY KAMAYA NAICKER	4,000	0.15	-	4,000	0.15	-	-
28	Shri K.KUMARAN	27,000	1.00	-	27,000	1.00	-	-
29	Smt.V.VEERALAKSHMI	9,000	0.33	-	9,000	0.33	-	-
	TOTAL	9,18,268	34.01	-	9,18,268	34.01	-	-

THANJAVUR SPINNING MILL LIMITED

ANNEXURE II TO DIRECTORS' REPORT

iii) Change in Promoters' Shareholding:

Sl. No.	Shareholding		Date	Increase / (Decrease) in Shareholdings	Reason	Cumulative Shareholding during the year 01.04.2016 to 31.03.2017	
	No. of shares at the beginning (01.04.2016) / end of the year (31.03.2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	9,18,268	34.01	01-04-2016	Nil	Nil	Nil	Nil
	9,18,268	34.01	31-03-2017				

iv) Shareholding Pattern of Top Ten Shareholders:

(Other than Directors and Promoters)

Sl. No.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares at the beginning of the year (01.04.2016) / end of the year (31.03.2017)	% 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. SRISANDHYA	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:

Sl. No.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares at the beginning of the year (01.04.2016) / end of the year (31.03.2017)	% 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	SHRI S. KANTHIMATHINATHAN	Nil	Nil	N.A.	N.A.	N.A.	Nil	Nil
3	SHRI K.T. RAMACHANDRAN	4,078	0.15	N.A.	N.A.	N.A.	4,078	0.15
4	SHRI. P.A.S. KRISHNAMA RAJA	Nil	Nil	N.A.	N.A.	N.A.	N.A.	N.A.
5	SHRI. P.J. RAMKUMAR RAJHA	Nil	Nil	N.A.	N.A.	N.A.	N.A.	N.A.
6	SHRI S. KRISHNASWAMY KAMAYA NAICKER	4,000	0.15	N.A.	N.A.	N.A.	4,000	0.15
7	SHRI A. KARTHISWARAN	Nil	Nil	N.A.	N.A.	N.A.	N.A.	N.A.
8	SHRI. U. ALAGAPPAN	Nil	Nil	N.A.	N.A.	N.A.	N.A.	N.A.
9	SHRI S. MUTHUSAMY	Nil	Nil	N.A.	N.A.	N.A.	N.A.	N.A.
10	SHRI G. RAMACHANDRAN	Nil	Nil	N.A.	N.A.	N.A.	N.A.	N.A.

Shri P R Ramasubrahmaneya Rajha, Chairman demised on 11-05-2017.

Shri P.A.S. Krishnama Raja and Shri P.J. Ramkumar Rajha were inducted as Directors w.e.f. 19-05-2016

Shri. S. Krishnaswamy Kamaya Naicker, Director has resigned w.e.f. 14-06-2016

Shri. A. Karthiswaran has been appointed as Company Secretary w.e.f. 09-08-2016

Shri U. Alagappan, Chief Financial Officer has resigned on 20-12-2016

Shri S. Muthusamy was appointed as Chief Executive Officer and Shri. G. Ramachandran appointed as Chief Financial Officer w.e.f. 11-02-2017

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)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning 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
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	1,123.72	500.00	-	1,623.72
Net Change	(1,123.72)	(500.00)	-	(1,623.72)
Indebtedness at the end of the financial year				
i) Principal Amount	5,838.27	-	-	5,838.27
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	5.77	-	-	5.77
Total (i+ii+iii)	5,844.04	-	-	5,844.04

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: N.A.

B. Remuneration to other Directors:

1) Independent Directors

(Rs.in Lakhs)

Particulars of Remuneration	Name of the Directors		Total Amount
	Shri. P.A.S. Krishnama Raja	Shri P.J. Ramkumar Rajha	
Fee for attending Board / Committee meetings	0.25	0.20	0.45
Commission	-	-	-
Others, please specify	-	-	-
Total (1)	0.25	0.20	0.45

2) Other Non Executive Director

Particulars of Remuneration	Name of the Directors				Total Amount
	Shri. P.R. Ramasubrahmaneya Rajha	Shri. K.T. Ramachandran	Shri. S. Krishnaswamy Kamaya Naicker	Shri. S. Kanthimathinathan	
Fee for attending Board / Committee meetings	0.25	0.10	0.08	0.30	0.73
Commission	-	-	-	-	
Others, please specify	-	-	-	-	
Total (2)	0.25	0.10	0.08	0.30	0.73
Total (B)=(1+2)					1.18
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)					1.18

THANJAVUR SPINNING MILL LIMITED

ANNEXURE II TO DIRECTORS' REPORT

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD (Rs. in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		Shri S.Muthusamy CEO	Shri A. Karthiswaran Secretary	Shri G. Ramachandran CFO	Shri U. Alagappan CFO from 25-05-2016 to 20-12-2016	
1	Gross salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	16.20	3.73	4.89	9.47	34.29
	(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	16.20	3.73	4.89	9.47	34.29

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,
04th June, 2017.

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

P.R.VENKETRAMA RAJA
CHAIRMAN

THANJAVUR SPINNING MILL LIMITED

ANNEXURE III TO DIRECTORS' REPORT

DISCLOSURE RELATING TO REMUNERATION UNDER SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 (2) AND (3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- i) Particulars of top 10 Employees in terms of remuneration drawn and particulars of employees employed throughout the financial year 2016-17 and was in receipt of remuneration in the aggregate of not less than Rs. 102 Lakhs.

