

# THANJAVUR SPINNING MILL LIMITED



**FIFTY SIXTH ANNUAL REPORT AND ACCOUNTS**

**2017 - 2018**

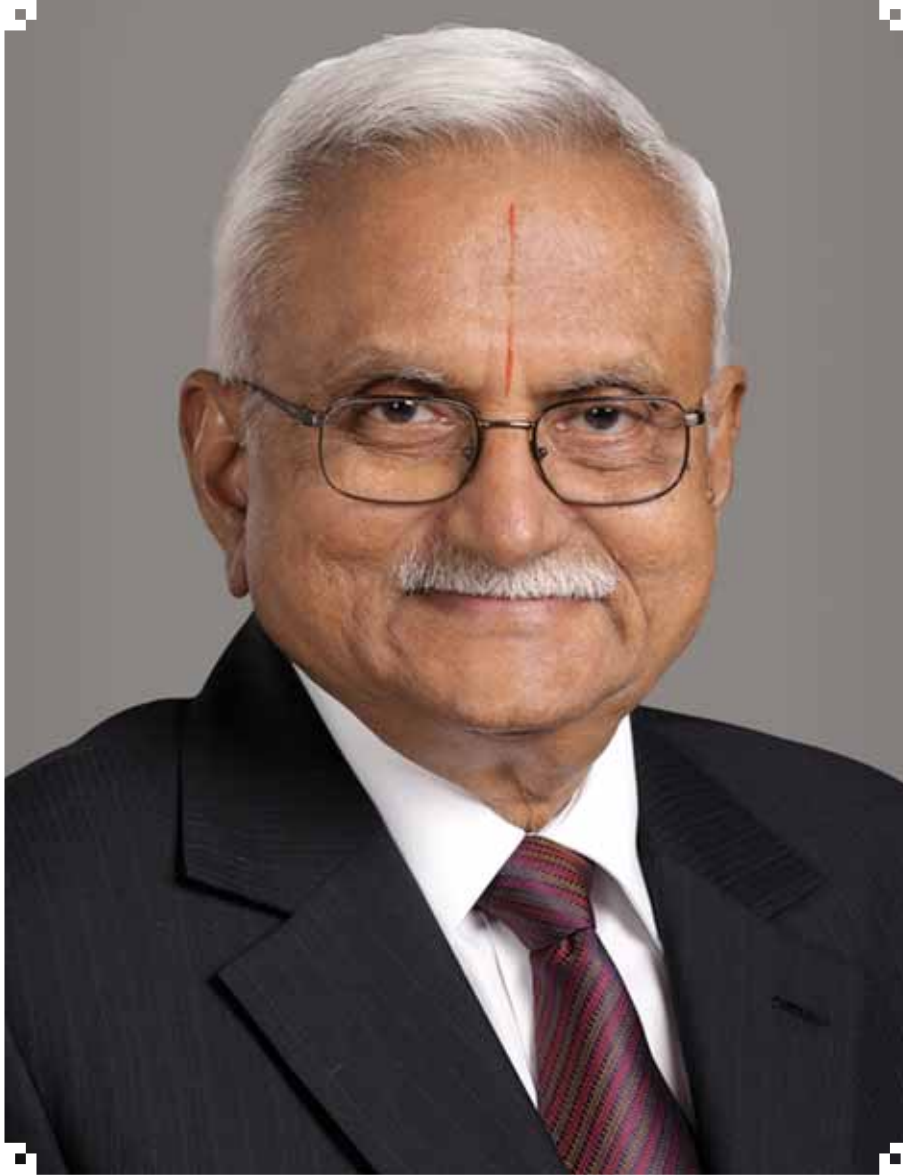


SHRI. K. TIRUVENGADA MUDALIAR  
Founder



SHRI P.A.C. RAMASAMY RAJA





***"Gurubakthamani"***  
**SHRI P.R. RAMASUBRAHMANEYA RAJHA**  
**Sridharmarakshakar - Ramco Group**





## THANJAVUR SPINNING MILL LIMITED

### BOARD OF DIRECTORS

Shri P.R. VENKETRAMA RAJA, B.Tech., M.B.A  
Chairman (Upto 15-05-2018)

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](mailto:tsml@ramcotex.com)

Phone:04563-235666

Fax:04563-236520

### Web Site

[www.thanjavurspinningmill.co.in](http://www.thanjavurspinningmill.co.in)

### Corporate Identification Number

U17111TN1961PLC004505

### Factory

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

### Bankers

ICICI Bank Limited

RBL Bank Limited

Tamilnad Mercantile Bank Limited

### Auditors

M/s. M.S.Jagannathan &

N.Krishnaswami,

Chartered Accountants,

Unit - 5, Ground Floor,

Abirami Apartments,

No. 14, V.O.C. Road, Contonment,

Tiruchirappalli - 620 001,

Tamil Nadu.

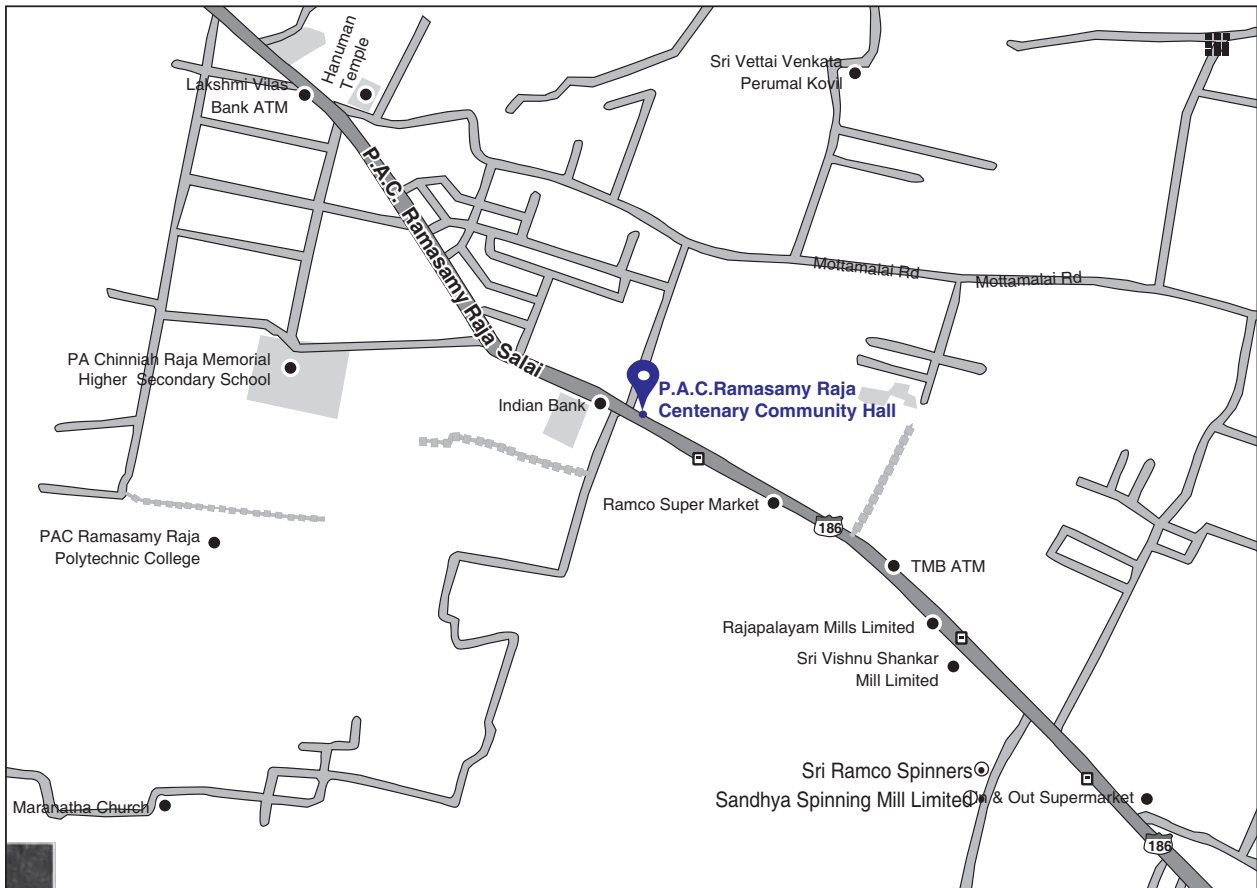
# THANJAVUR SPINNING MILL LIMITED

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## Map Showing location of venue of 56<sup>th</sup> 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

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## NOTICE TO THE MEMBERS

Notice is hereby given that the 56<sup>th</sup> Annual General Meeting of the Company will be held at 11.30 A.M on Friday, the 10<sup>th</sup> August, 2018 at P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Garden, 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 31<sup>st</sup> March 2018, 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.”

## SPECIAL BUSINESS

3. To consider and pass the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 186 and other applicable provisions if any of the Companies Act, 2013 and rules thereunder, the Board of Directors of the Company be and is hereby authorized to give Inter Corporate Deposits / Investments upto the limit of Rs. 25.00 Crores (Twenty five crores only) by the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be necessary from time to time to give effect to this Resolution, including delegating whole or part of their powers in this regard to any Committee of Directors, or any other Principal Officer of the Company in the manner permitted under the Act or Rules made there under”.

By Order of the Board,

For THANJAVUR SPINNING MILL LIMITED,

RAJAPALAYAM,  
29<sup>th</sup> May, 2018.

S. KANTHIMATHINATHAN  
Chairman of the Meeting

# THANJAVUR SPINNING MILL LIMITED

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## NOTICE

### 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 3<sup>rd</sup> August, 2018 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 and IEPF Rules 2016, the shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company to the designated Demat Account of the IEPF Authority ('IEPF Account') within a period of thirty days of such shares becoming due to be transferred to the IEPF Account. Accordingly, the Company had transferred 1,05,114 nos of Shares of Rs. 10 each to the IEPF Account on which the dividends remained unpaid or unclaimed for seven consecutive years with reference to the due date of 31<sup>st</sup> October, 2017 after following the prescribed procedure. In this regard, the Company has individually informed the shareholders concerned and also published notice in the newspapers as per the IEPF Rules. The statement containing the details of the Shareholders and the shares transferred were uploaded on the Company's website [www.thanjavurspinningmill.co.in](http://www.thanjavurspinningmill.co.in) for information and necessary action by the Shareholders. In the event of the Shareholders not claiming the dividend and the shares are transferred to IEPF, the Shareholders are still entitled to claim the shares from IEPF by making an online application in Form No: IEPF-5 to the IEPF Authority. The procedure and the form are available at [www.iepf.gov.in](http://www.iepf.gov.in)
6. Electronic copy of the Notice for the Annual General Meeting and the Annual Report for the financial year 2017-18 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](http://www.thanjavurspinningmill.co.in) for their download.

# THANJAVUR SPINNING MILL LIMITED

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## NOTICE

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 56<sup>th</sup> 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](http://www.evotingindia.com)
- ii) To Click on Shareholders tab.
- 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](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.

