

THAMBBI MODERN SPINNING MILLS LIMITED



**40th
Annual Report
2017 - 2018**

THAMBBI MODERN SPINNING MILLS LIMITED

Registered Office: Omalur Road, Jagir Ammapalayam, Salem-636 302

Corporate Identity Number (CIN): L 17111TZ1977PLC000776

Website: www.thambbimodern.com, Email : tmsml@gmail.com

Tel: 0427-2345425

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Fortieth Annual General Meeting of the Company will be held at the Company's Mill Premises at Unit II, Opp. TNEB Sub Station, Udayapatti By-pass Road, Kamaraj Nagar Colony Post, Salem 636 014 on Thursday, the 27th December, 2018 at 11:00 A.M to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt,
 - a. The Audited Financial Statements of the Company for the year ended 31st March 2018 together with the notes annexed thereto and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint Ms.Malathi Jagadeesan, Non-Executive Director (DIN NO.01153985) who retires by rotation and being eligible offers herself for re-appointment be up to 31st March 2019.

APPOINTMENT OF STATUTORY AUDITOR

3. To consider and if deemed fit to pass, with or without modifications, the following Resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of section 139(2) and other applicable provisions ,if any of the Companies Act 2013 and the rules framed there under (including any statutory modifications or re-enactment thereof for the time being in force),M/S.R.Sundararaman & Co Chartered Accountants (Firm Regn.No.004219S) be and they are hereby appointed as Statutory Auditors of the company to hold for Four Years up to the Financial Year 2021-22 on a remuneration of Rs.50,000/-(Rupees Fifty Thousand Only) excluding the out of pocket expenses that may be incurred by them in connection with the audit and excluding the applicable service tax.

NOTES

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Corporate Members intending to send their authorized representatives to attend the meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company a certified copy of the relevant Board resolution together with the specimen signatures of their authorized representatives to attend and vote on their behalf at the meeting
3. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to remote e-voting are given in this Notice under Note No. 19.
4. In terms of Section 152 of the Companies Act, 2013, Ms.Malathi Jagadeesan, (DIN : 00153952), Non-Executive Director retire by rotation at this Meeting and being eligible, offer herself for re-appointment and her term would be up to 31st March 2019.The Board of Directors of the Company commends her respective re-appointment. Ms.Malathi Jagadeesan aged about 64 years. She is a Science graduate having experience in the field of Textiles. She is associated with the company from 10th October 1994 as Director on the Board.
Details of the Directorship/Member of Committee including M/s Thambbi Modern Spinning Mills Limited held by Ms.Malathi Jagadeesan.

Directorship	Membership/Chairmanship at Committees of M/s Thambbi Modern Spinning Mills Limited
Director of M/s Thambbi Modern Spinning Mills Limited Director of M/s Sunrise Jewelleries Private Limited Director of M/s Jagadeesh Apartments Private Limited Director of Mangaiyar Benefit Fund Private Limited	Member of Audit Committee Chairman of Stakeholders Relationship Committee Member of Nomination and Remuneration Committee

5. Members/Proxy is requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Sundays, during business hours up to the date of the Meeting.
8. The Company has notified closure of Register of Members and Share Transfer Books from **Friday, the 21st December, 2018 to Thursday, the 27th December, 2018** (both days inclusive).
9. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Cameo Corporate Services Limited.
10. 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 their PAN to their Depository Participants

with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Cameo Corporate Services Limited, Chennai.

11. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be requested from the Company.
12. Non – Resident Indian Members are requested to inform Cameo, immediately of:
 - a) Change in their residential status on return to India for permanent settlement.
 - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
13. Members, who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
14. Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').
15. The facility for voting through poll shall be made available at the Meeting and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the AGM through ballot paper.
16. The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.
17. The Board of Directors of the Company has appointed Mr.R.Kannan, Practicing Company Secretary, Chennai as Scrutinizer to scrutinize the Poll and remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
18. The Scrutinizer, after scrutinizing the votes cast at the meeting poll and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.thambbimodern.com. The results shall simultaneously be communicated to the Stock Exchanges.
19. **The instructions for shareholders voting electronically are as under:**
 - (i) The voting period begins on Monday, the **24th day of December, 2018 at 9.00 A.M and ends on Wednesday, the 26th day of December, 2018 at 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 Thursday, the 20th December, 2018** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
 - (iii) Click on Shareholders.
 - (iv) 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.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <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. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>