Sl. No.	Name of Employee	Age (Yrs)	Designation	Remuneration Paid / Payable Rs.in Lakhs	Qualification and experience (Years)	Date of Commencement of employment	Last Employment
1	S. MUTHUSAMY	56	Chief Executive Officer	16.20	D.T.T 34 Years	12/06/2013	Thiru Thanikagai Spinners, Sathiyamangalam, Arasur, Nabiyur
2.	M. VENKATESAN	44	D.M. Electrical	6.60	D.EEE 26 Years	01/03/2013	Shanmugavel Group-Dindigul
3.	V. SHANKAR	39	D.M. QA	5.16	D.T.T 19 years	01/11/2002	Jayavarma Textiles P Ltd, Gopichettipalayam
4.	G. SAKTHIVEL	49	A.M. Production	4.96	D.T.T 27 years	02/07/2005	Rajaguru Spinning Mill - Erode.
5.	G. RAMACHANDRAN	47	CFO	4.89	B.Com 25 years	12/08/1992	International Agencies, Chennai
6.	A. MOHAN	55	A.M. Accounts	4.81	B.A. 34 years	08/01/1987	Kodi Ginning (P) Ltd., Thanjavur
7.	S. SRINIVASAN	50	A.M. Materials	4.36	BBA 26 years	01/09/2001	Standard Spinning Mill - Sivakasi
8.	T.A. SRINIVASAN	47	A.M. Sales	4.31	B.Sc 22 years	01/11/2001	Sri Jayajothi & Co Rajapalayam
9.	G. RAMASUBRAMANIAN	36	Sr. Engr. Civil	3.99	DCE 17 years	15/07/2010	SR Karthik Construction Company, Rajapalayam
10.	R. SHANMUGARAJA	35	J.M. Maintenance	3.83	D.T.T. 12 years	07/05/2008	K.G. Srinivasa Spinning Mill Ltd., Mettupalayam

NOTE:

1. All appointments are contractual.
2. Remuneration includes Salary, Company's contribution to Provident Fund and Superannuation Fund but does not include Provision for Gratuity and Leave encashment.
3. None of the employees mentioned above is related to any Director of the Company.

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

RAJAPALAYAM,
04th June, 2017.

P.R.VENKETRAMA RAJA
CHAIRMAN

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 2017, the statement of profit and loss, the statement of Cash Flow for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "financial statements").

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent ; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether

THANJAVUR SPINNING MILL LIMITED

AUDITOR'S REPORT TO SHAREHOLDERS

due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the afore said 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, 2017, and its profit 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 Section 143(11) 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 explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the statement of profit and loss, the statement of cash flows 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 relevant rule issued thereunder;
 - (e) On the basis of the written representations received from the Directors as on 31st March 2017 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2017 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) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27 (5) to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts – for which there were any foreseeable losses;
 - iii. There has been no due in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;and
 - iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 27 (16) to the financial statements.

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

R. PALANIAPPAN
Proprietor

Membership No. 205112

Place: Rajapalayam
Date : 25th May, 2017.

THANJAVUR SPINNING MILL LIMITED

**“ANNEXURE - A” TO THE INDEPENDENT AUDITORS' REPORT - 31ST MARCH, 2017
(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 the nature of its assets.
- (c) According to the information and explanations given to us and 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.
- (d) During the year, the company demolish the entire building of Unit – “A” and clear the debris and sell the scrap items arises therefrom and sold the part of the Land pertain 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 secured (or) unsecured loans to body corporate, firm (or) other parties covered in the register maintained under Section 189 of the Companies Act, 2013 (‘the Act’). 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, guarantee 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.
- (vi) The Central Government under subsection (1) Section 148 of the Act has specified maintenance of cost records for the Company and such accounts and 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

THANJAVUR SPINNING MILL LIMITED

AUDITOR'S REPORT TO SHAREHOLDERS

undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, value added tax, duty of customs, duty of excise, service tax, cess and any other statutory dues with the appropriate authorities.

- (b) with the appropriate authorities According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other statutory dues were in arrears as at 31st March, 2017 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the following dues of value added tax has not been deposited by the Company on account of disputes:

Name of the statute	Amount (Rs. in Lakhs)	Forum where 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 did not raise any money by way of initial public offer (including debt instruments).The moneys raised by way of Term Loans were applied for the purpose 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 shall been noticed 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.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

THANJAVUR SPINNING MILL LIMITED

AUDITOR'S REPORT TO SHAREHOLDERS

- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has redeemed the 20,00,000 Nos. of 9% Cumulative Optionally Convertible Redeemable Preference Shares of Rs. 10 each on 28th December, 2016 by way of a fresh issue of Shares 20,00,000 Nos. of 9% Cumulative Optionally Convertible Redeemable Preference Shares of Rs. 10 each on preferential basis as per Special Resolution dated 21-12-2016 passed by the Members through Postal Ballot Process. The Company has not made any allotment of fully or partly convertible debentures during the year. The promoter of the Company has given exit offer to the existing public equity Shareholders of the Company vide letter 06-02-2017 to participate in the Exit offer on the basis and guidelines of SEBI Circular Nos. CIR/MRD/DSA/05/2015 & SEBI / HO / MRD / DSA / CIR / P/2016/110 dated 17-04-2015, and dated 10-10-2016 respectively.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered in to 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.

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

R. PALANIAPPAN
Proprietor

Place: Rajapalayam
Date : 25th May, 2017.

Membership No. 205112

THANJAVUR SPINNING MILL LIMITED

AUDITOR'S REPORT TO SHAREHOLDERS

“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 31st March,2017 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 (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act,2013.