# THANJAVUR SPINNING MILL LIMITED

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## NOTICE

- 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 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.
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# THANJAVUR SPINNING MILL LIMITED

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## NOTICE

- x) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolutions.
  - xi) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
  - xii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
  - xiii) You can also take out print of the voting done by you clicking on “Click here to Print” option on the Voting page. It need not be sent to the Company.
  - xiv) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha code and click on Forgot Password & enter the details as prompted by the system.
  - xv) Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on. The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- D. The facility for remote e-voting shall remain open from 9.00 A.M. on Monday the 6<sup>th</sup> August, 2018 to 5.00 P.M. on Thursday the 9<sup>th</sup> August, 2018. 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 3<sup>rd</sup> August, 2018, may opt for remote e-voting. Voting shall not be allowed beyond 5.00 PM on 9<sup>th</sup> August, 2018.
- 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](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto: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 Friday, the 03<sup>rd</sup> August, 2018.
- G. Shri K. Srinivasan, Chartered Accountant (Membership No:21510), Partner, M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
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# THANJAVUR SPINNING MILL LIMITED

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## NOTICE

- H. The Chairman shall, at the general meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting, with the assistance of scrutinizer, by use of ballot or by using an electronic voting system for all those Members who are present at the general meeting but have not cast their votes by availing the remote e-voting facility.
- I. The Scrutinizer shall immediately after conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting there after unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make not later than three days of conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or person authorised by him in writing who shall countersign the same and the Chairman or a person authorised by him in writing shall declare the result of the voting forthwith.

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

S. KANTHIMATHINATHAN  
Chairman of the Meeting

RAJAPALAYAM,  
29<sup>th</sup> May, 2018.

# THANJAVUR SPINNING MILL LIMITED

## NOTICE

### STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

#### Item No 3

Your Directors at their Meeting held on 09-08-2017 announced a plan to dispose of Company's remaining assets i.e assets pertaining to spinning mill machineries installed at "B" Unit including Land and Building. The Company has passed a Special Resolution on 03-11-2017 through Postal Ballot Process for sale of entire land at Thanjavur around 11 Acres, entire "B" unit Building and all movable assets of the Company at Thanjavur.

Proceeds of the sale would be utilized for repayment of Term Loans and Working Capital Loans, redemption of Preference Shares and general business purpose.

The amount of loan outstanding as on 31-03-2018 is given below:

₹ in Crores

S. No.	Bank Name	Type of loan	Outstanding Amount
1	ICICI Bank Limited	Term loan	16.00
2	RBL Bank Limited	Working Capital	2.48
3	Tamilnad Mercantile Bank Limited	Working Capital	4.10
	<b>Total</b>		<b>22.58</b>

During the period from 01-04-2018 to 29-05-2018 the Company has repaid the Term Loan amount of Rs.6.75 Crores and Working Capital amount of Rs. 6.58 Crores, and the loan outstanding as on 29-05-2018 was Rs.9.25 Crores.

The Company is not having adequate profits for redemption of preference shares having face value of Rs.10 each or for payment of Preference dividend. The preference shares can be redeemed and preference dividend can be paid only when the entire land and machineries were sold.

After repayment of Bank loans the surplus amount received from sale of machinery and land may be deposited as Inter Corporate Deposit, where the rate of interest is reasonable as compared to Bank's Deposits rate. Hence the Company proposed to place Inter Corporate Deposits.

Under Section 186 of Companies Act, 2013, it is proposed to get consent of the Members to make Inter Corporate Deposits (ICD) / Investments which are either related parties / non-related parties upto the limit as set out in the Resolution.

The Board of Directors recommends the Resolution to the Members.

Disclosure of Interest:

- (i) None of the Directors and Key Managerial Personnel and their relatives are concerned or interested in this Resolution.
- (ii) In case of Loans / acquisition of Security is to in respect of any Company, which are either related parties or otherwise, the Directors are deemed to be interested to the extent of their shareholding in those beneficiary Companies.

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

S. KANTHIMATHINATHAN  
Chairman of the Meeting

RAJAPALAYAM,  
29<sup>th</sup> May, 2018.

# THANJAVUR SPINNING MILL LIMITED

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## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors have pleasure in presenting their 56<sup>th</sup> Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2018.

### 1. FINANCIAL RESULTS

The financial results for the year ended 31st March, 2018 after charging all expenses but before deducting finance cost and depreciation have resulted in operating profit of Rs. 166.76 Lakhs as against operating profit of Rs.189.29 Lakhs for the previous financial year 2016-17.

After deducting Rs. 460.09 Lakhs towards finance cost, providing Rs. 1,215.52 Lakhs towards Depreciation, providing impairment on assets of Rs.1,124.73 Lakhs and considering Rs.2,444.58 Lakhs being profit on sale of Assets, the loss for the year is Rs. 189.00 Lakhs as compared to profit of Rs. 1,090.58 Lakhs for the previous financial year 2016-17. After providing Rs. 247.53 Lakhs towards Deferred Tax Liability, and Current tax (MAT) Rs.219.84 Lakhs the Net loss after tax for the year is Rs. 656.37 Lakhs (Previous Year: Net Profit of Rs. 720.63 Lakhs).

The operations of "B" unit has been stopped with effect from 27-03-2018, and "B" unit being the only operating unit of the Company, all the revenues and expenses of financial year 2017-18 are attributed to discontinuing operation only. The Comparative information for the financial year 2016-17 is also attributed to discontinuing operation and hence the same information is restated in accordance with Accounting Standard 24 "Discontinuing Operations".

### 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. 2,855.59 Lakhs as at 31-03-2018 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

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## DIRECTORS' REPORT

### 4. TAXATION

An amount of Rs.219.84 lakhs towards Current Tax (MAT) has been provided and deferred tax Rs.247.53 Lakhs has been provided for the year 2017-18.

### 5. MANAGEMENT DISCUSSION AND ANALYSIS TRADE CONDITIONS

#### YARN PRODUCTION

The Company has produced 23.98 Lakhs Kgs of yarn during the financial year 2017-18 as against 27.33 Lakhs Kgs of last year.

#### SALE OF YARN

The sale volume has decreased in line with production during the financial year 2017-18 and it was 23.96 Lakh Kgs as compared to 27.71 Lakh Kgs of last year and also the sale value of yarn has decreased from Rs. 58.54 Crores [FY 2016-17] to Rs. 53.10 Crores [FY 2017-18].

#### EXPORTS

On the export front during the year, we have made export of Cotton Yarn including merchant export for a value of Rs. 684.64 Lakhs as against Rs. 2,420.70 Lakhs of the previous year.

### 6. PROSPECTS FOR THE CURRENT YEAR

The operating profit from Unit 'B' is not satisfactory due to uneconomical size of operation. The indirect cost and administrative overheads have not reduced significantly. Because of this, cost of production has gone up substantially and our yarn has become uncompetitive in the market. Hence, Your Directors at its Meeting held on 09-08-2017 announced a plan to dispose of Company's remaining assets i.e assets pertaining to spinning mill machineries installed at "B" Unit including Land and Building. The Company has got the approval from the Shareholders through Postal Ballot Process vide Resolution dated 03-11-2017 for sale of entire land at Thanjavur around 11 Acres, entire "B" unit Building and all movable assets of the Company at Thanjavur. The operations of "B" unit have been stopped with effect from 27-03-2018, and "B" unit being the only operating unit of the Company, there will not be any revenue from operations from the current financial year onwards.

The Company has entered an agreement for sale of all movable fixed assets for a value of Rs.18.00 Crores and entered into an agreement for sale of land (after demolishing building) for a value of Rs.43.56 Crores.

# THANJAVUR SPINNING MILL LIMITED

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## DIRECTORS' REPORT

### FUTURE OUTLOOK

The sale proceeds of above said assets will exceed the outside liabilities and the Company will have surplus funds after discharging all its liabilities. The Board will take appropriate decision in due course on new investment opportunities of surplus funds available with the Company. The Company is having contingent liabilities towards electricity and sales tax matters. The Board of Directors are confident of winning those cases based on expert legal opinion.

### 7. STATUS OF SALE OF MAJORITY OF THE UNDERTAKING, PROPERTIES AND ASSETS OF THE COMPANY.

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

#### a) Sale of Assets of 'A' Unit at Thanjavur

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) approved for lay out of 126 plots. Out of which 79 nos of plots were sold during the year and entire proceeds were used for pre-payment of loans with Bankers. The sale of remaining plots will be completed during the current financial year 2018-19.

#### b) Sale of Properties at Tiruttani.

The Company has sold the Land and buildings Located at Tiruttani during the year and entire proceeds were used for pre-payment of loans with Bankers.

### 8. 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.

### 9. 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.

# THANJAVUR SPINNING MILL LIMITED

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## DIRECTORS' REPORT

### 10. 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 appointed as Director liable to retire by rotation at the Annual General Meeting held on 10<sup>th</sup> August, 2017.

Shri P.R. Venketrama Raja, Chairman (DIN: 00331406) has resigned from the Directorship with effect from 15-05-2018. The Directors place on record Shri P.R. Venketrama Raja's valuable contribution in the Board Meetings during his association with the Company.

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 has 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.

### 11. 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. Nomination and Remuneration Committee has laid down evaluation criteria which will be based on attendance, independence, expertise and contribution brought by the Independent Director at the Board Meeting, which shall be taken into account at the time of reappointment of Independent Director.

# THANJAVUR SPINNING MILL LIMITED

## DIRECTORS' REPORT

### 12. 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	25-05-2017	04-06-2017	09-08-2017	11-11-2017	31-01-2018	Attendance at Last AGM held on 10-08-2017
1	Shri P.R. Venketrama Raja Chairman (from 04-06-2017 to 15-05-2018) DIN: 00331406 Directorship: NE & P	NA	Yes	Yes	Yes	Yes	Yes
2	Shri S. Kanthimathinathan DIN: 01124581 Directorship: NE	Yes	Yes	Yes	Yes	Yes	Yes
3	Shri P.A.S. Krishnama Raja DIN: 00487322 Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes	Yes
4	Shri P.J. Ramkumar Rajha DIN: 00487193 Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes	Yes

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

During the year, a meeting of the Independent Directors was held on 30-01-2018 and both Independent Directors were present at the meeting.

#### 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	24-05-2017	08-08-2017	10-11-2017	30-01-2018
1	Shri P.J. Ramkumar Rajha, Chairman of the Committee	Yes	Yes	Yes	Yes
2	Shri P.A.S. Krishnama Raja	Yes	Yes	Yes	Yes
3	Shri S. Kanthimathinathan	Yes	Yes	Yes	Yes

##### 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	04-06-2017
1	Shri P.J. Ramkumar Rajha, Chairman of the Committee	Yes
2	Shri P.A.S. Krishnama Raja	Yes
3	Shri S. Kanthimathinathan	Yes

# THANJAVUR SPINNING MILL LIMITED

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## DIRECTORS' REPORT

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.

## 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	31-03-2018
1	Shri P.J. Ramkumar Rajha, Chairman of the Committee	Yes
2	Shri S. Kanthimathinathan	Yes
3	Shri P.A.S. Krishnama Raja	Yes

## 13. 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.

## 14. 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.

## 15. PARTICULARS OF LOANS, GURANTEES AND INVESTMENTS

The Company has not given any loan or guarantee to any Company. The details of investment made by the Company are disclosed in Note.9 which is forming part of financial statements.