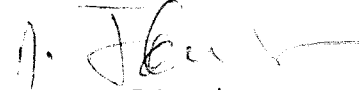
- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily 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 on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Thambbi Modern Spinning Mills Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com

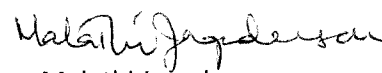
Place: Salem

Date: 08th November, 2018

By order of the Board of Directors



R. Jagadeesan
Managing Director
DIN: 01153985



Malathi Jagadeesan
Director
DIN: 00153952

Board's Report

TO THE MEMBERS,

The Directors submit the annual report of M/s Thambbi Modern Spinning Mills Limited along with the audited financial statement for the year ended 31st March, 2018.

FINANCIAL RESULTS

Particulars	2017- 2018 In lacs	2016- 2017 In lacs
Revenue from Operation	219.98	179.23
Profit / (Loss) before depreciation and taxation	(105.36)	(26.36)
Depreciation	26.63	23.24
Profit / (Loss) Before Taxation	(131.99)	(49.60)
Net Profit / (Loss)	(131.99)	(49.60)

PERFORMANCE

During the year under review, your company's revenue is Rs.219.98 Lakhs compared to the revenue of Rs.179.23 Lakhs in the previous year.

PROSPECTUS

The company has leased out its buildings to generate income. Our Company will explore to optimize the operations to improve the revenue. Our Company's Demerger is under Process.

DIVIDEND

The Board of Directors has not recommended any dividend for the year.

COMPLIANCE UNDER COMPANIES ACT 2013

Pursuant to Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, your Company complied with the compliance requirements and the detail of compliances under Companies Act, 2013 are enumerated below.

COST AUDIT

Our Company is exempted from the requirement to conduct Cost Audit

CORPORATE SOCIAL RESPONSIBILITY - Not Applicable

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNEDR SECTION 186 OF THE COMPANIES ACT 2013- NIL

AUDITORS

The Auditors M/S.R.Sundararaman & Co Chartered Accountants (Firm Regn.No.004219S) retires at the ensuing annual general meeting and confirmed their eligibility and willingness to accept the office if reappointed. On the recommendation of the Audit Committee your company's Act 2013 for reappointing them as statutory auditors of the company from the financial year 2018-19 to 2021-22.

AUDIT COMMITTEE

Details of Composition of Audit Committee are covered under corporate governance report annexed with this report and forms part of this report. Further, during this year all the recommendations of the Audit committee have been accepted by the Board.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

Brief details about the policy are provided in the Corporate Governance Report which forms part of this report.

CORPORATE GOVERNANCE

As required by Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a detailed report on Corporate Governance is given as a part of the board's report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard. The Auditors' Certificate of the compliance with Corporate Governance requirements by the Company is attached to the Report on Corporate Governance.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

It is comprising of all information as prescribed under Regulation 34 (2) (e) and schedule V of the SEBI (Listing obligation and Disclosure Requirement) Regulations, 2015 is attached to the Board's Report. Disclosures have been made by the Senior Management relating to all material, financial and commercial transactions with personal interests, if any. Based on the declarations made, no transaction was in conflict with the interest of the Company.

SECRETARIAL AUDIT REPORT

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, your Company engaged the services of Ms.N.Aiswarya, Practicing Company Secretary, Chennai to conduct the Secretarial Audit of the Company for the financial year ended 31st March, 2018. The Secretarial Audit Report (in Form MR-3) is attached as **ANNEXURE- I** to this Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The composition of the board, meetings of the board held during the year and the attendance of the directors thereat have been mentioned in the report on corporate governance in the board's report.

Ms.Malathi Jagadeesan, Non-Executive Director is the "Key Managerial Personnel" of the Company pursuant to Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

In accordance with articles of association of the company and the provisions of the companies Act, 2013, Ms.Malathi Jagadeesan, Non-Executive Director retire by rotation at this Annual General Meeting and being eligible offer herself for re-appointment. None of the Directors is disqualified for appointment/reappointment under Section 164 of the Companies Act, 2013.

