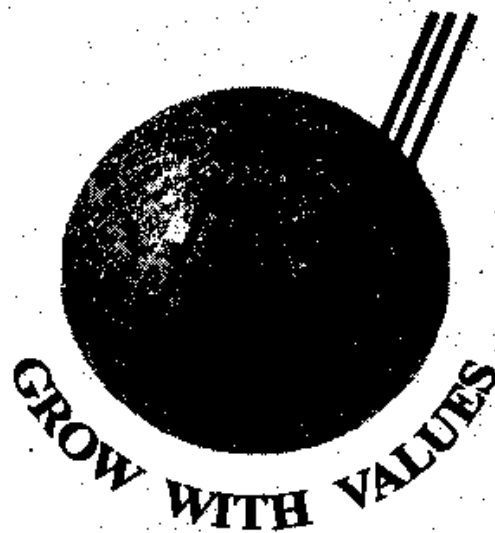


# **SRI NACHAMMAI COTTON MILLS LIMITED**



**35<sup>th</sup> ANNUAL REPORT 2014 - 2015**



# SRI NACHAMMAI COTTON MILLS LIMITED

Registered Office: 30, Sugavaneswara Road, Balaji Nagar, SALEM 636 004.  
CIN No. L17115TZ1980PLC000916 Phone No. 0427-2331879, Fax No. 0427-2331951  
E-mail : [sncm@rediffmail.com](mailto:sncm@rediffmail.com), Website : [www.sncmindia.com](http://www.sncmindia.com)

## **BOARD OF DIRECTORS**

**Chairman cum Managing Director**  
**Joint Managing Director**  
**Directors**

Shri P. Palaniappan  
Smt. P. Umayal  
Shri A. Annamalai  
Shri A. Alagappan  
Shri Perumal Madhavagopal  
Shri PL. Subbiah  
Shri S. Ravichandran  
Smt. Vasantha  
Smt. Shantha Radhakrishnan  
Shri A. Arunkumar

## **AUDITORS**

Messrs. M.S.Jagannathan & Visvanathan  
Chartered Accountants, Coimbatore - 641 030

## **INTERNAL AUDITOR**

Shri H. Venugopal  
Chartered Accountant, Salem - 636 006

## **BANKERS**

Indian Overseas Bank  
Salem Main Branch, Salem - 636 001

## **REGISTRAR AND SHARE TRANSFER AGENTS**

Cameo Corporate Services Limited  
'Subramanian Building'  
No. 1, Club House Road, Chennai - 600 002

## **COMPANY SECRETARY**

Miss. Cynthia. S

## **CHIEF FINANCIAL OFFICER**

Shri A. Subramanian

### **Contents**

	Page No.
Notice of Annual General Meeting	- 02
Directors Report	- 09
Auditors Report	- 42
Balance Sheet	- 45
Profit and Loss Account	- 48
Significant Accounting Policies	- 49
Notes Forming part of Financial Statements	- 51
Additional Information to Financial Statements	- 58

### **Contact Details**

<b><u>Registered Office</u></b>	30, Sugavaneswara Road Balaji Nagar Salem - 636 004
<b><u>Mills at</u></b>	Near Railway Station Chettinad - 630 102 Sivaganga District
<b><u>Phone Numbers</u></b>	0427-2331879, 2330847 2330466
<b><u>Fax</u></b>	0427 - 2331951
<b><u>E-mail</u></b>	<a href="mailto:sncm@rediffmail.com">sncm@rediffmail.com</a>
<b><u>Website</u></b>	<a href="http://www.sncmindia.com">www.sncmindia.com</a>



# SRI NACHAMMAI COTTON MILLS LIMITED

2

Registered Office: 30, Sugavaneswara Road, Balaji Nagar, SALEM 636 004.  
CIN No. L17115TZ1980PLC000916 Phone No. 0427-2331879, Fax No. 0427-2331951  
E-mail : sncm@rediffmail.com, Website : www.sncmindia.com

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 35th Annual General Meeting will be held on Tuesday, the 15<sup>th</sup> of December, 2015 at 10.45 A.M at Sarathy Classic, 8/3, Park Street, Fairlands, Salem- 636016 to transact the following business. All the Shareholders are requested to attend the same.