## 16. AUDIT

### STATUTORY AUDIT

The Companies Amendment Act, 2017 had removed the necessity for ratification of the appointment of Statutory Auditors by Members at every Annual General Meeting during their tenure of appointment. Accordingly, the practice of seeking yearly ratificaion for the appointment of Statutory Auditors at the Annual General Meeting is dispensed with.

M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants is Statutory Auditors of the Company.

# THANJAVUR SPINNING MILL LIMITED

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## DIRECTORS' REPORT

At the 55<sup>th</sup> Annual General Meeting, the above Auditors have been appointed as statutory auditors for a period of 5 consecutive years' commencing from the financial year 2017-18 and to hold office from the conclusion of 55<sup>th</sup> Annual General Meeting till the conclusion of 60<sup>th</sup> Annual General Meeting to be held in the year 2022.

The Auditors have confirmed their eligibility for their reappointment, under Section 141 of the Companies Act, 2013.

The report of the Statutory Auditors for the year ended 31<sup>st</sup> March, 2018 does not contain any qualification, reservation or adverse remark and no instance of fraud has been reported by Auditor under Section 143(12) of Companies Act, 2013.

### **17. 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.

### **18. 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.

### **19. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

The Company has 43 employees as on 31-03-2018. 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.

### **20. 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(16) of disclosure forming part of Financial Statements.

### **21. 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.

# THANJAVUR SPINNING MILL LIMITED

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## DIRECTORS' REPORT

### 22. 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 31<sup>st</sup> March, 2018;
- (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 31<sup>st</sup> March, 2018 and loss of the Company for the year ended on that date;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (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.

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

RAJAPALAYAM,  
29<sup>th</sup> May, 2018.

S. KANTHIMATHINATHAN  
DIRECTOR

P.J. RAMKUMAR RAJHA  
DIRECTOR

# THANJAVUR SPINNING MILL LIMITED

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## 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 : NIL
- Impact on conservation of energy : NIL
- (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. 109.04 Lakhs
- The Foreign Exchange outgo during the year in terms of actual outflows. : Rs. 1,570.57 Lakhs

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

RAJAPALAYAM,  
29<sup>th</sup> May, 2018.

S. KANTHIMATHINATHAN  
DIRECTOR

P.J. RAMKUMAR RAJHA  
DIRECTOR



# THANJAVUR SPINNING MILL LIMITED

## ANNEXURE II TO DIRECTORS' REPORT

### Form MGT - 9

#### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31<sup>st</sup> March, 2018

[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	90.18%

#### 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	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual / HUF#	12,59,396	2,52,872	15,12,268	56.01	13,48,653	2,12,438	15,61,091	57.82	1.81
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A) (1)</b>	<b>12,59,396</b>	<b>2,52,872</b>	<b>15,12,268</b>	<b>56.01</b>	<b>13,48,653</b>	<b>2,12,438</b>	<b>15,61,091</b>	<b>57.82</b>	<b>1.81</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
e) Any others	-	-	-	-	-	-	-	-	-
<b>Sub Total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoters (A) = A(1)+A(2)</b>	<b>12,59,396</b>	<b>2,52,872</b>	<b>15,12,268</b>	<b>56.01</b>	<b>13,48,653</b>	<b>2,12,438</b>	<b>15,61,091</b>	<b>57.82</b>	<b>1.81</b>
<b>B. Public Shareholding</b>									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	200	200	0.01	-	-	-	-	(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)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>2,398</b>	<b>200</b>	<b>2,598</b>	<b>0.10</b>	<b>2,398</b>	<b>-</b>	<b>2,398</b>	<b>0.09</b>	<b>(0.01)</b>

# 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*	17,064	5,586	22,650	0.84	1,07,614	4,320	1,11,934	4.14	3.30
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	47,245	5,56,543	6,03,788	22.36	73,788	4,19,984	4,93,772	18.29	(4.07)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	4,58,934	99,762	5,58,696	20.69	4,31,043	99,762	5,30,805	19.66	(1.03)
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	<b>5,23,243</b>	<b>6,61,891</b>	<b>11,85,134</b>	<b>43.89</b>	<b>6,12,445</b>	<b>5,24,066</b>	<b>11,36,511</b>	<b>42.09</b>	<b>(1.80)</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>5,25,641</b>	<b>6,62,091</b>	<b>11,87,732</b>	<b>43.99</b>	<b>6,14,843</b>	<b>5,24,066</b>	<b>11,38,909</b>	<b>42.18</b>	<b>(1.81)</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>17,85,037</b>	<b>9,14,963</b>	<b>27,00,000</b>	<b>100</b>	<b>19,63,496</b>	<b>7,36,504</b>	<b>27,00,000</b>	<b>100</b>	<b>-</b>

Note:

# Promoters' shareholdings were regrouped due to transmission of shares effected during the year (refer Shareholding of Promoters overleaf).

\* It includes Shares in Investor Education and Protection Fund Account (Opening: Nil; Closing: 1,05,114).

# 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	-	23,769	0.88	-	(15.46)
2	Smt.R.SUDARSANAM	1,35,000	5.00	-	2,59,441	9.61	-	4.61
3	Shri.P.R.VENKETRAMA RAJA #	54,000	2.00	-	1,67,949	6.22	-	4.22
4	Smt.SARADHA DEEPA #	2,70,000	10.00	-	3,83,949	14.22	-	4.22
5	Smt.R.NALINA RAMALAKSHMI #	2,70,000	10.00	-	3,83,949	14.22	-	4.22
6	Smt. R.CHTTAMMAL	1,422	0.05	-	1,422	0.05	-	-
7	Shri N.R.K.RAMKUMAR RAJA	400	0.01	-	400	0.01	-	-
8	Shri S.S.RAMACHANDRA RAJA	1,000	0.04	-	1,000	0.04	-	-
9	Shri. K.T.RAMACHANDRAN	4,078	0.15	-	4,078	0.15	-	-
10	Shri. K.R.TIRUVENGADAM	72,400	2.68	-	72,400	2.68	-	-
11	Smt. K.R.RUKMANI	4,222	0.16	-	4,222	0.16	-	-
12	Smt. K.R.VAISHNAVI	4,222	0.16	-	4,222	0.16	-	-
13	Smt. K.R.SAKUNDALA DEVI	4,222	0.16	-	4,222	0.16	-	-
14	DR.K.T.KRISHNAN	30,008	1.11	-	-	-	-	(1.11)
15	Smt. ANNAPOORANI KRISHNAN	13,135	0.49	-	43,143	1.60	-	1.11
16	DR.K.TIRUVENGADAKRISHNAN	40,487	1.50	-	40,487	1.50	-	-
17	MINOR K.T.HARINI BY F&G.K.TIRUVENGADAKRISHNAN	1,000	0.04	-	1,000	0.04	-	-
18	MINOR K.T.HARSHINI BY F&G.K.TIRUVENGADAKRISHNAN	1,000	0.04	-	1,000	0.04	-	-
19	Smt. K.PADMAVATHI	23,085	0.85	-	23,085	0.85	-	-
20	Shri K.S.KRISHNAKUMAR	20,000	0.74	-	20,000	0.74	-	-
21	Mr.K.SANTHANA KRISHNAN	1,100	0.04	-	1,100	0.04	-	-
22	Mr. K.RAGUVIR	1,200	0.04	-	1,200	0.04	-	-
23	Smt. K.UMAMAHESWARI	30,685	1.14	-	30,685	1.14	-	-
24	Ms. P.P.HASINI	1,000	0.04	-	1,000	0.04	-	-
25	Shri K.T.SRINIVASAN	2,224	0.08	-	2,224	0.08	-	-
26	Shri K.T.KALYANAKRISHNAN	35,144	1.30	-	35,144	1.30	-	-
27	Smt. MEENAKSHI KALYANAKRISHNAN	6,000	0.22	-	6,000	0.22	-	-
28	Shri R.SIVASUBRAMANIAN	2,000	0.07	-	2,000	0.07	-	-
29	Smt. S.JALAJAAMMAL	2,000	0.07	-	2,000	0.07	-	-
30	Shri S.KRISHNASWAMY KAMAYA NAICKER	4,000	0.15	-	4,000	0.15	-	-
31	Shri K.KUMARAN	27,000	1.00	-	27,000	1.00	-	-
32	Smt.V.VEERALAKSHMI	9,000	0.33	-	9,000	0.33	-	-
	<b>TOTAL</b>	<b>15,12,268</b>	<b>56.01</b>	<b>-</b>	<b>15,61,091</b>	<b>57.82</b>	<b>-</b>	<b>1.81</b>

# Shri P.R. Venketrama Raja, Smt. Sarada Deepa and Smt. R. Nalina Ramalakshmi have become promoters by way of transmission of shares from Shri P.R. Ramasubramaneya Rajha on 30-06-2017.

# 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 01-04-2017 to 31-03-2018)	
	No. of shares at the beginning (01-04-2017) / end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	15,12,268	56.01	14-04-2017	14,364	Transfer	15,26,632	56.54
2	-	-	05-05-2017	200	Transfer	15,26,832	56.55
3	-	-	10-05-2017	23,769	Transfer	15,50,601	57.43
4	-	-	10-11-2017	3,964	Transfer	15,54,565	57.58
5	-	-	17-11-2017	6,526	Transfer	15,61,091	57.82

### 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 01-04-2017 to 31-03-2018)	
		No. of shares at the beginning of the year (01-04-2017) / end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Shri ABINAV RAMASUBRAMANIAM RAJA P V	2,13,300	7.90	N.A.	N.A.	N.A.	2,13,300	7.90
2	Smt. P.V.NIRMALA	67,500	2.50	N.A.	N.A.	N.A.	67,500	2.50
3	Smt.P.V.SRISANDHYA	67,500	2.50	N.A.	N.A.	N.A.	67,500	2.50
4	Shri ANANTHARAMAKRISHNAN K S	29,886	1.11	N.A.	N.A.	N.A.	29,886	1.11
5	Shri SATHYANARAYANAN K S	29,876	1.11	N.A.	N.A.	N.A.	29,876	1.11
6	Smt. DHARSHINI RAAJA DH	27,000	1.00	N.A.	N.A.	N.A.	27,000	1.00
7	Smt. SRIMATHI D	27,000	1.00	N.A.	N.A.	N.A.	27,000	1.00
8	Shri.K.K.VENKATRAMAN	20,000	0.74	N.A.	N.A.	N.A.	20,000	0.74
9	Smt.K.K.VISHNUPRIYA	20,000	0.74	N.A.	N.A.	N.A.	20,000	0.74
10	Shri A. MOHAMED SALEEM	14,800	0.55	N.A.	N.A.	N.A.	14,800	0.55

# 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 (01.04.2017 to 31.03.2018)	
		No. of shares at the beginning of the year (01.04.2017) / end of the year (31.03.2018)	% 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	N.A.	38,333	Transfer	4,79,567	17.76
		4,79,567	17.76	N.A.	(4,55,798)	Transmission	23,769	0.88
2	SHRI P.R.VENKETRAMA RAJA †	54,000	2.00	N.A.	N.A.	N.A.	N.A.	N.A.
		1,67,949	6.22	30-06-2017	1,13,949	Transmission	1,67,949	6.22
3	SHRI KANTHIMATHINATHAN S	Nil	Nil	N.A.	N.A.	N.A.	Nil	Nil
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 A.KARTHISWARAN	Nil	Nil	N.A.	N.A.	N.A.	N.A.	N.A.
7	SHRI S.MUTHUSAMY	Nil	Nil	N.A.	N.A.	N.A.	N.A.	N.A.
8	SHRI G.RAMACHANDRAN	Nil	Nil	N.A.	N.A.	N.A.	N.A.	N.A.