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 and both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

THANJAVUR SPINNING MILL LIMITED

AUDITOR'S REPORT TO SHAREHOLDERS

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 be come in adequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, 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 : 25th May, 2017.

Membership No. 205112

THANJAVUR SPINNING MILL LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2017

		(Rs. in Lakhs)			
		Note No.	As at 31-03-2017	As at 31-03-2016	
I EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a)	Share Capital	1	2,970.00	2,970.00	
(b)	Reserves and Surplus	2	(2,199.22)	(2,919.85)	50.15
(2) Non Current Liabilities					
(a)	Long Term Borrowings	3	2,500.00	3,965.86	
(b)	Long Term Provisions	4	20.78	16.60	3,982.46
(3) Current Liabilities					
(a)	Short Term Borrowings	5	1,896.59	2,256.62	
(b)	Trade Payables	6	47.96	58.34	
(c)	Other Current Liabilities	7	1,534.03	1,469.19	
(d)	Short Term Provisions	8	53.33	74.41	3,858.56
TOTAL			6,823.47	7,891.17	7,891.17
II ASSETS					
(1) Non Current Assets					
(a) Fixed Assets					
(i)	Tangible Assets	9	3,821.68	4,190.20	
(ii)	Intangible Assets	9	0.84	0.84	
(iii)	Capital Work-in-Progress		-	5.20	4,196.24
(b)	Non Current Investments	10	51.18		336.17
(c)	Long term Loans & Advances	11	176.87		151.61
(d)	Other Non Current Assets	12	46.98		70.47
(e)	Deferred Tax Assets	13	606.05		976.00
(2) Current Assets					
(a)	Inventories	14	1,367.29	1,301.42	
(b)	Trade Receivables	15	225.88	582.74	
(c)	Cash and Cash equivalent	16	187.36	50.96	
(d)	Short Term Loans & Advances	17	185.82	54.49	
(e)	Other Current Assets	18	153.52	171.07	2,160.68
TOTAL			6,823.47	7,891.17	7,891.17
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

P.J. RAMKUMAR RAJHA
DIRECTOR

G. RAMACHANDRAN
CHIEF FINANCIAL OFFICER

R. PALANIAPPAN
Proprietor
Membership No.205112

S. KANTHIMATHINATHAN
DIRECTOR

A. KARTHISWARAN
SECRETARY

THANJAVUR SPINNING MILL LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

	(Rs. in Lakhs)	
	2016-17	2015-16
A. Cash flow from Operating Activities		
Net Profit/(Loss) before tax and extraordinary items	1,090.58	(364.06)
Adjustments for :		
Depreciation and Amortization	254.57	408.53
Interest paid	652.56	1,034.77
Interest Received	(15.48)	(7.81)
Deferred revenue expenditure written off	23.49	23.49
Profit on sale of assets (including investment property)	<u>(1,808.42)</u>	<u>(261.14)</u>
Operating Profit before Working Capital Changes	197.30	833.78
Adjustments for :		
Trade Receivables	356.86	(378.70)
Loans and Advances	(138.14)	188.37
Inventories	(65.87)	140.99
Trade Payables & Current liabilities	<u>(196.43)</u>	<u>(179.33)</u>
Cash generated from Operations	153.72	605.11
Taxes Paid	(0.90)	0.04
Net Cash generated from Operating Activities	A 152.82	605.15
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(18.96)	(9.38)
(Purchase)/ sale of Investments /Investment Property	284.99	-
Exceptional items - Sale of Assets of 'A' Unit Land & Machinery	1,946.52	3,786.54
Interest received	15.48	7.81
Net Cash from Investing Activities	B 2,228.03	3,784.97

THANJAVUR SPINNING MILL LIMITED

		(Rs. in Lakhs)	
		2016-17	2015-16
C. Cash Flow from Financing activities			
Proceeds from Long Term borrowings		-	3,500.00
Reduction of Long Term Loan		(1,231.86)	(5,438.48)
Availment / (Repayment) of Short-term Borrowings (net)		(360.03)	(1,929.94)
Interest Paid		(652.56)	(1,034.77)
Net cash used in Financing Activities	C	<u>(2,244.45)</u>	<u>(4,903.19)</u>
Net Increase/Decrease in Cash and Cash Equivalents	(A+B+C)	136.40	(513.07)
Opening balance of Cash and Cash Equivalents (Ref to Note No.16)	D	50.96	564.03
Closing balance of Cash and Cash Equivalents (Ref to Note No.16)	E	187.36	50.96
Net Increase/Decrease in Cash and Cash Equivalents	(E-D)	136.40	(513.07)

As per our report annexed

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

P.J. RAMKUMAR RAJHA
DIRECTOR

G. RAMACHANDRAN
CHIEF FINANCIAL OFFICER

R. PALANIAPPAN
Proprietor
Membership No.205112

S. KANTHIMATHINATHAN
DIRECTOR

A. KARTHISWARAN
SECRETARY

RAJAPALAYAM,
25th May, 2017.