### ORDINARY BUSINESS :

1. To consider and adopt the audited Annual Financial Statements including Balance Sheet as at 30<sup>th</sup> June, 2015, the Statement of Profit and Loss Account and Cash Flow Statement for the year ended as on that date and the Report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sri A. Annamalai (DIN.00625832), Director who retires by rotation and being eligible, offers himself for re-election.
3. To re-appoint Auditors and to fix their remuneration and in this regard to pass the following Resolution as an Ordinary Resolution.

\*RESOLVED THAT pursuant to Section 139 and other applicable provisions, if any of the Companies Act, 2013 M/S. M.S.Jagannathan & Visvanathan, Chartered Accountants (Registration No. 001209S) Coimbatore be and are hereby re-appointed as Auditors of the Company, to hold office for a period of one year from the conclusion of this Annual General Meeting, till the conclusion of the next Annual General Meeting of the Company, at a remuneration to be decided by the Board of Directors in consultation with the Auditors, plus applicable service tax and re-imbursement of travelling and out of pocket expenses incurred by them for the purpose of audit.

### SPECIAL BUSINESS:

4. To consider and if deemed fit to pass the following Resolution as an Ordinary Resolution.

RESOLVED that pursuant to the provisions of Sections 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rule, 2014 including any statutory amendments and modifications thereof, for the time being in force, the remuneration payable to Sri V. Balasubramanian, Cost Accountant, Coimbatore having the Membership No.4771 appointed by the Board of Directors to conduct the Audit of the Cost accounting records of the Company for the Financial Year 2015 -16 amounting to Rs.21,000/- per annum exclusive of service tax as applicable and re-imbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed.

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

RESOLVED that pursuant to Section 161 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri. A.Arunkumar (DIN. 07176491) who was appointed as an Additional Director with effect from 06.05.2015, and who holds office upto the date of this Annual general Meeting and in respect of whom, the Company has received a Notice of Candidature in writing under Section 160 of the Companies Act, 2013 from a member proposing him for the office of the director, be and is hereby appointed as a Director with effect from 15<sup>th</sup> December, 2015 and is liable to retire by rotation.

5. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution.

RESOLVED that pursuant to Section 106 of the Companies Act, 1956 and Sections 55 and 110 of the Companies Act, 2013, corresponding rules thereof and other applicable provisions of the Companies Act, 2013 if any, the rights and terms and conditions of the Preference shares be and is hereby ratified by conducting Postal Ballot.

1. 15,00,000/- 10% Cumulative Redeemable Preference Shares of Rs. 100/- each shall now and hereafter be 15,00,000/- 0% Redeemable preference shares of Rs. 100/- each with effect from 25.04.2015.
2. The period of redemption of Preference shares shall be extended for a period not exceeding 13 years from the date of issue of Preference Shares.
3. Notwithstanding anything contained above, the Board of Directors shall be at liberty, to vary any of the terms and conditions in respect of the Preference Shares as they may deem fit in the best interest of the Company, taking into consideration the circumstances prevailing on the respective date of redemption thereof as aforesaid.
4. Save as mentioned hereinabove, all other terms and conditions of the said Preference shares shall remain the same.



# SRI NACHAMMAI COTTON MILLS LIMITED

3

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

Resolved that pursuant to Section 13 and 48 of the Companies Act, 2013 and Section 106 of the Companies Act, 1956 and other applicable provisions of Companies Act, 2013 and 1956, (including amendment to or re-enactment thereof) the consent of the Board of Directors, be and is hereby accorded, subject to the approval of the Shareholders in the General Meeting, for substituting Clause V of the Memorandum of Association of the Company with the following Clause.