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

† Shri P.R. Venketrama Raja, Director has resigned w.e.f. 15-05-2018.

# THANJAVUR SPINNING MILL LIMITED

## ANNEXURE II TO DIRECTORS' REPORT

### V. INDEBTEDNESS

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

(₹ in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	5,862.95	-	-	5,862.95
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	5.77	-	-	5.77
<b>Total (i+ii+iii)</b>	<b>5,868.72</b>	<b>-</b>	<b>-</b>	<b>5,868.72</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	-	-	-
Reduction	3,610.34	-	-	3,610.34
<b>Net Change</b>	<b>(3,610.34)</b>	<b>-</b>	<b>-</b>	<b>(3,610.34)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2,258.38	-	-	2,258.38
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>2,258.38</b>	<b>-</b>	<b>-</b>	<b>2,258.38</b>

# 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:  
Not Applicable.**

**B. Remuneration to other Directors: (₹ in Lakhs)**

Sl. No.	Particulars of Remuneration	Name of the Directors		Total Amount
1	Independent Directors	Shri. P.A.S.Krishnama Raja	Shri P.J.Ramkumar Rajha	
	Fee for attending board committee meetings	0.25	0.25	0.50
	Commission	-	-	-
	Others, please specify	-	-	-
	<b>Total (1)</b>	<b>0.25</b>	<b>0.25</b>	<b>0.50</b>
2	Other Non-Executive Directors	Shri. P.R Venketrama Raja	Shri. S. Kanthimathinathan	
	Fee for attending board committee meetings	0.20	0.25	0.45
	Commission	-	-	-
	Others, please specify	-	-	-
	<b>Total (2)</b>	<b>0.20</b>	<b>0.25</b>	<b>0.45</b>
	<b>Total (B)=(1+2)</b>	<b>0.45</b>	<b>0.50</b>	<b>0.95</b>
	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)			<b>0.95</b>



# THANJAVUR SPINNING MILL LIMITED

## ANNEXURE II TO DIRECTORS' REPORT

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		Shri S.Muthusamy CEO	Shri A. Karthiswaran Secretary	Shri G. Ramachandran CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	18.43	5.29	5.76	29.48
	(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	-	-	-	-
	<b>Total</b>	<b>18.43</b>	<b>5.29</b>	<b>5.76</b>	<b>29.48</b>

# 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)
<b>A. COMPANY</b> Penalty Punishment Compounding			NIL		
<b>B. DIRECTORS</b> Penalty Punishment Compounding			NIL		
<b>C. OTHER OFFICERS IN DEFAULT</b> Penalty Punishment Compounding			NIL		

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

RAJAPALAYAM,  
29<sup>th</sup> May, 2018.

S. KANTHIMATHINATHAN  
Chairman of the Meeting

# 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 2017-18 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 ₹ in Lakhs	Qualification and experience (Years)	Date of Commencement of employment	Last Employment
1	S. MUTHUSAMY	57	Chief Executive Officer	18.43	D.T.T 35 Years	12/06/2013	Thiru Thanikagai Spinners, Sathiyamangalam, Arasur, Nabyur
2.	M. VENKATESAN	45	D.M. Electrical	7.21	D.EEE 27 Years	01/03/2013	Shanmugavel Group-Dindigul
3.	V. SHANKAR	40	D.M. QA	5.87	D.T.T 20 years	01/11/2002	Jayavarma Textiles P Ltd, Gopichettipalayam
4	G. RAMACHANDRAN	48	Chief Financial Officer	5.76	B.Com 26 years	12/08/1992	International Agencies, Chennai
5.	G. SAKTHIVEL	50	A.M. Production	5.42	D.T.T 28 years	02/07/2005	Rajaguru Spinning Mill - Erode.
6	A.KARTHISWARAN	28	Company Secretary	5.29	A.C.S 2 years	09-08-2016	M/s Rajapalayam Mills Limited
7.	A. MOHAN	56	A.M. Accounts	5.27	B.A. 35 years	08/01/1987	Kodi Ginning (P) Ltd., Thanjavur
8.	S. SRINIVASAN	51	A.M. Materials	4.82	BBA 27 years	01/09/2001	Standard Spinning Mill - Sivakasi
9.	T.A. SRINIVASAN	48	A.M. Sales	4.64	B.Sc 23 years	01/11/2001	Sri Jayajothi & Co Rajapalayam
10.	R. SHANMUGARAJA	36	J.M. Maintenance	4.32	D.T.T. 11 years	07/05/2008	K.G. Srinivasa Spinning Mill Ltd., Mettupalayam

**NOTE:**

- All appointments are contractual.
- Remuneration includes Salary, Company's contribution to Provident Fund and Superannuation Fund but does not include Provision for Gratuity and Leave encashment.
- 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,  
29<sup>th</sup> May, 2018.

S. KANTHIMATHINATHAN  
DIRECTOR

P.J. RAMKUMAR RAJHA  
DIRECTOR

# THANJAVUR SPINNING MILL LIMITED

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## 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 Standards, of Thanjavur Spinning Mill Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2018, the Statement of Profit and Loss) and Statement of Cash Flow for the year ended on 31<sup>st</sup> March 2018 and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of the 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 Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the Financial Statements based on our audit.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial

# THANJAVUR SPINNING MILL LIMITED

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## AUDITOR'S REPORT TO SHAREHOLDERS

control relevant to the Company's preparation of the Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial Statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 'Financial Statements' give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31st March 2018, its loss (financial performance), and Cash Flows for the year ended on 31st March 2018.

### Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 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 and the Statement of Cash Flow 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 rules issued thereunder.
  - e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March 2018 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2018 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

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## 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 details of the pending litigations and its impact on the Financial Statements have been disclosed in Note No 27(5) of the 'Notes forming part of Financial Statements' for the year ended 31<sup>st</sup> March 2018;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For M.S.JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration Number: 001208S

K SRINIVASAN  
Partner  
Membership No. 21510

Place : Rajapalayam  
Date : 29<sup>th</sup> May, 2018.

## THANJAVUR SPINNING MILL LIMITED

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**“ANNEXURE - A” TO THE INDEPENDENT AUDITORS’ REPORT - 31<sup>ST</sup> MARCH, 2018  
(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 fixed assets were physically verified during the year by the Management in accordance with the regular programme of verification which, in our opinion, provides for physical verification of all fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed during such verification.
- (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.
- (ii) The Management has conducted the physical verification of inventory at reasonable intervals. The discrepancies noticed on verification between the physical stocks and the book records were properly dealt with in the books of account and were not material.
- (iii) The Company has not granted loans to body corporate covered in register maintained under sec 189 of the Companies Act 2013 (The Act). Accordingly para(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, in respect of loans, investments, guarantees, and security.
- (v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- (vi) The Central government under sub sec(1) of 148 of the Companies Act 2013 as specified maintenance of cost records for the Company and such accounts and records have been made and maintained by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company. The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess, Goods and Services Tax and any other statutory dues with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of the Provident Fund, Income tax, Sales tax, Service tax, duty of customs, duty of excise, Value added tax, Cess and other statutory dues were in arrears as at 31<sup>st</sup> March 2018 for a period of more than six months from the date they became payable.

# THANJAVUR SPINNING MILL LIMITED

## AUDITOR'S REPORT TO SHAREHOLDERS

- (b) 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 Statute	Forum Where Dispute is Pending	₹ in Lakhs
VAT in Tamil Nadu	High Court of Madras, Madurai Bench.	1,555.13

- (viii) The Company has not defaulted in repayment of loans or borrowings to Financial Institutions or Banks. The Company did have any loans or borrowings from the Government or borrowing by way of debentures.
- (ix) The Company did not raise any money by way of initial public offer (including debt instruments). The monies raise by the 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 has 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/provided 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 explanation given to us the Company is not a Nidhi Company accordingly para 3 of subclause (xii) not applicable to the Company.
- (xiii) According to the information and explanation given to us and based on our examination of the records of the Company transactions with the related parties are incompliance with Section 177 and 188 of the Act where applicable and the details of such related parties transaction have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
- (xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with Directors or persons connected with him. Accordingly, the paragraph 3 (xv) of the Order are 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 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

For M.S.JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration Number: 001208S

K SRINIVASAN

Partner

Membership No. 21510

Place : Rajapalayam

Date : 29<sup>th</sup> May, 2018.



# THANJAVUR SPINNING MILL LIMITED

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## AUDITOR'S REPORT TO SHAREHOLDERS "ANNEXURE- B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH ACCOUNTING STANDARDS 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 31<sup>st</sup> March 2018 in conjunction with our audit of the Financial Statements of the Company for the year ended on 31<sup>st</sup> March 2018.

#### **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

# THANJAVUR SPINNING MILL LIMITED

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## AUDITOR'S REPORT TO SHAREHOLDERS

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

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

### Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A Company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and Directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

# THANJAVUR SPINNING MILL LIMITED

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## AUDITOR'S REPORT TO SHAREHOLDERS

### Opinion

In our opinion, and to the best of our information and according to the explanations 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 31<sup>st</sup> March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M.S.JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration Number: 001208S

K SRINIVASAN  
Partner  
Membership No. 21510

Place : Rajapalayam  
Date : 29<sup>th</sup> May, 2018.

# THANJAVUR SPINNING MILL LIMITED

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2018

		(₹ in Lakhs)		
	Note No.	As at 31-03-2018		As at 31-03-2017
<b>I EQUITY AND LIABILITIES</b>				
<b>(1) Shareholders' Funds</b>				
(a) Share Capital	1	2,970.00		2,970.00
(b) Reserves and Surplus	2	<u>(2,855.59)</u>	114.41	<u>(2,199.22)</u> 770.78
<b>(2) Non Current Liabilities</b>				
(a) Long Term Borrowings	3	600.00		2,500.00
(b) Long Term Provisions	4	<u>21.35</u>	621.35	<u>20.78</u> 2,520.78
<b>(3) Current Liabilities</b>				
(a) Short Term Borrowings	5	658.38		1,896.59
(b) Trade Payables	6	433.15		47.96
(c) Other Current Liabilities	7	1,552.54		1,535.25
(d) Short Term Provisions	8	<u>37.17</u>	2,681.24	<u>53.33</u> 3,533.13
<b>TOTAL</b>			<u><u>3,417.00</u></u>	<u><u>6,824.69</u></u>
<b>II ASSETS</b>				
<b>(1) Non Current Assets</b>				
(a) Non Current Investments	9		0.03	7.98
(b) Long term Loans & Advances	10		202.45	176.87
(c) Other Non Current Assets	11		-	46.98
(d) Deferred Tax Assets	12		358.52	606.05
<b>(2) Current Assets</b>				
<b>(a) Asset retired from active use and held for disposal</b>				
Fixed Assets pertaining to discontinuing operations and held for sale				
	13	1,859.06		3,865.72
(b) Inventories	14	133.20		1,367.29
(c) Trade Receivables	15	620.97		225.88
(d) Cash and Cash equivalent	16	5.49		187.36
(e) Short Term Loans & Advances	17	115.44		185.82
(f) Other Current Assets	18	<u>121.84</u>	2,856.00	<u>154.74</u> 5,986.81
<b>TOTAL</b>			<u><u>3,417.00</u></u>	<u><u>6,824.69</u></u>
<b>Significant Accounting Policies</b>	26			
<b>Notes on Financial Statements</b>	27			

The notes form an integral part of these financial statements

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI,  
Chartered Accountants  
Firm Registration No. 001208S

K. SRINIVASAN  
Partner  
Membership No. 21510

Rajapalayam,  
29<sup>th</sup> May, 2018.