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at 31-03-2017	As at 31-03-2016
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
	<u>3,600.00</u>	<u>3,600.00</u>
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
	<u>2,970.00</u>	<u>2,970.00</u>

* 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 may be convertible in one or more tranches into Equity Shares at the option of the holder at any time after 1st July, 2017 but not later than 31st December, 2021 at the rate of 1 (one) Equity Share of Rs. 10/- each for every 1 (one) Preference Share of Rs. 10/- each held. If the holders not opt for conversion, the said preference shares shall be redeemed on or before 31st December, 2022.

a. Issued, Subscribed and fully Paid up shares include 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 31-03-2017		As at 31-03-2016	
	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	2,50,00,000	2,500.00
Shares issued during the year	-	-	-	-
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	20,00,000	200.00
Shares issued during the year	20,00,000	200.00	-	-
Shares redeemed during the year	<u>(20,00,000)</u>	<u>(200.00)</u>	-	-
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 31-03-2017		As at 31-03-2016	
	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. Sharada 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 31-03-2017		As at 31-03-2016	
	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%

Note No. 2

RESERVES AND SURPLUS

Securities Premium Reserve

Opening Balance	<u>60.00</u>		<u>60.00</u>	
		60.00		60.00

General Reserve

Balance as per last Financial Statement	(2,979.85)		(2,774.45)	
Less : Residual Value of Components Assets whose remaining useful life is Nil net of deferred tax (Refer to note no. 27(10))			3.25	
Add : Amount Transferred from from Surplus balance in the Statement of Profit and Loss	<u>720.63</u>		<u>(202.15)</u>	
		(2,259.22)		(2,979.85)

Surplus in the statement of profit and loss

Opening Balance	-		-	
Add: Profit/(loss) for the Period	720.63		(202.15)	
Less: Transfer to General Reserve	<u>(720.63)</u>	-	<u>202.15</u>	-
		<u>(2,199.22)</u>		<u>(2,919.85)</u>

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at
31-03-2017 **As at**
31-03-2016

Note No. 3

LONG TERM BORROWINGS

Secured, Term Loan from Banks	2,500.00	3,965.86
	<u>2,500.00</u>	<u>3,965.86</u>

a) Term Loan from ICICI Bank is secured by pari-passu first charge on the fixed assets of the Company and backed by Corporate Guarantee of M/s. Ramco Industries Limited & all other Term Loans are secured by pari-passu first charge on the fixed assets and pari-passu second charge on the current assets of the Company and backed by Corporate Guarantee of M/s. Rajapalayam Mills Limited.

b) 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 31-03-2017	As at 31-03-2016
2017-18	-	1,465.86
2018-19	1,000.00	1,000.00
2019-20	1,000.00	1,000.00
2020-21	<u>500.00</u>	<u>500.00</u>
	<u>2,500.00</u>	<u>3,965.86</u>

Note No. 4

LONG TERM PROVISION

Provision for Other Employee Benefits	<u>20.78</u>	<u>16.60</u>
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Note No. 5

SHORT TERM BORROWINGS

Secured

Loan Repayable on Demand from Banks *	<u>1,896.59</u>	<u>2,256.62</u>
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* 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 Ltd, and the loan with Tamilnad Mercantile Bank is backed by Corporate Guarantee of M/s. The Ramco Cements Ltd.

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at
31-03-2017 As at
31-03-2016

Note No. 6

TRADE PAYABLES

Trade Payables	<u>47.96</u>	<u>58.34</u>
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Note No. 7

OTHER CURRENT LIABILITIES

Current Maturities of Long Term Debts	1,466.36	1,232.36
Interest Accrued but not Due on Borrowings	5.77	12.92
Liabilites for Other Finance	61.90	223.91
	<u>1,534.03</u>	<u>1,469.19</u>

Note No. 8

SHORT TERM PROVISIONS

Provision for Employee Benefits	<u>53.33</u>	<u>74.41</u>
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THANJAVUR SPINNING MILL LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note No. 9

FIXED ASSETS

(Rs. in Lakhs)

Particulars	Year	Gross block				Depreciation					Net block		
		As at the beginning of the year	Additions	Deduction	As at the end of the year	As at the beginning of the year	Adjustment made during PY 2015-16*	Depreciation for the year	Deduction	As at the end of the year	As at the end of the year	As at the beginning of the year	
Tangible Assets													
Land	2016-17	2.10	-	-	2.10	-	-	-	-	-	2.10	2.10	
	2015-16	66.93	-	64.83	2.10	-	-	-	-	-	2.10	66.93	
Buildings	2016-17	1,334.19	1.34	-	1,335.53	248.96	-	42.06	-	291.02	1,044.51	1,085.23	
	2015-16	1,334.19	-	-	1,334.19	206.81	-	42.15	-	248.96	1,085.23	1,127.38	
Plant and Machinery	2016-17	4,420.68	0.25	435.53	3,985.40	1,540.96	-	160.23	325.58	1,375.61	2,609.79	2,879.72	
	2015-16	10,586.72	7.69	6,173.73	4,420.68	4,013.97	4.97	303.93	2,781.91	1,540.96	2,879.72	6,572.75	
Electrical Machinery	2016-17	417.88	-	83.11	334.77	215.73	-	48.56	66.81	197.48	137.29	202.15	
	2015-16	662.06	-	244.18	417.88	333.91	-	57.85	176.03	215.73	202.15	328.15	
Furniture & Office Equipments	2016-17	46.59	2.16	28.53	20.22	41.94	-	1.22	27.01	16.15	4.07	4.65	
	2015-16	46.72	-	0.13	46.59	40.42	-	1.62	0.10	41.94	4.65	6.30	
Vehicles	2016-17	36.92	20.41	28.07	29.26	22.84	-	2.20	18.32	6.72	22.54	14.08	
	2015-16	39.93	-	3.01	36.92	22.73	-	2.55	2.44	22.84	14.08	17.20	
Computer Machinery	2016-17	34.37	-	11.90	22.47	32.10	-	0.30	11.32	21.09	1.38	2.27	
	2015-16	34.37	-	-	34.37	31.67	-	0.43	-	32.10	2.27	2.70	
Total - Tangible Assets	2016-17	6,292.73	24.16	587.14	5,729.75	2,102.53	-	254.57	449.04	1,908.07	3,821.68	4,190.20	
	2015-16	12,770.92	7.69	6,485.88	6,292.73	4,649.51	4.97	408.53	2,960.48	2,102.53	4,190.20	8,121.41	
Intangible Assets													
Computer software	2016-17	16.80	-	-	16.80	15.96	-	-	-	15.96	0.84	0.84	
	2015-16	16.80	-	-	16.80	15.96	-	-	-	15.96	0.84	0.84	
Total - Intangible Assets	2016-17	16.80	-	-	16.80	15.96	-	-	-	15.96	0.84	0.84	
	2015-16	16.80	-	-	16.80	15.96	-	-	-	15.96	0.84	0.84	