- V. The Authorized Share Capital of the Company shall be Rs. 19,30,00,000/- divided into:
- 43,00,000 Equity Shares of Rs.10/- (Rupees Ten Only) each; and
  - 15,00,000 - 0% Redeemable Preference Shares of Rs.100/- (Rupees Hundred Only) each.

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.

Resolved that pursuant to Section 14 of the Companies Act, 2013 and other applicable provisions if any of the Companies Act, 2013 (including amendment to or re-enactment thereof) the consent of the Board of Directors, be and is hereby accorded, subject to the approval of the Shareholders in the General Meeting, to alter the existing Clause 29 of the Articles of Association of the Company as follows:

29. a) The period of redemption of the 0% Preference Shares shall be extended for a period not exceeding 13 years from the date of the issue of Preference Shares.
- b) Notwithstanding anything contained above, the Board of Directors shall be at liberty to vary any terms and conditions in respect of the Preference Shares as they may deem fit in the best interests of the Company, taking into consideration, the circumstances prevailing on the date of redemption.
- c) The Company shall be at liberty to create and issue further Preference Shares from time to time as it may deem fit.

By Order of the Board,  
For Sri Nachammai Cotton Mills Limited,

Cynthia Sivanantham,  
Company Secretary.

Place : Salem  
Date : 27<sup>th</sup> August, 2015

## Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
3. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 will be available for inspection for the members at the AGM.
4. The Register of Contracts or Arrangements in which Directors are interested, as maintained under Section 189 of the Companies Act, 2013 will be available for inspection for the members at the AGM.
5. The Register of Members and Share Transfer books of the Company shall remain closed from 9<sup>th</sup> December, 2015 to 15<sup>th</sup> December, 2015 (both days inclusive).
6. Information as required under Clause 49 of the Listing Agreement in respect of re-appointment of Director is provided in the Annexure to the notice.
7. Members holding shares in Physical form are requested to intimate immediately, any changes in their address to the Company's Share Transfer Agent, M/S. Cameo Corporate Services Limited, 'Subramanian Building', No.1 Club House Road, Chennai - 600002 and members holding shares in electronic mode may inform the same to their respective Depository Participant.
8. Members who hold shares in physical form in multiple folios and/or in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar and Share Transfer Agents, for consolidation into a single folio.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat Account(s). Members holding shares in physical form can submit their PAN details to the Registrar and Share Transfer Agent.



# SRI NACHAMMAI COTTON MILLS LIMITED

4

10. Copies of the Annual Report 2015, the Notice of the 35th Annual General Meeting of the Company and instructions for e-voting, along with the Attendance Slip and Proxy Form, are being sent by permitted mode.
11. Members may also note that the Notice of the 35th Annual General Meeting and the Annual Report 2015 will be available on the Company's website, [www.sncm.co.in](http://www.sncm.co.in). The physical copies of the aforesaid documents will also be available at the Company's Registered office for inspection during business hours on working days. Members who require communication, or have any other queries, may write to us at [sncm@gmail.com](mailto:sncm@gmail.com).
12. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail address with the Company, in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in Demat form to enable the Company to serve documents in electronic form.
13. A member who needs any clarification on account or operations of the Company shall write to the Company Secretary, so as to reach her at least 7 days before the meeting, so that the information required can be provided.
14. Means of Voting:
  - a. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2015, the Company is pleased to provide its members, facility to exercise their right to vote at the 35<sup>th</sup> Annual General Meeting by Electronic means and the business may be transacted through remote e-Voting Services provided by Central Depository Services (India) Limited (CDSL).
  - b. In terms of Clause 35B of the Listing Agreement, in order to enable its members, who do not have access to e-voting facility, to send their assent or dissent in writing in respect of the resolutions as set out in the Notice, a postal ballot Form is annexed. A member desiring to exercise vote by postal ballot shall complete the enclosed Ballot Form with assent (for) or dissent (against) and send it to Mr. M.R.L. Narasimha, Precising Company Secretary, C/O. Sri Nachammai Cotton Mills Limited, Salem so as to reach him on or before 14<sup>th</sup> December, 2015 by 5.00 p.m. Any Ballot Form received after the said date and time shall be treated as if the reply from the members has not been received.  
In case of Members casting their vote both by postal ballot and e-voting, then voting done through e-voting shall prevail and voting done by Physical Ballot will be treated as invalid.
  - c. The Company also offers the facility for voting through polling paper at the venue of the Meeting. Please note that a Shareholder can vote under only one of the three options mentioned above.