On behalf of the Board of Directors

For THANJAVUR SPINNING MILL LIMITED

S. KANTHIMATHINATHAN  
DIRECTOR

G. RAMACHANDRAN  
CHIEF FINANCIAL OFFICER

P.J. RAMKUMAR RAJHA  
DIRECTOR

A. KARTHISWARAN  
SECRETARY

**THANJAVUR SPINNING MILL LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

		(₹ in Lakhs)	
	Note No.	For the year ended 31-03-2018 (since discontinued)	For the year ended 31-03-2017 (since discontinued)
<b>I REVENUE</b>			
Revenue from Operations	19	5,891.68	6,483.92
II Other Income	20	53.14	32.75
III <b>Total Revenue (I+II)</b>		<u>5,944.82</u>	<u>6,516.67</u>
<b>IV EXPENSES</b>			
Cost of Materials Consumed	21	4,043.55	4,518.71
Changes in Inventories of Finished Goods and Work-in-progress	22	115.97	53.91
Employee Benefit Expenses	23	469.46	421.11
Finance Costs	24	460.09	652.56
Depreciation and amortization Expenses	13	1,215.52	254.57
Other Expenses	25	2,273.81	1,333.65
<b>Total Expenses</b>		<u>8,578.40</u>	<u>7,234.51</u>
V <b>Profit / (Loss) Before Exceptional and Extraordinary items and Tax (III-IV)</b>		<b>(2,633.58)</b>	<b>(717.84)</b>
VI Exceptional & Extraordinary items (Profit on sale of assets relating to Discontinuing Operations) [Refer to Note No.27(6)]		<u>2,444.58</u>	<u>1,808.42</u>
VII <b>Profit / (Loss) Before Tax</b>		<u><b>(189.00)</b></u>	<u><b>1,090.58</b></u>
<b>Continuing Operations</b>			
VIII Profit from continuing operations before tax		-	-
IX Income Tax expenses of continuing operations		-	-
X Profit from continuing operations after tax		-	-
<b>Discontinuing Operations</b>			
XI Profit / (loss) from discontinued operations before tax		<b>(189.00)</b>	1,090.58
XII Tax expenses of discontinued operations			
Current Tax - MAT		219.84	-
Deferred Tax liabilities /(Assets)		247.53	369.95
XIII Profit / (loss) from discontinued operations (after tax) (XI-XII)		<u><b>(656.37)</b></u>	<u>720.63</u>
XIV Profit / (loss) for the period (X+XIII)		<u><b>(656.37)</b></u>	<u>720.63</u>
XV <b>Earnings per Equity Share of Rs. 10/- each</b>			
Basic (in Rupees)		<b>(35.14)</b>	16.45
Diluted (in Rupees)		<b>(19.73)</b>	13.99
(Refer Note 27(15))			
<b>Significant Accounting Policies</b>	26		
<b>Notes on Financial Statements</b>	27		

The notes form an integral part of these financial statements

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI,  
Chartered Accountants  
Firm Registration No. 001208S

K. SRINIVASAN  
Partner  
Membership No. 21510  
Rajapalayam,  
29<sup>th</sup> May, 2018.

On behalf of the Board of Directors

For THANJAVUR SPIINING MILL LIMITED

S. KANTHIMATHINATHAN  
DIRECTOR  
G. RAMACHANDRAN  
CHIEF FINANCIAL OFFICER

P.J. RAMKUMAR RAJHA  
DIRECTOR  
A. KARTHISWARAN  
SECRETARY

**THANJAVUR SPINNING MILL LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

	(₹ in Lakhs)	
	2017-18	2016-17
<b>A. Cash flow from Operating Activities</b>		
Net Profit/(Loss) before tax and extra-ordinary items	(2,633.58)	(717.84)
Adjustments for :		
Depreciation and Amortization	1,215.52	254.57
Interest paid	460.09	652.56
Interest Received	(14.76)	(15.48)
Dividend Received	(0.01)	-
Deferred revenue expenditure written off	46.98	23.49
Impairment on assets	1,124.73	-
Operating Profit before Working Capital Changes	198.97	197.30
Adjustments for :		
Trade Receivables	(395.09)	356.86
Loans and Advances	134.65	(138.14)
Inventories	1,234.09	(65.87)
Trade Payables & Current liabilities	633.40	(196.43)
Cash generated from Operations	1,806.02	153.72
Taxes Paid	(56.95)	(0.90)
<b>Net Cash generated from Operating Activities</b>	A    1,749.07	152.82
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets (including capital work in progress)	(376.95)	(18.96)
(Purchase)/ sale of Investments /Investment Property	7.95	284.99
Exceptional items - Sale of Assets of 'A' Unit Land	2,487.95	1,946.52
Interest received	14.76	15.48
Dividend received	0.01	-
<b>Net Cash from Investing activities</b>	B    2,133.72	2,228.03

## THANJAVUR SPINNING MILL LIMITED

		(₹ in Lakhs)	
		2017-18	2016-17
<b>C. Cash Flow from Financing activities</b>			
Repayment of Long Term Borrowings		(2,366.36)	(1,231.86)
Increase / (Decrease) in working capital borrowings (net)		(1,238.21)	(360.03)
Interest Paid		(460.09)	(652.56)
<b>Net cash used in Financing Activities</b>	<b>C</b>	<b>(4,064.66)</b>	<b>(2,244.45)</b>
Net Increase / Decrease in Cash and Cash Equivalents A+B+C		(181.87)	136.40
Opening balance of Cash and Cash Equivalents (Ref to Note No.16)	D	187.36	50.96
Closing balance of Cash and Cash Equivalents (Ref to Note No.16)	E	5.49	187.36
Net Increase / Decrease in Cash and Cash Equivalents (E-D)		(181.87)	136.40

As per our report annexed  
For M.S. JAGANNATHAN & N. KRISHNASWAMI,  
Chartered Accountants  
Firm Registration No. 001208S

K. SRINIVASAN  
Partner  
Membership No. 21510  
Rajapalayam,  
29<sup>th</sup> May, 2018.

On behalf of the Board of Directors  
For THANJAVUR SPIINING MILL LIMITED

S. KANTHIMATHINATHAN  
DIRECTOR  
  
G. RAMACHANDRAN  
CHIEF FINANCIAL OFFICER

P.J. RAMKUMAR RAJHA  
DIRECTOR  
  
A. KARTHISWARAN  
SECRETARY

**THANJAVUR SPINNING MILL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	<b>As at 31st March 2018</b>	<b>(₹ in Lakhs) As at 31st March 2017</b>
<b>Note No. 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
70,00,000 Equity Shares of Rs.10/- each (PY: 70,00,000 Equity Shares of Rs.10/- each)	<b>700.00</b>	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)	<b>2,500.00</b>	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)	<b>400.00</b>	400.00
	<b><u>3,600.00</u></b>	<b><u>3,600.00</u></b>
<b>Issued, Subscribed and Fully Paid-up</b>		
27,00,000 Equity Shares of Rs.10/- each (PY: 27,00,000 Equity Shares of Rs.10/- each)	<b>270.00</b>	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)	<b>2,500.00</b>	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)	<b>200.00</b>	200.00
	<b><u>2,970.00</u></b>	<b><u>2,970.00</u></b>

\* 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 1<sup>st</sup> July, 2017 but not later than 31<sup>st</sup> 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 31<sup>st</sup> 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

(₹ in Lakhs)

**b. Reconciliation of the number of shares outstanding:**

Particulars	As at 31-03-2018		As at 31-03-2017	
	No. of Shares	Amount	No. of Shares	Amount
<b>EQUITY SHARES</b>				
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>
<b>PREFERENCE SHARES</b>				
<b>9% Cumulative Redeemable Preference Shares</b>				
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>
<b>9% Cumulative Optionally Convertible Redeemable Preference Shares</b>				
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	-	-	(20,00,000)	(200.00)
Number of Shares at the end	<u>20,00,000</u>	<u>200.00</u>	<u>20,00,000</u>	<u>200.00</u>

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

Particulars	As at 31-03-2018		As at 31-03-2017	
	No. of Shares	% of holding	No. of Shares	% of holding
Shri P.R. Ramasubrahmaneya Rajha	23,769	0.88%	4,41,234	16.34%
Smt R. Sudarsanam	2,59,441	9.61%	1,35,000	5.00%
Shri P.R. Venketrama Raja	1,67,949	6.22%	54,000	2.00%
Smt R. Nalina Ramalakshmi	3,83,949	14.22%	2,70,000	10.00%
Smt Sharada Deepa	3,83,949	14.22%	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 31-03-2018		As at 31-03-2017	
	No. of Shares	% of holding	No. of Shares	% of holding
<b>9% Cumulative Redeemable Preference Shares</b>				
M/s. Rajapalayam Mills Limited	<b>2,50,00,000</b>	<b>100.00%</b>	2,50,00,000	100.00%
<b>9% Cumulative Optionally Convertible Redeemable Preference Shares</b>				
Shri. P.R.Ramasubrahmaneya Rajha	-	-	20,00,000	100.00%
Smt. R Sudarsanam	<b>5,00,000</b>	<b>25.00%</b>	-	-
Shri. P.R.Venketrama Raja	<b>5,00,000</b>	<b>25.00%</b>	-	-
Smt. R. Nalina Ramalakshmi	<b>5,00,000</b>	<b>25.00%</b>	-	-
Smt. Sharada Deepa	<b>5,00,000</b>	<b>25.00%</b>	-	-

**Note No. 2**

**RESERVES AND SURPLUS**

**Securities Premium Reserve**

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

**General Reserve**

Balance as per last Financial Statement	<b>(2,259.22)</b>		(2,979.85)	
Add : Amount Transferred from from Surplus balance in the Statement of Profit and Loss	<u>(656.37)</u>		<u>720.63</u>	
		<b>(2,915.59)</b>		(2,259.22)

**Surplus in the statement of profit and loss**

Opening Balance	-		-	
Add: Profit/(loss) for the Period	<b>(656.37)</b>		720.63	
Less: Transfer to General Reserve	<u>656.37</u>	-	<u>(720.63)</u>	-
		<u><b>(2,855.59)</b></u>		<u><b>(2,199.22)</b></u>

**THANJAVUR SPINNING MILL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

(₹ in Lakhs)

**As at**  
**31-03-2018**                      **As at**  
**31-03-2017**

**Note No. 3**

**LONG TERM BORROWINGS**

Secured, Term Loan from Banks	<u><b>600.00</b></u>	<u>2,500.00</u>
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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 are repayable in quarterly installments. The year wise repayment of Term Loans are as follows:

Year	As at 31-03-2018	As at 31-03-2017
2018-19	-	1,000.00
2019-20	<b>100.00</b>	1,000.00
2020-21	<u><b>500.00</b></u>	<u>500.00</u>
	<u><b>600.00</b></u>	<u>2,500.00</u>

**Note No. 4**

**LONG TERM PROVISION**

Provision for Other Employee Benefits	<u><b>21.35</b></u>	<u>20.78</u>
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**Note No. 5**

**SHORT TERM BORROWINGS**

**Secured**

Loan Repayable on Demand from Banks *	<u><b>658.38</b></u>	<u>1,896.59</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 RBL 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. The entire working capital loans were settled during the month of April, 2018.