* Adjustment made during the previous year in depreciation represents residual value of key components of assets whose remaining useful life is Nil [Refer to Note No. 27(10)(ii)].

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at
31-03-2017

As at
31-03-2016

Note No. 10

NON-CURRENT INVESTMENTS

I. Investment Property

Land Unit "A" and Tiruttani	11.84		11.84	
Less: Cost of Unit "A" Land Sold during the year	1.22	10.61	-	11.84

Buildings

Buildings Unit "A"	438.96		438.96	
Less: Accumulated depreciation at the beginning	149.75	149.75	149.75	149.75
	289.21	289.21	289.21	289.21

Less: Unit "A" Buildings Demolished during the year	289.21	-	-	289.21
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Tiruttani Buildings

Buildings	92.03		92.03	
Less: Accumulated depreciation as at the beginning	(59.44)	32.59	(59.44)	32.59

Total Investment Property (A)	43.20		333.64	
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II. Investment in Equity

Instruments, Non-Trade - Unquoted	No. of Shares	Total Face Value	Cost	Cost
M/s. Ramco Windfarms Limited	2,50,000	2.50	2.50	2.50
Add: Purchase during the year	5,45,000	5.45	5.45	-
Total Unquoted Investment (B)			7.95	2.50

III. Other Non-Current Investments, Non-Trade - Unquoted

Shares in Thanjavur Textiles Emp. Co-operative Stores Ltd.,	0.03		0.03	
Total Other Investment (C)		0.03		0.03

Aggregate value of investments (A+B+C)	51.18		336.17	
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Note No. 11

LONG TERM LOANS AND ADVANCES

Unsecured, considered good				
Security Deposits	176.87	151.61	151.61	151.61

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at
31-03-2017 As at
31-03-2016

Note No. 12

OTHER NON-CURRENT ASSETS

Misc. Expenditure to the extent not written off

Voluntary Retirement Scheme 46.98 70.47

Note No. 13

DEFERRED TAX ASSETS (NET)

Deferred Tax Asset

Tax effect on unabsorbed depreciation under
Income Tax Act, 1961 1,583.55 2,077.30

Tax effect on provision for Bonus and
Leave Salary Encashment 13.50 11.20

Deferred Tax Liability

Tax effect on difference between book depreciation and
depreciation under the Income Tax Act, 1961 (991.00) (1,112.50)

Net Deferred Tax Assets 606.05 976.00

Note No. 14

INVENTORIES

Finished Goods 109.87 175.98

Rawmaterials, cotton and cotton waste 1,094.54 972.51

Stores Spares Fuel and packing materials 27.73 29.98

Work-in-Process (Cotton Yarn) 135.15 122.95

1,367.29 1,301.42

Mode of valuation of inventories are disclosed in significant Accounting Policies in Note No. 26(3).

Note No. 15

TRADE RECEIVABLES

Unsecured, considered good

Trade Receivables less than six months 225.88 582.74

Note No. 16

CASH AND BANK BALANCES

Cash on Hand 0.58 0.76

Balance with Bank

In Current Account 55.10 5.77

In Deposit Account for Margin Money 131.68 44.43

187.36 50.96

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

	As at 31-03-2017	As at 31-03-2016
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Note No. 17

SHORT TERM LOANS AND ADVANCES

Unsecured, considered good

Advance to Suppliers / Others	151.29	20.86
Income-Tax paid, TDS and Refund Receivables	<u>34.53</u>	<u>33.63</u>
	<u><u>185.82</u></u>	<u><u>54.49</u></u>

Note No. 18

OTHER CURRENT ASSETS

Accrued Income	103.83	117.87
Prepaid Expenses	48.44	51.61
Other Current Assets	<u>1.25</u>	<u>1.59</u>
	<u><u>153.52</u></u>	<u><u>171.07</u></u>

(Rs. in Lakhs)

	For the year ended 31-03-2017	For the year ended 31-03-2016
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Note No. 19

REVENUE FROM OPERATIONS

Sale of Products

Yarn	5,198.97	5,056.17
Fabrics	655.48	920.22
Waste Cotton	<u>621.24</u>	<u>566.39</u>
Other Operating Revenues	6,475.69	6,542.78
Export Incentive	<u>8.23</u>	<u>30.57</u>
	<u><u>6,483.92</u></u>	<u><u>6,573.35</u></u>

Note No. 20

OTHER INCOME

Interest Received	15.48	7.81
Carbon Credit Sale	-	0.27
Miscellaneous Income	17.27	114.43
Exchange Gain on Foreign Currency Transactions, (Net)	<u>-</u>	<u>12.10</u>
	<u><u>32.75</u></u>	<u><u>134.61</u></u>