- d. The voting rights of Members shall be in proportion to their share of the Paid - up Equity Share Capital of the Company as on the cut-off date of 08.12.2015
1. Remote e - voting (Voting through electronic means)  
The instructions for members for voting electronically are as under:
  - (i) The e-voting period begins on 12<sup>th</sup> December, 2015 (9:00a.m) and ends on 14<sup>th</sup> December, 2015 (5:00 p.m.) During this period, shareholders of the Company holding shares either in physical form or in Dematerialized form, as on the cut-off date of 08.12.2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the venue of the meeting.
  - (iii) The Shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (iv) Click on "Shareholders".
  - (v) Now enter your User ID.
    - a) For CDSL : 16 digits beneficiary ID.
    - b) For NSDL : 8 Character DP ID followed by 8 Digits Client ID.
    - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (vi) Next enter the image verification as displayed and click on Login.
  - (vii) If you are holding shares in Demat form and have logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier meeting of any company, then your existing password is to be used.
  - (viii) If you are a first time user follow the steps given below.

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN as issued by Income Tax Department (Applicable for both demat shareholders as well as Physical shareholders)</p> <p>* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 Digits of the sequence number in the PAN field.</p> <p>* In case the sequence number is less than 8 digits enter the applicable Number of 0's before the number after the first two characters of the name in CAPITAL letters. Sequence Number has been provided as S.No. in the address label.</p> <p>Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
DOB	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>* If both the details are not recorded with the depository or Company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (v).</p>



# SRI NACHAMMAI COTTON MILLS LIMITED

5

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then directly reach the Company selection screen.

However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company in which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN of "Sri Nachammai Cotton Mills Limited" on which you choose to vote.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the voting page.

(xviii) If a Demat account holder has forgotten the login password then Enter User ID and the Image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Note for Institutional Shareholders, Custodians and Non-individual shareholders

\* Non-individual shareholders (i.e. other than individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.

\* A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

\* After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

\* The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

\* A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Question (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).

(xxi) In case of members receiving the Physical copy.

A. Please follow all steps from Sl. Nos. (i) to (xvi) above to cast vote.

B. 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)

## 2. Voting by Postal Ballot:

(i) A member desiring to exercise vote by Postal Ballot may complete this Postal Ballot Form and send it to the Scrutinizer in the enclosed self addressed envelope. Postages will be borne and paid by the company. However, envelope containing Postal Ballot if sent by courier at the expense of the registered Shareholder will also be accepted.

(ii) The self addressed envelope shall be sent to Mr.M.R.L.Narasimha, Practising Company Secretary, C/o. SRI NACHAMMAI COTTON MILLS LIMITED, 30 SUGAVANESWARA ROAD, BALAJI NAGAR, SALEM-636004

(iii) This form should be completed and signed by the Shareholder. (as per the specimen signature registered with the company). In case of joint holding, this form should be completed and signed by the first named Shareholder and in his absence, by the next named Shareholder.