The Independent Directors of the Company have declared that they meet the criteria of Independence in terms of Section 149(7) of the Companies Act, 2013 and that there is no change in their status of Independence.

REMUNERATION POLICY OF THE COMPANY

The Remuneration policy of the Company comprising the appointment and remuneration of the Directors, Key Managerial Personnel and Senior Executives of the Company including criteria for determining qualifications, positive attributes, Independence of a Director and other related matters have been provided in the Corporate Governance Report which forms part of this report.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Regulation 15 (2) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Independent Directors at their meeting without the participation of the Independent Directors, considered/evaluated the Boards' performance, Performance of the Managing Director and other Independent Directors.

The criteria for performance evaluation have been detailed in the Corporate Governance Report which forms part of this report.

BOARD MEETINGS HELD DURING THE YEAR

During the year, 5 meetings of the Board of Directors were held. The details of the meetings are furnished in the Corporate Governance Report which forms part of this report.

EXTRACT OF ANNUAL RETURN

An extract of Annual Return in Form MGT-9 as on 31st March, 2018 is attached as **ANNEXURE – II**, which forms part of this report.

FUND RAISING: Equity – Nil, Deposits - Nil

DEBT

During the year, your Company has obtained LARR Loan to the tune of Rs.965 Lakhs from M/s IDBI BANK Limited. The Company has repaid Rs.10.83 Lakhs as on 31st March, 2018.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, No employees are drawing remuneration in excess of the limits set out in the said Rules.

Having regard to the provisions of Section 136(1) read with its relevant provision of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available at the website and also at the Registered Office of the Company for inspection during working hours and any member interested in obtaining such information may write to the Compliance Officer and the same will be furnished without any fee and free of cost.

DIRECTORS RESPONSIBILITY STATEMENT

To the best of our knowledge and belief and according to the information and explanations obtained by us, your Directors make the following statements in terms of Section 134(3) (c) of the Companies Act, 2013:

- a) in the preparation of the annual financial statements for the year ended March 31, 2018, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- b) for the financial year ended 31st March, 2018, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the Profit and Loss of the Company for the year ended 31st March, 2018.
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the annual financial statements have been prepared on a going concern basis.
- e) that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

THAMBBI MODERN SPINNING MILLS LIMITED

- d) the annual financial statements have been prepared on a going concern basis.
- e) that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

Significant and Material Orders Passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company.

Internal Control Systems and their Adequacy

Details of the same are provided in the Management Discussion and Analysis Report which forms part of this report.

Research and Development, Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo - NIL.

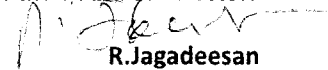
Acknowledgement

The Directors wish to express their appreciation for the continued co-operation of financial institutions. The Directors also wish to thank the employees for their contribution, support and continued co-operation throughout the year.

Place : Salem

Date : 08th November, 2018

By order of the Board of Directors


R. Jagadeesan

Managing Director

DIN: 01153985


Malathi Jagadeesan

Director

DIN: 00153952

ADDENDUM TO BOARD OF DIRECTOR'S REPORT

Comments of Secretarial Auditor

1. The company has received notice from Securities and Exchange board of India in respect of SEBI (Listing Obligations and Disclosure Requirements), 2015 for late/non-submission of unaudited financial results for the quarter ended December 2017 & March 2018 and the company has taken necessary actions, replied and paid penalties and applied for refund with Bombay Stock Exchange and Securities and Exchange Board of India, 2015.
2. The Company is yet to appoint Company Secretary as per Section 203 of Companies Act, 2013 for the financial year ended 2017-2018.

Reply by the Board of Directors to Secretarial auditor comments

1. The Company has made necessary actions required by the Bombay stock exchange and paid penalties and also applied with the Bombay Stock exchange to condone the delay and applied for refund the penalties paid by the Company on 31.08.2018.
2. The company did not receive any suitable application for the post of Company Secretary for the pay scale prescribed by the policy of the Company.