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

For the year ended
31-03-2017

For the year ended
31-03-2016

Note No. 21

COST OF MATERIALS CONSUMED

Raw Materials Consumed

Cotton	4,518.71		4,328.64
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Note No. 22

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

Opening stock

Finished Goods	175.98		237.62
Work-in-Process	122.95	298.93	70.38

Closing Stock

Finished Goods	109.87		175.98
Work-in-Process	135.15	245.02	122.95

Net Decrease in Stock	53.91		9.07
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Note No. 23

EMPLOYEE BENEFIT EXPENSES

Salaries , Wages and Bonus	330.88		343.60
Contribution to Provident and Other Funds	43.38		34.74
Staff and Labour Welfare Expenses	46.85		44.05
	421.11		422.39

Note No. 24

FINANCE COSTS

Interest Expenses	637.40		1,022.23
Other Borrowing Costs	-		12.44
Exchange Gain on Foreign Currency Transactions, (Net)	15.16		-
	652.56		1,034.77

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

	For the year ended 31-03-2017	For the year ended 31-03-2016
Note No. 25		
OTHER EXPENSES		
MANUFACTURING EXPENSES		
Power and Fuel	758.70	494.13
Packing Materials Consumed	117.69	127.61
Repairs to Buildings	3.98	9.15
Repairs to Plant and Machinery	143.90	191.04
Repairs - General	15.21	12.19
Job work Charges Paid	95.72	66.46
	1135.20	900.58
ESTABLISHMENT EXPENSES		
Managing Director's Remuneration	-	2.49
Rates and Taxes	9.44	12.24
Insurance	4.69	6.05
Postage and Telephone	7.14	8.41
Printing and Stationery	3.08	1.97
Travelling Expenses	4.14	4.43
Vehicle Maintenance	15.21	14.10
Directors Sitting Fees	1.18	0.63
Rent	-	1.20
Audit and Legal Expenses	10.75	14.99
Deferred Revenue Expenditure	24.49	23.49
Miscellaneous Expenses	26.85	21.55
	106.97	111.55
SELLING EXPENSES		
Sales Commission	54.12	59.15
Export Expenses	9.87	19.52
Other Selling Expenses	27.49	38.96
	91.48	117.63
	1,333.65	1,129.76

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.
- (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.

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.

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

- (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 ERP 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

- (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.

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(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:
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 Education Cess, Secondary and Higher Education Cess, Trade Discounts, VAT / CST and Sales Returns, if any.
- iii) Other Income:
 - i. Interest Income is recognised on time proportion basis.
 - ii. Scrap Sales does not include Education Cess, Secondary and Higher Education Cess, VAT / CST.

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 along with 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.

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

- (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 “Exceptional and Extraordinary Items”.
- (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.
- (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:

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.

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

- (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.
- (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 Employees' Superannuation Fund" administered by trustees and managed by LIC of India.

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

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(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 subject to a maximum statutory limit of Rs. 10 Lakhs. 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.
- (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

The Company has no segments under As -17 (Segment Reporting)

15. Earnings Per Share

Net profit after tax attributable to equity shareholder is divided by weighted average number of equity shares 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.

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

- (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.

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.

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

- (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
31-03-2017

As at
31-03-2016

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 8.40 4.26

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. 134.23 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	As at
	31-03-2017	31-03-2016
Statutory Auditors:		
a. As Auditors		
- Fees	0.75	0.75
- Expenses reimbursed	0.31	0.37
b. In other Capacities		
- Tax Audit Fees	0.50	0.50
c. - VAT Audit Fees	0.30	0.30
d. - Certification Work Fees	0.60	1.11
	2.46	3.03

7. The Company has paid necessary fees to NSDL & CDSL for the financial year 2017-18.
8. There are no dues to micro, small and medium enterprises / small scale enterprises as at 31-03-2017 (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. The unadjusted units generated from the Windmills as on 31-03-2017 are 29.13 Lakhs KWH (PY: 1.48 Lakhs KWH) and its monetary value of Rs. 85.68 Lakhs (PY: Rs. 9.64. Lakhs) has been included in Other Current Assets.
10. (i) The Depreciation Method that are adopted in preparation of the financial statements are consistently followed as in the previous years.
- (ii) During last year, 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 was 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 was credited to the General Reserves.
11. The Company has sold the entire buildings, 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 also sold a part of the land to the extent of 5.25 Acres of Unit "A" land and gifted 1.252 Acres of unit "A" land to panchayat for forming roads in the proposed layout. The Sales

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

proceeds were utilized to pay term loans and working capital loans. The profit on sale of above Land, Buildings and machineries of Rs. 1,808.42 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)	
	2016-17	2015-16
Defined Contribution Plan:		
Employer's Contribution to Provident Fund	21.16	21.14
Employer's Contribution to Superannuation Fund	1.99	2.28
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 at beginning of the year	23.31	20.82
Current Service Cost	4.03	4.62
Interest Cost	1.42	1.54
Actuarial (gain) / loss	7.08	(-) 0.49
Past Service Cost - (Vested Benefits)	Nil	Nil
Benefits paid	(-) 7.15	(-) 3.18
Defined Benefit obligation as at end of the year	28.69	23.31
Reconciliation of opening and closing balances of fair value of plan assets:		
Fair value of plan assets as at beginning of the year	48.17	41.21
Expected return on plan assets	3.45	3.42
Actuarial gain / (loss)	0.16	0.46
Employer Contribution	0.29	6.26
Benefits paid	(-) 7.15	(-) 3.18
Fair value of plan assets as at end of the year	44.92	48.17
Actual Return of plan assets:		
Expected return of plan assets	3.45	3.42
Actuarial gain / (loss) on plan assets	0.16	0.46
Actual return on plan assets	3.61	3.88
Reconciliation of fair value of assets and obligations:		
Fair value of plan assets	44.92	48.17
Present value of obligation	28.69	23.31
Difference	(-) 16.22	(-) 24.86
Unrecognized transitional liability	NIL	NIL
Unrecognized past service cost non vested benefits	NIL	NIL
Amount recognized in Balance Sheet	NIL	NIL