**THANJAVUR SPINNING MILL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	(₹ in Lakhs)	
	As at 31-03-2018	As at 31-03-2017
<b>Note No. 6</b>		
<b>TRADE PAYABLES</b>		
Trade Payables	<u>433.15</u>	<u>47.96</u>
<b>Note No. 7</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long Term Debts	1,000.00	1,466.36
Interest Accrued but not Due on Borrowings	-	5.77
Liabilites for Other Finance	77.04	63.12
Trade Deposit from customers	<u>475.50</u>	-
	<u>1,552.54</u>	<u>1,535.25</u>
<b>Note No. 8</b>		
<b>SHORT TERM PROVISIONS</b>		
Provision for Employee Benefits	<u>37.17</u>	<u>53.33</u>
	<u>37.17</u>	<u>53.33</u>

**THANJAVUR SPINNING MILL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

(₹ in Lakhs)

As at  
31-03-2017

As at  
31-03-2016

**Note No. 9**

**NON-CURRENT INVESTMENTS**

**I. Investment in Equity**

**Instruments, Non-Trade -  
Unquoted**

	No. of Shares	Total Face Value	Cost		Cost
M/s. Ramco Windfarms Limited (A)	7,95,000	7.95	-		7.95

**II. Other Non-Current  
Investments, Non-Trade -  
Unquoted**

Shares in Thanjavur Textiles Emp. Co-operative Stores Ltd. (B)			0.03		0.03
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<b>Aggregate value of investments</b> (A+B)			<u>0.03</u>		<u>7.98</u>
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**Note No. 10**

**LONG TERM LOANS AND ADVANCES**

Unsecured, considered good					
Security Deposits			<u>202.45</u>		<u>176.87</u>

**Note No. 11**

**OTHER NON-CURRENT ASSETS**

Misc. Expenditure to the extent not written off Voluntary Retirement Scheme			-		<u>46.98</u>
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**Note No. 12**

**DEFERRED TAX ASSETS (NET)**

**Deferred Tax Asset**

Tax effect on unabsorbed depreciation under Income Tax Act, 1961			590.62		1,583.55
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Tax effect on provision for Bonus and Leave Salary Encashment			12.50		13.50
--	--	--	-------	--	-------

**Deferred Tax Liability**

Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961			(244.60)		(991.00)
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Net Deferred Tax Assets			<u>358.52</u>		<u>606.05</u>
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# THANJAVUR SPINNING MILL LIMITED

Note No. 13

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Assets retired from active use and held for disposal. (Refer to item no 7, 8 & 13 of Note No 27 for Discontinuing Operations.)

(₹ in Lakhs)

Particulars	Year	Gross block				Depreciation			Impairment loss	Net block	
		As at the beginning of the year	Additions	Sold	As at the end of the year	As at the beginning of the year	Depreciation for the year*	Withdrawn		As at the end of the year	As at the end of the year (Asset retired from active use and held for disposal)
<b>Tangible Assets</b>											
Land	2017-18	12.71	-	9.73	2.98	-	-	-	-	2.98	12.71
	2016-17	13.94	-	1.23	12.71	-	-	-	-	12.71	13.94
Buildings	2017-18	1,427.55	0.84	92.87	1,335.52	350.46	319.55	59.58	610.43	30.00	1077.09
	2016-17	1,865.18	1.34	438.97	1,427.55	458.15	42.06	149.75	350.46	1,077.09	1407.03
Plant and Machinery	2017-18	3,985.40	374.59	-	4,359.99	1,375.61	845.87	-	2,221.48	1,708.87	2609.79
	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	2879.72
Electrical Machinery	2017-18	334.77	-	0.60	334.17	197.48	45.85	0.29	243.04	91.13	137.29
	2016-17	417.88	-	83.11	334.77	215.73	48.56	66.81	197.48	137.29	202.15
Furniture & Office Equipments	2017-18	20.22	1.51	0.47	21.26	16.15	1.08	0.45	16.78	4.48	4.07
	2016-17	46.59	2.16	28.53	20.22	41.94	1.22	27.01	16.15	4.07	4.65
Vehicles	2017-18	29.27	-	-	29.27	6.73	3.07	-	9.80	19.47	22.54
	2016-17	36.92	20.41	28.06	29.27	22.84	2.20	18.31	6.73	22.54	14.08
Computer Machinery	2017-18	22.47	-	-	22.47	21.08	0.10	-	21.18	1.29	1.39
	2016-17	34.37	-	11.90	22.47	32.10	0.30	11.32	21.08	1.39	2.27
<b>Total - Tangible Assets (A)</b>	2017-18	5,832.39	376.94	103.67	6,105.66	1,967.51	1,215.52	60.32	3,122.71	1,858.22	3,864.88
	2016-17	6,835.56	24.16	1,027.33	5,832.39	2,311.72	254.57	598.78	1,967.51	3,864.88	4,523.84
<b>Intangible Assets</b>											
Computer software	2017-18	16.80	-	-	16.80	15.96	-	-	15.96	0.84	0.84
	2016-17	16.80	-	-	16.80	15.96	-	-	15.96	0.84	0.84
<b>Total - Intangible Assets (B)</b>	2017-18	16.80	-	-	16.80	15.96	-	-	15.96	0.84	0.84
	2016-17	16.80	-	-	16.80	15.96	-	-	15.96	0.84	0.84
<b>Grand Total (A+B)</b>	2017-18	5,849.19	376.94	103.67	6,122.46	1,983.47	1,215.52	60.32	3,138.67	1,859.06	3,865.72
	2016-17	6,852.36	24.16	1,027.33	5,849.19	2,327.68	254.57	598.78	1,983.47	3,865.72	4,524.68

Note: \* Depreciation has been provided till the assets are held for active use i.e. till 27-03-2018.

**THANJAVUR SPINNING MILL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

(₹ in Lakhs)

As at  
31-03-2018                      As at  
31-03-2017

**Note No. 14**

**INVENTORIES**

Finished Goods	129.05	109.87
Rawmaterials, cotton and cotton waste	0.85	1,094.54
Stores Spares Fuel and packing materials	3.30	27.73
Work-in-Process (Cotton Yarn)	-	135.15
	<b>133.20</b>	<b>1,367.29</b>

*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	620.97	225.88
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**Note No. 16**

**CASH AND BANK BALANCES**

Cash on Hand	0.35	0.58
Balance with Bank		
In Current Account	5.14	55.10
In Deposit Account for Margin Money	-	131.68
	<b>5.49</b>	<b>187.36</b>

**Note No. 17**

**SHORT TERM LOANS AND ADVANCES**

**Unsecured, considered good**

Advance to Suppliers / others	0.95	151.29
Income Tax Paid, TDS and Refund receivables	91.48	34.53
Tax Credit Indirect Taxes	23.01	-
	<b>115.44</b>	<b>185.82</b>

**Note No. 18**

**OTHER CURRENT ASSETS**

Accrued Income	85.14	103.83
Prepaid Expenses	35.64	48.44
Other Current Assets	1.06	2.47
	<b>121.84</b>	<b>154.74</b>

**THANJAVUR SPINNING MILL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

(₹ in Lakhs)

	For the year ended 31-03-2018	For the year ended 31-03-2017
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**Note No. 19**

**REVENUE FROM OPERATIONS**

**Sale of Products**

Yarn	5,275.31	5,198.97
Fabrics	34.74	655.48
Waste Cotton	<u>578.28</u>	<u>621.24</u>
	<b>5,888.33</b>	<b>6,475.69</b>
<b>Other Operating Revenues</b>		
Export Incentive	3.35	8.23
	<u>5,891.68</u>	<u>6,483.92</u>

**Note No. 20**

**OTHER INCOME**

Interest Received	14.76	15.48
Dividend Income	0.01	-
Miscellaneous Income	27.41	17.27
Exchange Gain on Foreign Currency Transactions, (Net)	<u>10.96</u>	-
	<u>53.14</u>	<u>32.75</u>

**Note No. 21**

**COST OF MATERIALS CONSUMED**

**Raw Materials Consumed**

Cotton	<u>4,043.55</u>	<u>4,518.71</u>
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**THANJAVUR SPINNING MILL LIMITED**  
NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in Lakhs)

For the year ended  
31-03-2018

For the year ended  
31-03-2017

**Note No. 22**

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

**Opening stock**

Finished Goods	109.87		175.98		
Work-in-Process	135.15	245.02	122.95	298.93	
<b>Closing Stock</b>					
Finished Goods	129.05		109.87		
Work-in-Process	-	129.05	135.15	245.02	
Net Decrease in Stock		<u>115.97</u>		<u>53.91</u>	

**Note No. 23**

**EMPLOYEE BENEFIT EXPENSES**

Salaries , Wages and Bonus		342.01		330.88	
Contribution to Provident and Other Funds		42.31		43.38	
Staff and Labour Welfare Expenses		85.14		46.85	
		<u>469.46</u>		<u>421.11</u>	

**Note No. 24**

**FINANCE COSTS**

Interest Expenses		460.09		637.40	
Exchange difference on foreign currency borrowings regarded as on adjustment to borrowing cost		-		15.16	
		<u>460.09</u>		<u>652.56</u>	

**THANJAVUR SPINNING MILL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

(₹ in Lakhs)

For the year ended  
31-03-2018

For the year ended  
31-03-2017

**Note No. 25**

**OTHER EXPENSES**

**MANUFACTURING EXPENSES**

Power and Fuel	778.18	758.70	
Packing Materials Consumed	86.18	117.69	
Repairs to Buildings	0.76	3.98	
Repairs to Plant and Machinery	73.33	143.90	
Repairs - General	9.13	15.21	
Job work Charges Paid	17.17	95.72	
	964.75		1,135.20

**ESTABLISHMENT EXPENSES**

Rates and Taxes	6.17	9.44	
Insurance	8.61	4.69	
Postage and Telephone	6.49	7.14	
Printing and Stationery	2.53	3.08	
Travelling Expenses	3.48	4.14	
Vehicle Maintenance	14.53	15.21	
Directors Sitting Fees	0.95	1.18	
Impairment on assets (Refer to item no 7 & 8 of note no 27)	1,124.73	-	
Audit and Legal Expenses	8.12	10.75	
Voluntary Retirement Scheme	46.98	24.49	
Miscellaneous Expenses	11.84	26.85	
	1,234.43		106.97

**SELLING EXPENSES**

Sales Commission	52.36	54.12	
Export Expenses	2.21	9.87	
Other Selling Expenses	20.06	27.49	
	74.63		91.48
	2,273.81		1,333.65

**THANJAVUR SPINNING MILL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

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**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 discontinuing operation 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 realizable value whichever is lower. However, these items are considered to be realizable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost.