# SRI NACHAMMAI COTTON MILLS LIMITED

6

- (iv) Incomplete, unsigned, improperly or incorrectly tick marked Postal Ballot Forms will be rejected. Postal Ballot Forms bearing tick marks in both the columns will render the form invalid.
- (v) Duty completed Postal Ballot Form should reach the address of the scrutinizer not later than 5:00 PM on 14<sup>th</sup> December, 2015. Postal Ballot Form received after this date and time will be strictly treated as if the reply from the member has not been received.
- (vi) In case of shares held by companies/trusts, societies etc., the duly completed Postal Ballot Form should be accompanied by a certified true copy of Board resolution/relevant authorisation for the purpose. In case the Postal Ballot Form is signed by a Power of Attorney (POA) holder, POA registration number should be mentioned.
- (vii) Exercise of vote by Postal Ballot through proxy is not permitted. Members are requested to carefully read the instructions printed and tick (/) mark should be placed in the relevant box signifying assent (FOR) / dissent (AGAINST) for the resolution, as the case may be before mailing the postal ballot form.
- (viii) The members are requested not to send any other paper along with the Postal Ballot Form in the enclosed self-addressed postage prepaid envelope, as all such envelopes will be sent to the scrutinizer and any extraneous paper found in such envelope would be destroyed by the scrutinizer.
- (ix) A member may request for a duplicate Postal Ballot Form, if required. However, the duly filled in duplicate Postal Ballot Form should reach the Scrutinizer before the specified date and time as mentioned in Serial No. (v).
- (x) The scrutinizer's decision on the validity of postal ballot shall be final.

Members are requested to read the instructions contained on the backside of the Postal Ballot Form and follow the same.

As the Company has provided e-voting / Postal Ballot voting in terms of Clause 35B of the Listing Agreement, Members may please note that there will be only one mode of voting either through e-voting or by Postal Ballot.

## Voting at AGM

- (i) The Company also offers the facility for voting through polling paper at the meeting. The Members as on the cut-off date 08.12.2015 attending the AGM are entitled to exercise their voting right at the meeting in case they have not already cast their vote by e-Voting/Postal Ballot.

- (ii) Members who have cast their vote by e-Voting/Postal Ballot are also entitled to attend the AGM but they cannot cast their vote at the AGM.
- (iii) The Chairman will fix the time for voting at the Meeting. Shareholders present in person or by proxy can vote at the Meeting.

## General Instructions

1. The cut-off date for the purpose of e-voting has been fixed as 08.12.2015. Members holding shares as on this cut off date should endeavour to cast their vote in any one of the three modes.
2. Voting rights of Shareholders shall be in proportion to their shareholding in the Company as on the cut-off date of 08.12.2015.
3. In case a Shareholder by inadvertence or otherwise has voted under more than one option, his voting by only one mode shall be taken as final and valid.
4. Mr. M.R.L. Narasimha, Company Secretary in Practice, Coimbatore (Membership No. 2851, CP No.799) has been appointed as the Scrutinizer to scrutinize the e-voting & Postal Ballot process in a fair and transparent manner.
5. The Scrutinizer will after the conclusion of voting at the AGM
  - (i) First count the votes cast through postal ballot.
  - (ii) Then count the votes cast at the Meeting through polling paper.
  - (iii) Thereafter unblock the votes cast through remote e-voting.
  - (iv) All the above will be done in the presence of two witnesses not in the employment of the Company.
  - (v) The Scrutinizer not later than three days of the conclusion of the AGM shall submit a Consolidated report of the total votes cast through remote e-voting process, postal ballot and poll cast at the AGM to the Chairman.
  - (vi) The Chairman or a person authorised by him in writing shall declare the result of the voting based on Scrutiniser's Report.
  - (vii) Subject to receipt of requisite number of votes, the Resolution shall be deemed to be passed on the date of AGM.
  - (viii) The results declared along with the Scrutiniser's report will be placed on the company's website [www.sncm.india.com](http://www.sncm.india.com) and on the website of CDSL [www.evoting.cdsi.com](http://www.evoting.cdsi.com) immediately after the result is declared and also communicated to BSE.





# SRI NACHAMMAI COTTON MILLS LIMITED

7

## EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013.

### ITEM No.4

The Board of Directors on the recommendation of the Audit Committee, has approved the appointment of Sri V. Balasubramanian, Cost Accountant for the audit of Cost accounting records of the Company pursuant to the Companies (Cost Records and audit) Rules, 2014 as amended on 31.12.2014 for the financial year 2015-16 at a remuneration of Rs.21,000/- per annum excluding the applicable service tax and reimbursement of out of pocket expenses incurred by him in connection with the audit.