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	2016-17	2015-16
Expense recognized during the year:		
Current Service Cost	4.03	4.62
Interest Cost	1.42	1.54
Expected return on plan assets	(-) 3.44	(-) 3.42
Actuarial (gain) / loss	6.92	(-) 0.95
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	8.93	1.79
Investment Details as on 31-03-2017:		
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%
Actuarial assumptions:		
Indian Assured Lives (2006-08) Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a	7.20%	8.00%
Expected rate of return on plan assets p.a	7.71%	8.00%
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 01-04-2016	17.18	21.24
Current Service Cost	2.76	3.18
Interest Cost	1.26	1.01
Actuarial (gain) / loss	3.24	8.27
Benefits paid	(-) 2.84	(-) 16.52
Defined Benefit obligation as on 31-03-2017	21.60	17.18

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	2016-17	2015-16
Reconciliation of opening and closing balances of fair value of plan asset		
Fair value of plan assets as on 01-04-2016	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial gain / (loss)	NIL	NIL
Employer Contribution	2.84	16.52
Benefits paid	(-) 2.84	(-) 16.52
Fair value of plan assets as on 31-03-2017	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	21.60	17.18
Difference	21.60	17.18
Unrecognized transitional liability	NIL	NIL
Unrecognized past service cost non vested benefits	NIL	NIL
Amount recognized in Balance Sheet	21.60	17.18
Expense recognized during the year:		
Current Service Cost	2.75	3.18
Interest Cost	1.26	1.01
Expected return on plan assets	NIL	NIL
Actuarial (gain) / loss	3.24	8.27
Transitional liability recognized in the year	NIL	NIL
Net Cost	7.25	12.46
Investment Details as on 31-03-2017:		
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

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	2016-17	2015-16
Actuarial assumptions:		
Indian Assured Lives (2006-08) Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a.	7.20%	8.00%
Expected rate of return on plan assets p.a.	NIL	NIL
Rate of escalation in salary p.a.	4.00%	4.00%
13. Earnings Per Share		
Basic Earnings Per Share	2016-17	2015-16
Profit/(Loss) After Tax	720.63	(202.15)
Less: Preference dividend on 2,50,00,000 nos of 9% Redeemable Preference Shares including Dividend distribution tax thereon	(270.81)	(270.81)
Less: Preference dividend on 20,00,000 nos of 9% Cumulative Optionally Convertible Redeemable Preference Shares including Dividend distribution tax thereon (Shares issued on 28-12-2016)	(5.58)	(21.66)
Total Profit attributable to Equity Shareholders	444.24	(494.62)
No. of Equity Shares	27.00	27.00
Basic EPS	16.45	(18.32)
Diluted Earnings Per Share		
Profit available to Equity Shareholders	444.24	-
Add: Preference dividend on 20,00,000 nos of 9% Cumulative Optionally Convertible Redeemable Preference Shares including Dividend distribution tax thereon (Shares issued on 28-12-2016)	5.58	-
Total Profit attributable to Equity Shareholders	449.82	-
No. of Equity shares	27.00	-
Add: Adjusted Weighted average no. of Shares upon conversion of 20,00,000 nos.of 9% Cumulative Optionally Convertible Preference Shares (issued on 28-12-2016)	5.15	-
Total No. of Equity Shares (including potential Equity Shares)	32.15	-
Diluted EPS	13.99	(18.32)*

* The effect of potential equity shares on account of Cumulative Optionally Convertible Preference Shares for the financial year 2015-16 was anti-dilutive and hence the same was not considered in calculating the diluted EPS in accordance with Accounting Standard-20 (Earning Per Share).

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

14. 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 (including KMP under Companies Act, 2013)

Shri P.R. Ramasubrahmaneya Rajha	Chairman
Shri S. Muthusamy	Chief Executive Officer
Shri G. Ramachandran	Chief Financial Officer
Shri A. Karthiswaran	Company Secretary
Shri U. Alagappan	Chief Financial Officer (upto 20-12-2016)

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

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

c. Employee Benefit Funds where control exists

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

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

(A) Amount paid to Key Managerial Personnel (Sitting Fees) (Rs. in Lakhs)

Name of the Related Party	Amount		Nature of Payment
	2016-17	2015-16	
P.R. Ramasubrahmaneya Rajha	0.25	0.20	Sitting Fees

(B) Remuneration to Key Management Personnel (Other than Sitting Fees)

Key Management Personnel		2016-17	2015-16
Shri S. Muthusamy	Chief Executive Officer	16.20	-
Shri G. Ramachandran	Chief Financial Officer	4.89	-
Shri A. Karthiswaran	Company Secretary	3.73	-
Shri U. Alagappan	Chief Financial Officer (upto 20-12-2016)	9.47	-

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

(C) Corporate Guarantee availed

Name of the Related Party	Guarantee Amount as at	
	31-03-2017	31-03-2016
Rajapalayam Mills Limited	4,031	9,656
The Ramco Cements Limited	1,250	6,800
Ramco Industries Limited	3,500	3,500