**THANJAVUR SPINNING MILL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

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- (ii) Process stock is valued at cost including the cost of conversion with systematic allocation of production and administration overheads or net realizable value whichever is lower.
- (iii) Finished goods are valued at cost or net realizable value whichever is lower. Cost includes cost of conversion and other costs incurred in bringing the inventory to their present location and condition.
- (i) Net realizable 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 that are different from the useful lives prescribed under Part C of Schedule II of the Companies Act, 2013:

Type of Plant and Machinery	Useful life of such Machinery
Buildings	10 years
Textile Machineries / Equipment	10 Years
DG Sets	10Years
Electrical Machineries	10 Years

- (iv) 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.
- (v) 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

**THANJAVUR SPINNING MILL LIMITED**  
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- (vi) 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. Property, Plant and Equipment (PPE)**

- (i) PPEs are stated at cost of acquisition or construction (net of CENVAT / VAT / GST wherever applicable) less accumulated depreciation / amortisation and impairment losses if any, except freehold land which is carried at cost. The cost comprises of 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.
- (ii) The company identifies the significant parts of plant and equipment separately which are required to be replaced at intervals. Such parts are depreciated separately based on their specific useful lives. The cost of replacement of significant parts are capitalised and the carrying amount of replaced parts are de-recognised. When each major inspection/overhauling is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection/overhauling (as distinct from physical parts) is de-recognised.
- (iii) Items such as spare parts, stand-by equipments and servicing equipments are classified as PPE when they meet the definition of PPE as per AS 10. Other expenses on fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts that does not meet the capitalisation criteria are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.
- (iv) Capital Expenditure on tangible assets for research and development is classified as PPE and is depreciated based on the estimated useful life. Other expenditure incurred for research and development are expensed under the respective heads of accounts in the year in which it is incurred.

# THANJAVUR SPINNING MILL LIMITED

## NOTES FORMING PART OF FINANCIAL STATEMENTS

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- (v) PPE 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.
- (vi) PPEs are eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. When the assets are retired from active use, on account of discontinuing operations, it is reclassified and have been disclosed separately as "Fixed assets pertaining to discontinuing operations held for sale" under current assets in the financial statements. Gains or losses arising from disposal, 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. Amount received towards PPE that are impaired and derecognized in the financial statements, are recognized in Statement of Profit and Loss, when the recognition criteria are met.

### 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.

# THANJAVUR SPINNING MILL LIMITED

## NOTES FORMING PART OF FINANCIAL STATEMENTS

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### 10. Investments

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

### 11. 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.

(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. 20 Lakhs. Vesting occurs upon completion of five years of continuous service.

# THANJAVUR SPINNING MILL LIMITED

## NOTES FORMING PART OF FINANCIAL STATEMENTS

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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.

### 12. 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.

### 13. Segment Reporting

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

### 14. 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).

### 15. 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.
- (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.



**THANJAVUR SPINNING MILL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

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- (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.

**16. 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.

**17. Provision for Impairment on 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) The recoverable amount of an individual asset related to discontinuing operations is determined at the reporting date and where the carrying amount of an assets exceeds its recoverable amount, the value of the asset is written down to its recoverable amount as per Accounting Standard -28 "Impairment of Assets". The recoverable amount is determined based on asset's net realisable value.

**THANJAVUR SPINNING MILL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

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- (iv) An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.

**18. 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**  
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Note No. 27

(₹ in Lakhs)

**OTHER DISCLOSURES**

**As at**  
**31-03-2018**      **As at**  
**31-03-2017**

**1. Contingent Liabilities**

Liability on Letter of Credit opened

Capital Goods	<b>NIL</b>	NIL
Others	<b>NIL</b>	NIL

**2. Commitments**

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

**NIL**      NIL

(ii) Other Commitments:

Liability on guarantees given to the Bankers

**NIL**      NIL

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

4. Income Tax Assessment have been completed upto the Accounting Year ended 31<sup>st</sup> March 2014 i.e. Assessment Year 2014-15

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.

**THANJAVUR SPINNING MILL LIMITED**  
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In spite of the above exemption, TNEB has raised the demand of E-Tax for an amount of Rs. 120.49 Lakhs (Previous year: Rs.117.03 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.

6. The Company has sold the Majority of the land of Unit 'A' and the land and buildings in Tiruttani in accordance with the Special Resolution passed by the Shareholders through postal ballot on 20-12-2014. The Sales proceeds were utilized to pay term loans and working capital loans. The profit before tax on sale of above Land and Buildings of Rs. 2,444.58 Lakhs has been shown as an Exceptional Item in the Statement of Profit and Loss.

7. Disclosures relating to Discontinuing Operations

(a) The Company had a Spinning Unit (B Unit) with a capacity of 21,120 Spindles at Thanjavur and this was the only operating unit of the Company. The Board of Directors on 09-08-2017 announced a plan to dispose of the assets pertaining to this unit including Land and Building. The Company has passed a Special Resolution for disposal of above said assets by way of Postal Ballot on 03-11-2017. The Company has entered an agreement for sale of all movable fixed assets for a value of Rs.18.00 Crores and entered into an agreement for sale of land (after demolishing building) for a value of Rs.43.56 Crores. The sale of these assets are expected to be completed during the financial year 2018-19. Since the Company will not have any operation, all the revenues and expenses of financial year 2017-18 are attributed to discontinuing operation only. The Comparative information for the financial year 2016-17 are also attributed to discontinuing operation and hence the same information is restated in accordance with Accounting Standard 24 "Discontinuing Operations". Accordingly, all the financial figures presented in the Balance Sheet, Statement of Profit and Loss, and Statement of Cash Flow are relating to discontinuing operations. "The presentation of profit/ loss from discontinued operations on the face of the statement of profit and loss was made based on the guidance note issued by the Institute of Chartered Accountants of India (ICAI) in its publication "Financial Statements Presentation under Companies Act, 2013: Practitioner's Perspective" read with Para 32 (a) of AS 24 "Discontinuing Operations"

(b) The carrying value of the total assets and liabilities of discontinued operations as at March 31, 2018

	₹ in Lakhs	
	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>Liabilities</b>		
Non-Current liabilities	621.35	2,520.78
Current Liabilities	2,681.24	3,533.13
<b>Total liabilities</b>	<b>3,302.59</b>	6,053.91
<b>Assets</b>		
Fixed Assets	-	-
Non-Current Assets (other than fixed assets)	561.00	837.88
Current Assets	2,856.00	5,986.81
<b>Total Assets</b>	<b>3,417.00</b>	6,824.69
<b>Net Assets/ (Liabilities)</b>	<b>114.41</b>	770.78

**THANJAVUR SPINNING MILL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

(c) the net cash flows attributable to discontinuing operations

₹ in Lakhs

	For the year ended March 31, 2018	For the year ended March 31, 2017
Operating activities	1,749.07	152.82
Investing activities	2,133.72	2,228.03
Financing activities	(4,064.66)	(2,244.45)
<b>Net cash flows/ (outflows)</b>	<b>(181.87)</b>	136.40

**8. Provision for Impairment on assets**

The carrying amount of Building as on 31-03-2018 was Rs. 725.09 Lakhs and it is proposed to demolish the building before the land is sold. The scrap value to be realized from the debris of building is expected at Rs. 30 Lakhs. The carrying amount of plant and machineries and other equipment as on 31-03-2018 was Rs. 2,229.64 Lakhs whereas the sale value expected to be realized as per sale agreement will be Rs. 1,800 Lakhs. The difference between the sale value expected to be realized by the Company and the carrying amount as on 31-03-2018 has been provided as impairment loss and shown under Note No 25 "Other Expenses".

**9. Auditors' remuneration (excluding Service Tax) & expenses:**

(₹ in Lakhs)

	As at 31-03-2018	As at 31-03-2017
<b>Statutory Auditors:</b>		
a. As Auditors		
- Fees	0.85	0.75
- Expenses reimbursed	-	0.31
b. In other Capacities		
- Tax Audit Fees	0.50	0.50
c. - VAT Audit Fees	0.30	0.30
d. - Certification Work Fees	0.27	0.60
	1.92	2.46

**10.** During the year Company has paid all necessary fees to NSDL & CDSL.

**11.** There are no dues to micro, small and medium enterprises / small scale enterprises as at 31-03-2018 (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.

**THANJAVUR SPINNING MILL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

12. The unadjusted units generated from the Windmills as on 31-03-2017 (Previous year) are 27.65 Lakhs KWH and its monetary value of Rs. 76.04 Lakhs has been included in Other Current Assets.

**13. Change in Useful life of Machineries**

During the year, Management based on internal and external technical evaluation, reassessed the remaining useful life of textile machineries with effect from 1<sup>st</sup> April, 2017. Accordingly, the useful lives of textile machineries required a change from the previous estimates. The earlier and current useful lives are as follows:

Type of Plant and Machinery	Earlier useful life	Current useful life
Building	30 Years	10 Years
Textile Machineries / Equipment	2 to 25 Years	2 to 10 Years
Electrical Machineries	4 to 10 Years	4 to 10 Years

Had the Company continued with the previously assessed useful lives, the charge for depreciation for the year ended 31<sup>st</sup> March, 2018 would have been lower by Rs. 971.78 Lakhs for assets held as at 1st April, 2017.