As per Section 148 of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014, the remuneration payable to Cost Auditor as determined by the Board is required to be ratified by the members of the Company. The Board recommends this resolution for the approval of the members.

The Company has received a Certificate from the Cost Auditor confirming his independence and his willingness to act as the Cost Auditor of the Company.

None of the Directors, Key managerial personnel or their relatives is concerned or interested in the resolution.

### ITEM NO.5

Sri. A. Arunkumar (DIN: 07176491) as recommended by the Nomination and Remuneration Committee was appointed as an additional Director by the Board of Directors in their meeting held on 06.05.2015 to hold office until the conclusion of this Annual General Meeting. The Company has received a Notice of Candidature in writing from one of its member, along with a deposit of Rs. 1,00,000/- proposing Sri. A.Arunkumar for the office of a Director. Accordingly, the consent of the Members is required to appoint Sri. A.Arunkumar to be a Director of the Company with effect from December 15<sup>th</sup>, 2015.

None of the Directors except Sri.A. Arunkumar and Sri A. Annamalai being related to Sri.A.Arunkumar are concerned or interested in the above appointment

### ITEM NO.6

The Preference Shares were issued on 26.04.2012 to be redeemed as 15 half yearly instalments on the expiry of 3 years from the date of allotment thereof, after giving three months notice to the Preference Shareholders. The due date for the 1<sup>st</sup> instalment falls on 24.10.2015.

In spite of the best efforts of the Company and in view of the carried over losses, the inability to infuse massive fresh funds and the non-feasibility of making fresh issue of shares for the purpose of redemption of the preference shares has inevitably led the Board of Directors to approach the Preference Shareholders for extension of redemption of shares and vary the terms and conditions of the shares.

The Preference Shareholders of the Company holding 15,00,000/- 10% Cumulative Redeemable Preference shares of Rs.100/- each have accorded their consent to extend the Redemption period of the Preference shares along with variation in its terms and conditions in the Extra-Ordinary General Meeting of Preference Shareholders held on 22<sup>nd</sup> July, 2015.

Pursuant to Section 106 of the Companies Act, 1956 and Sections 55 and 110 of the Companies Act, 2013 and other applicable provisions, if any, the extension of redemption period and variation of terms and conditions of the preference shares as approved by the Preference Shareholders is placed for ratification by the members in this Annual General meeting.

None of the Directors, Key managerial personnel or their relatives is concerned or interested in the resolution except to their extent of shareholding in the Company, except Sri. P.Palaniappan, Smt. P.Umayal, Sri. MC.Ramasamy and Smt. Geethanjali Ramasamy.

### ITEM NO's. 7 & 8

The Preference Shareholders of the Company holding 15,00,000/- 10% Cumulative Redeemable Preference shares of Rs.100/- each have accorded their consent to extend the Redemption period of the Preference shares along with variation of its terms and conditions in the Extra-Ordinary General Meeting of Preference Shareholders held on 22<sup>nd</sup> July, 2015.

Pursuant to Section 106 of the Companies Act, 1956 and Sections 55 and 110 of the Companies Act, 2013 and other applicable provisions, if any, the extension of redemption period and variation of terms and conditions of the preference shares as approved by the Preference Shareholders is placed for ratification by the members in this Annual General meeting.

The variation of Preference shares on ratification by the Shareholders in this Annual General Meeting requires alteration in the existing clauses of Memorandum of Association and Articles of Association.

None of the Directors, Key managerial personnel or their relatives is concerned or interested in the resolution except to their extent of shareholding in the Company.

The Altered Memorandum of Association and Articles of Association shall be available for inspection for the Members at the Registered Office of the Company during its business hours (9.00 A.M. to 6.00 P.M.)