(D) Sale of Goods Supplied / Service Rendered

Name of the Related Party	Value		Outstanding as at	
	2016-17	2015-16	31-03-2017	31-03-2016
Rajapalayam Mills Limited	558.54	298.71	NIL	NIL
Ramco Industries Limited	134.86	431.13	NIL	NIL
The Ramaraju Surgical Cotton Mills Limited	449.33	460.12	NIL	NIL
Rajapalayam Textiles Limited	129.72	1.49	NIL	NIL
Sandhya Spinning Mill Limited	153.95	0.41	NIL	NIL
Sri Vishnu Shankar Mill Limited	14.80	170.82	NIL	NIL
Sri Harini Textiles Limited	4.90	10.29	NIL	NIL

(E) Sale of Fixed Assets

Name of the Related Party	Value		Outstanding as at	
	2016-17	2015-16	31-03-2017	31-03-2016
Rajapalayam Mills Limited	-	572.84	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
Sandhya Spinning Mill Limited	-	91.65	NIL	NIL

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

(F) Cost of Goods Purchased / Service Availed:

Name of the Related Party	Value		Outstanding as at	
	2016-17	2015-16	31-03-2017	31-03-2016
Rajapalayam Mills Limited	120.48	6.61	NIL	NIL
Ramco Industries Limited	221.44	-	NIL	NIL
Sri Vishnu Shankar Mill Limited	141.77	196.95	NIL	NIL
Sandhya Spinning Mill Limited	0.08	-	NIL	NIL
The Ramaraju Surgical Cotton Mills Limited	37.33	81.11	NIL	NIL
Ramco Windfarms Limited	540.72	74.68	NIL	NIL
The Ramco Cements Limited	1.37	1.08	NIL	NIL
Ramco Systems Limited	2.93	2.51	NIL	NIL

(G) Purchase of investments

Name of the Related Party	Value		Outstanding as at	
	2016-17	2015-16	31-03-2017	31-03-2016
Rajapalayam Textile Limited	1.90	-	NIL	NIL
Ramco Industries Limited	0.60	-	NIL	NIL
Sandhya Spinning Mill Limited	0.60	-	NIL	NIL
The Ramaraju Surgical Cotton Mills Limited	1.15	-	NIL	NIL
Sri Vishnu Shankar Mill Limited	1.20	-	NIL	NIL

(H) Contribution to Superannuation Fund / Gratuity Fund

Name of the Related Party	2016-17	2015-16
Thanjavur Spinning Mill Limited Employees' Superannuation Fund	1.99	2.28
Thanjavur Spinning Mill Limited Employees' Gratuity Fund	8.93	1.79

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in Lakhs)

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

(a) Value of Imports calculated on CIF Value

	2016-17	2015-16
Raw Materials	799.61	463.85

(b) Expenditure in Foreign Exchange during the year

	2016-17	2015-16
Export Sales Commission	0.09	14.13

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

	2016-17		2015-16	
	Amount	%	Amount	%
Raw Materials				
Imported	1,032.09	22.84%	-	-
Indigenous	3,485.64	77.15%	4,517.74	100 %
Spares and Components				
Imported	0.05	0.02%	-	-
Indigenous	258.68	99.98%	249.43	100%

(d) Earnings in Foreign exchange (FOB Value)

	2016-17	2015-16
Export of Yarn	271.83	1024.33

THANJAVUR SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

16. Details of Specified Bank Notes ('SBN') held and transacted during the period 08-11-2016 to 30-12-2016

As per the amendments notified on 30-03-2017 to Schedule III, Clause K of Note 6 to General Instructions for Preparation of Balance Sheet, the details of Specified Bank Notes ('SBN') held and transacted during the period 08-11-2016 to 30-12-2016 is given in the below table

(Rs. in Lakhs)

Particulars	SBNs	Other Denomination Notes	Total
Closing Cash in hand as at 08-11-2016	0.90	0.16	1.06
Add: Permitted Receipts	-	7.23	7.23
Less: Permitted Payments	-	7.21	7.21
Less: Amount Deposited in Banks	0.90	-	0.90
Closing Cash in hand as at 30-12-2016	-	0.18	0.18

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

R. PALANIAPPAN
Proprietor
Membership No.205112

RAJAPALAYAM,
25th May, 2017.

P.J. RAMKUMAR RAJHA
DIRECTOR

S. KANTHIMATHINATHAN
DIRECTOR

G. RAMACHANDRAN
CHIEF FINANCIAL OFFICER

A. KARTHISWARAN
SECRETARY

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 55th Annual General Meeting of the Company, to be held on Thursday, the 10th August, 2017 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, 2017.
2	Appointment of Shri S. Kanthimathinathan as Director, who retires by rotation.
3	Appointment of M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants, as Auditors.

Please see overleaf for Special Business

THANJAVUR SPINNING MILL LIMITED

[CIN : U17111TN1961PLC004505]

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

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

I / We hereby record my/our presence at the 55th Annual General Meeting of the Company.

Venue : P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108.

Date & Time : Thursday, 10th August, 2017, at 11.30 AM

Name of the Member _____ Folio No./DP ID - Client ID _____

Name of the Proxy* _____ Signature of Member / Proxy Attending _____

*(To be filled in, if the proxy attends instead of the Member)

Resolution No.	Resolutions
	Special Business:
4	Appointment of Shri P.R. Venketrana Raja as a Director.

Signed this day of 2017

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.