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

	(₹ in Lakhs)	
<b>Defined Contribution Plan:</b>	<b>2017-18</b>	2016-17
Employer's Contribution to Provident Fund	<b>20.70</b>	21.16
Employer's Contribution to Superannuation Fund	<b>2.41</b>	1.99

**Details of the post retirement gratuity plan (Funded) are as follows:** (₹ in Lakhs)

	<b>2017-18</b>	2016-17
<b>Reconciliation of opening and closing balances of defined benefit plan:</b>		
Defined Benefit obligation as at beginning of the year	<b>28.69</b>	23.31
Current Service Cost	<b>4.84</b>	4.03
Interest Cost	<b>2.04</b>	1.42
Actuarial (gain) / loss	<b>3.65</b>	7.08
Past Service Cost - (Vested Benefits)	<b>Nil</b>	Nil
Benefits paid	<b>(-) 3.89</b>	(-) 7.15
Defined Benefit obligation as at end of the year	<b>35.33</b>	28.69

**THANJAVUR SPINNING MILL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	2017-18	(₹ in Lakhs) 2016-17
<b>Reconciliation of opening and closing balances of fair value of plan assets:</b>		
Fair value of plan assets as at beginning of the year	44.92	48.17
Expected return on plan assets	3.24	3.45
Actuarial gain / (loss)	0.19	0.16
Employer Contribution	0.37	0.29
Benefits paid	(-) 3.89	(-) 7.15
Fair value of plan assets as at end of the year	44.82	44.92
<b>Actual Return of plan assets:</b>		
Expected return of plan assets	3.24	3.45
Actuarial gain / (loss) on plan assets	0.19	0.16
Actual return on plan assets	3.43	3.61
<b>Reconciliation of fair value of assets and obligations:</b>		
Fair value of plan assets	44.82	44.92
Present value of obligation	35.33	28.69
Difference	(-) 9.49	(-) 16.22
Unrecognized transitional liability	NIL	NIL
Unrecognized past service cost non vested benefits	NIL	NIL
Amount recognized in Balance Sheet	NIL	NIL
<b>Expense recognized during the year:</b>		
Current Service Cost	4.84	4.03
Interest Cost	2.04	1.42
Expected return on plan assets	(-) 3.24	(-) 3.44
Actuarial (gain) / loss	3.46	6.92
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	7.10	8.93
<b>Investment Details as on 31-03-2018:</b>		
Government of India Securities	NIL	NIL
State Government Securities	NIL	NIL
High Quality Corporate Bonds	NIL	NIL
Funds with LIC	100%	100%
Bank balance	NIL	NIL
Others	NIL	NIL
Total	100%	100%

**THANJAVUR SPINNING MILL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	(₹ in Lakhs)	
	2017-18	2016-17
<b>Actuarial assumptions:</b>		
Indian Assured Lives (2006-08) Ultimate Table applied for Service Mortality rate	<b>Yes</b>	Yes
Discount rate p.a	<b>7.64%</b>	7.20%
Expected rate of return on plan assets p.a	<b>7.51%</b>	7.71%
Rate of escalation in salary p.a	<b>4.00%</b>	4.00%
<b>Details of Leave encashment plan (Unfunded) are as follows:</b>		
<b>Reconciliation of opening and closing balances of Obligation:</b>		
Present Value of Obligation as on 01-04-2017	<b>21.60</b>	17.18
Current Service Cost	<b>2.33</b>	2.76
Interest Cost	<b>1.41</b>	1.26
Actuarial (gain) / loss	<b>7.09</b>	3.24
Benefits paid	<b>(-) 4.05</b>	(-) 2.84
Defined Benefit obligation as on 31-03-2018	<b>28.38</b>	21.60
<b>Reconciliation of opening and closing balances of fair value of plan asset</b>		
Fair value of plan assets as on 01-04-2017	<b>NIL</b>	NIL
Expected return on plan assets	<b>NIL</b>	NIL
Actuarial gain / (loss)	<b>NIL</b>	NIL
Employer Contribution	<b>4.05</b>	2.84
Benefits paid	<b>(-) 4.05</b>	(-) 2.84
Fair value of plan assets as on 31-03-2018	<b>NIL</b>	NIL
<b>Actual Return of plan assets:</b>		
Actuarial gain / (loss) on plan assets	<b>NIL</b>	NIL
Actual return on plan assets	<b>NIL</b>	NIL
<b>Reconciliation of fair value of assets and obligations:</b>		
Fair value of plan assets	<b>NIL</b>	NIL
Present value of obligation	<b>28.38</b>	21.60
Difference	<b>28.38</b>	21.60
Unrecognized transitional liability	<b>NIL</b>	NIL
Unrecognized past service cost non vested benefits	<b>NIL</b>	NIL
Amount recognized in Balance Sheet	<b>28.38</b>	21.60



**THANJAVUR SPINNING MILL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	(₹ in Lakhs)	
	2017-18	2016-17
<b>Expense recognized during the year:</b>		
Current Service Cost	2.33	2.75
Interest Cost	1.41	1.26
Expected return on plan assets	NIL	NIL
Actuarial (gain) / loss	7.09	3.24
Transitional liability recognized in the year	NIL	NIL
Net Cost	<b>10.83</b>	7.25
<b>Investment Details as on 31-03-2018:</b>		
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	<b>NIL</b>	NIL
<b>Actuarial assumptions:</b>		
Indian Assured Lives (2006-08) Ultimate Table applied for		
Service Mortality rate	<b>Yes</b>	Yes
Discount rate p.a.	<b>7.64%</b>	7,20%
Expected rate of return on plan assets p.a.	<b>NIL</b>	NIL
Rate of escalation in salary p.a.	<b>4.00%</b>	4.00%
<b>15. Earnings per Share</b>		
<b>Basic Earnings per Share</b>	<b>2017-18</b>	2016-17
Profit/(Loss) After Tax	<b>(656.37)</b>	720.63
Less: Preference dividend on 2,50,00,000 nos of 9% Redeemable Preference Shares including Dividend distribution tax thereon	<b>(270.81)</b>	(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)	<b>(21.66)</b>	(5.58)
Total Profit attributable to Equity Shareholders	<b>(948.84)</b>	444.24
No. of Equity Shares	<b>27.00</b>	27.00
<b>Basic EPS</b>	<b>(35.14)</b>	16.45

**THANJAVUR SPINNING MILL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	2017-18	2016-17
		(₹ in Lakhs)
<b>Diluted Earnings Per Share</b>		
Profit available to Equity Shareholders	<b>(948.84)</b>	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)	<b>21.66</b>	5.58
Total Profit attributable to Equity Shareholders	<b>(927.18)</b>	449.82
No. of Equity shares	<b>27.00</b>	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)	<b>20.00</b>	5.15
Total No. of Equity Shares (including potential Equity Shares)	<b>47.00</b>	32.15
<b>Diluted EPS</b>	<b>(19.73)</b>	13.99

**16. 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 (upto 11-05-2017)
Shri P.R. Venketrama Raja	Chairman (from 04-06-2017)
Shri S. Muthusamy	Chief Executive Officer
Shri A. Karthiswaran	Company Secretary
Shri G. Ramachandran	Chief Financial Officer

**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 Textile Limited	M/s. Ramco Windfarms Limited

**THANJAVUR SPINNING MILL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**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) (₹ in Lakhs)**

Name of the Related Party	Amount		Nature of Payment
	2017-18	2016-17	
Shri P.R. Ramasubrahmaneya Rajha	-	0.25	Sitting Fees
Shri P.R. Venketrama Raja	0.20	-	Sitting Fees

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

Key Management Personnel		Amount	
		2017-18	2016-17
Shri S. Muthusamy	Chief Executive Officer	18.43	16.20
Shri A. Karthiswaran	Company Secretary	5.29	3.73
Shri G. Ramachandran	Chief Financial Officer	5.76	4.89

**(C) Corporate Guarantee availed**

Name of the Related Party	Guarantee Amount as at	
	31-03-2018	31-03-2017
Rajapalayam Mills Limited	1,300	4,031
The Ramco Cements Limited	1,250	1,250
Ramco Industries Limited	1,600	3,500

**(D) Sale of Goods Supplied / Service Rendered**

Name of the Related Party	Value		Outstanding as at	
	2017-18	2016-17	31-03-2018	31-03-2017
Rajapalayam Mills Limited	100.70	558.54	NIL	NIL
Ramco Industries Limited	11.60	134.86	NIL	NIL
The Ramaraju Surgical Cotton Mills Limited	434.10	449.33	NIL	NIL
Rajapalayam Textile Limited	154.27	129.72	NIL	NIL
Sandhya Spinning Mill Limited	4.22	153.95	NIL	NIL
Sri Vishnu Shankar Mill Limited	4.12	14.80	NIL	NIL
Sri Harini Textiles Limited	-	4.90	NIL	NIL

**THANJAVUR SPINNING MILL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

(₹ in Lakhs)

**(E) Sale of Investments**

Name of the Related Party	Value		Outstanding as at	
	2017-18	2016-17	31-03-2018	31-03-2017
Rajapalayam Mills Limited	6.71	-	NIL	NIL
Rajapalayam Textile Limited	1.24	-	NIL	NIL

**(F) Cost of Goods Purchased / Service Availed:**

Name of the Related Party	Value		Outstanding as at	
	2017-18	2016-17	31-03-2018	31-03-2017
Rajapalayam Mills Limited	509.34	120.48	NIL	NIL
Ramco Industries Limited	37.47	224.44	NIL	NIL
Sri Vishnu Shankar Mill Limited	114.56	141.77	NIL	NIL
Sandhya Spinning Mill Limited	2.74	0.08	NIL	NIL
The Ramaraju Surgical Cotton Mills Limited	-	37.33	NIL	NIL
Ramco Windfarms Limited	459.51	540.72	NIL	NIL
The Ramco Cements Limited	0.31	1.37	NIL	NIL
Ramco Systems Limited	2.14	2.93	NIL	NIL

**(G) Purchase of investments**

Name of the Related Party	Value		Outstanding as at	
	2017-18	2016-17	31-03-2018	31-03-2017
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	2017-18	2016-17
Thanjavur Spinning Mill Limited Employees' Superannuation Fund	2.41	1.99
Thanjavur Spinning Mill Limited Employees' Gratuity Fund	7.10	8.93

**THANJAVUR SPINNING MILL LIMITED**  
NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in Lakhs)

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

**(a) Value of Imports calculated on CIF Value**

	2017-18	2016-17
Raw Materials	1296.63	799.61
Capital Goods	273.94	-

**(b) Expenditure in Foreign Exchange during the year**

	2017-18	2016-17
Export Sales Commission	-	0.09

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

	2017-18		2016-17	
	Amount	%	Amount	%
Raw Materials				
Imported	1576.84	38.99%	1032.09	22.84%
Indigenous	2467.31	61.01%	3485.64	77.15%
Spares and Components				
Imported	0.98	0.04%	0.05	0.02%
Indigenous	235.79	99.96%	258.68	99.98%

**(d) Earnings in Foreign exchange**

(FOB Value)	2017-18	2016-17
Export of Yarn	109.04	271.83

As per our report annexed  
For M.S. JAGANNATHAN & N. KRISHNASWAMI,  
Chartered Accountants  
Firm Registration No. 001208S

K. SRINIVASAN  
Partner  
Membership No. 21510  
Rajapalayam,  
29<sup>th</sup> May, 2018.

On behalf of the Board of Directors  
For THANJAVUR SPIINING MILL LIMITED

S. KANTHIMATHINATHAN  
DIRECTOR  
G. RAMACHANDRAN  
CHIEF FINANCIAL OFFICER

P.J. RAMKUMAR RAJHA  
DIRECTOR  
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 56<sup>th</sup> Annual General Meeting of the Company, to be held on Friday, the 10<sup>th</sup> August, 2018 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
	<b>Ordinary Business:</b>
1	Adoption of Financial Statements for the year ended 31 <sup>st</sup> March, 2018.
2	Appointment of Shri S. Kanthimathinathan as Director, who retires by rotation.

*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 56<sup>th</sup> 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 : Friday, 10<sup>th</sup> August, 2018, 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
	<b>Special Business - Special Resolution</b>
3	To make Inter Corporate Deposit / Investments under Section 186 of the Companies Act, 2013, upto the limit of Rs. 25.00 crores.

Signed this ..... day of ..... 2018

Signature of Shareholder : .....

Signature of Proxy holder(s) : .....

Affix  
Revenue  
Stamp

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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.