# SRI NACHAMMAI COTTON MILLS LIMITED

## Details of Directors seeking appointment / and re-appointment at the AGM

1. Name : Sri A. Annamalai  
DIN No. : 00625832  
Date of Birth & Age : 15.02.1956 (59 yrs)  
Nationality : Indian  
DOA on the Board : 19.09.1997  
Relation with other Director : Father of Sri. A. Arunkumar  
Qualification : SSLC  
Experience : 25 Years in Business  
No. of Shares held : 3718  
List of Directorships held in other Companies : Supreme Yarn Spinners Limited  
Chairman/Member of the Committees of the Board of other Companies in which he / she is Director : Nil

2. Name : Sri A. Arunkumar  
DIN No. : 07178491  
Date of Birth & Age : 20.02.1982 (33 yrs)  
Nationality : Indian  
DOA on the Board : 06.05.2015  
Relation with other Director : Son of Mr. Sri A. Annamalai  
Qualification : (B.E)  
Experience : 5 Years in the field of engineering  
No. of Shares held : 2552  
List of Directorships held in other Companies : Nil  
Chairman/Member of the Committees of the Board of other Companies in which he / she is Director : Nil



# SRI NACHAMMAI COTTON MILLS LIMITED

## REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS

Dear Shareholders,

Your Directors are hereby presenting this 35th Annual Report together with the Audited Statement of Accounts for the Year ended 30<sup>th</sup> June, 2015.

### Financial Highlights

During the year under review, performance of your company is as under:

Particulars	30.06.2015	30.06.2014
Profit before finance costs and Depreciation	10,38,00,528	14,11,75,517
Finance costs	(6,80,78,625)	(6,55,63,174)
Depreciation	(4,17,85,632)	(3,98,42,234)
Profit / (Loss) before taxation	(60,63,729)	3,57,70,109
Less : Tax expense	16,47,058	(96,78,646)
Profit / (Loss) after tax	(44,16,671)	2,60,91,463

### Dividend

Due to inadequacy of Profit, the Company is unable to declare any Dividend for the year 2014-15.

### Review of Operations

During the year, the company has made a turnover of Rs. 1,62,22,00,164/- as against Rs. 1,82,75,35,588/- in the previous year. The Company turned around during the current year with a Net Loss before tax being Rs. 60,63,729/- as compared to Net Profit before tax being Rs. 3,57,70,109/- during the year 2013-14.

During the current year, the company is expected to improve its performance.

**Fixed Deposits :** Your Company has not accepted any fixed deposit from public and there are no outstanding dues in respect of thereof.

### Details of Directors and Key Managerial Personnel

The Companies Act, 2013 ("the Act") provides for appointment of Independent Directors. Sub-section (10) of Section 149 of the Act (effective April 1, 2014) provides that an Independent Director shall hold office for a term up to five consecutive years on the Board of the Company.

The Independent Directors have submitted their disclosures to the Board that they fulfil all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed/continue as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

During the year, one separate meeting of Independent Directors was held. All the Independent Directors were present at this meeting. In the said meeting, the Independent Directors assessed the quality, quantity and timeliness of flow of information between the management and the Board and expressed that the Current flow of information and contents were adequate for the Board to effectively perform its duties.

The Company has put in place required programme for Independent Directors to get familiarized with the Organisation and also about their duties and responsibilities.

The tenure of office of Shri P.Palanisappan, Chairman cum Managing Director and Smt. P.Umayal, Joint Managing Director expired on 18<sup>th</sup> December, 2014. The Board of Directors, at their meeting held on 21<sup>st</sup> August, 2014, re-appointed them as Chairman cum Managing Director and Joint Managing Director of the company respectively for a period of five consecutive years effective from 19.12.2014 to 18.12.2019.

Sri A. Annamalai, Director is liable to retire by rotation and is eligible for re-appointment. Sri. A. Arunkumar, was appointed as an Additional Director of the Company with effect from 06.05.2015.

A brief resume, expertise, shareholding in the company and details of other entities in which the Directors are interested as stipulated under Clause 49 of the Listing Agreement entered with the Stock Exchange, form part of the Notice of Annual General Meeting.

Smt. RM. Umayal, tendered her resignation from Directorship due to ill health on 06.05.2015. The Board expresses its appreciation for the service rendered by Smt. RM. Umayal during her tenure as Director towards the growth of the Company