

SRI NACHAMMAI COTTON MILLS LIMITED,

Registered Office :

Door No. 181, 'VASANTHAM', 4th Cross Street, New Fairlands,

SALEM - 636 016.

Our Ref : _____

Dated : 26.11.2018

To
BSE Limited.,
25th floor, P.J.Towers,
Dalal Street,
MUMBAI 400 001.

Dear Sir,

Sub: Letter Dated 16.11.2018- Non submission of Annual Report – 2017-18

Sir,

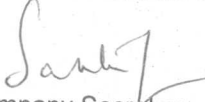
The company has already mailed the scanned copy of Annual Report for the year 2017-18 at the mail id Corp.relation@bseindia.com on 1st of October 2018. Due to inadvertent reason the company missed to upload the same with bse listing.

We request you to waive the fine imposed.

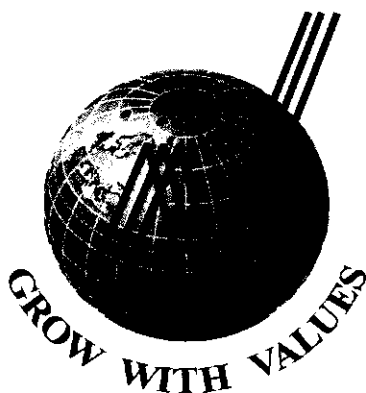
Thanking you,

Yours faithfully,

For Sri Nachammai Cotton Mills Limited.,


Company Secretary.

SRI NACHAMMAI COTTON MILLS LIMITED



38th ANNUAL REPORT 2017 - 2018



SRI NACHAMMAI COTTON MILLS LIMITED

Registered Office : Door No. 181, 'VASANTHAM', 4th Cross Street, New Fairlands, SALEM 636 016

CIN No. L17115TZ1980PLC000916 Phone No. 0427-2330847, Fax No. 0427-2331951

E-mail : sncm@rediffmail.com, Website : www.sncmindia.com

BOARD OF DIRECTORS

Chairman cum Managing Director

Managing Director

Non Executive Independent Director

Non Executive Independent Director

Non Executive Independent Director

Non Executive Independent Director

Non Executive Independent Director

Non Executive Director

Non Executive Director

Non Executive Director

STATUTORY AUDITORS

SECRETARIAL AUDITOR

INTERNAL AUDITOR

CIN No.

BANKERS

REGISTRAR AND SHARE TRANSFER AGENTS

COMPANY SECRETARY

CHIEF FINANCIAL OFFICER

Smt. P. Umayal

Shri P. Palaniappan

Shri A. Alagappan

Shri Perumal Madhavagopal

Shri PL. Subbiah

Shri S. Ravichandran

Smt. Shantha Radhakrishnan

Shri A. Annamalai

Smt. Vasantha

Shri A. Arunkumar

M/S. V.V. Soundararajan & Co.,

Chartered Accountants, Salem - 636 007

Mr. M.R.L. Narasimha,

Practicing Company Secretary, Combatore - 641002

Shri H. Venugopal

Chartered Accountant, Salem - 636 006

L17115TZ1980PLC000916

Indian Overseas Bank

Salem Main Branch, Salem - 636 001

Cameo Corporate Services Limited

'Subramanian Building'

No. 1, Club House Road, Chennai - 600 002

Ms. Sarita Jain .G

Shri A. Subramanian

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Contact Details

Registered Office : Door No. 181, 'VASANTHAM',
4th Cross Street, New Fairlands,
SALEM 636 016

Mills at : Near Railway Station
Chettinad - 630 102
Sivaganga District

Phone Numbers : 0427-2331879, 2330847

Fax : 0427 - 2331951

E-mail : sncm@rediffmail.com

Website : www.sncmindia.com



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Shri A. Alagappan

Shri Perumal Madhavagopal

Shri PL. Subbiah

Shri S. Ravichandran

Smt. Shantha Radhakrishnan

Shri A. Annamalai

Smt. Vasantha

Shri A. Arunkumar

M/S. V.V. Soundararajan & Co.,

Chartered Accountants, Salem - 636 007

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Mills at :	Near Railway Station Chettinad - 630 102 Sivaganga District
Phone Numbers :	0427-2331879, 2330847
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SRI NACHAMMAI COTTON MILLS LIMITED

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Registered Office : Door No. 181, 'VASANTHAM', 4th Cross Street, New Fairlands, SALEM 636 016
Phone No. 0427-2330847, Fax No. 0427 - 2331851, CIN: L17115TZ1980PLC000916
E-mail :snm @rediffmail.com Website: www.snmindia.com

NOTICE TO THE SHAREHOLDERS

Notice is hereby given pursuant to Section 86 and other applicable provisions of the Companies Act, 2013 that the 36th Annual General Meeting will be held on Tuesday, the 25th day of September, 2018 at 5.00 P.M at Hotel Sri Sai Vihar, No.30 Murugan Temple Street, Fairlands, Salem - 636 016 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 31st March, 2018, 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. Sri. A. Arunkumar (DIN.07176491), Director retires by rotation and being eligible, offers himself for re-election.

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

"RESOLVED THAT pursuant to Section 139(2) and other applicable provisions, if any of the Companies Act, 2013, and the rules framed there under (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) M/S V.V.SOUNDARARAJAN & CO., Chartered Accountants (Registration No.003944S) Salem be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the 42nd Annual General Meeting of the Company. The Board of Directors be and are hereby authorised to fix their remuneration on the recommendation of the Audit Committee".

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification, 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 or re-enactment thereof for the time being in force, the remuneration payable to Sri B. VENKATESWAR, Cost Accountant, Coimbatore having the Membership No.27622 appointed by the Board of Directors to conduct the Audit of the Cost accounting records of the Company for the Financial Year 2018 -19 amounting to Rs.25,000/- per annum exclusive of GST as applicable and re-imbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution".

5. To appoint Smt. C Renuka (DIN.02209915) Additional Director, as the Director of the Company.

"RESOLVED THAT Smt. C Renuka (DIN.02209915, who was appointed as an Additional Director on the Board of Directors ('Board') of the Company with effect from 30th May, 2018 in terms of Section 161 of the Companies Act, 2013, holds office up to the date of this Annual General Meeting, be and is hereby appointed as the Non Executive Non Independent Director, liable to retire by rotation, of the Company.

RESOLVED FURTHER THAT P.Umayal, Chairman cum Managing Director of the Company be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give complete effect to this resolution."



SRI NACHAMMAI COTTON MILLS LIMITED

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

"RESOLVED THAT pursuant to the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, consent of the members be and is hereby accorded to the continuance of Directorship of Sri. Perumal Madhavagopal (DIN. 00363963) upto 9th December 2019, who was appointed as an Independent Director of the Company at the 34th AGM held on 10th December 2014 to hold office for five consecutive years for a term upto 9th December 2019, not liable to retire by rotation, pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment, and Qualification of Directors) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force)."

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

P.Umayal,
Chairman cum Managing Director,
Din.00110260.

Place : Salem

Date : 30th May, 2018.

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. Please read the instructions printed overleaf the Proxy Form attached to this notice before using the Form. The right of remote e-voting shall not be exercised by a Proxy.
2. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and 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.
3. The Register of Members and Share Transfer books of the Company shall remain closed from **19th September, 2018 to 25th September, 2018** (both days inclusive).
4. Additional information pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Directors seeking appointment/re-appointment at the AGM are furnished and forms part of the Notice. The Directors have furnished the requisite consents/declarations for their appointment(s).
5. Members holding shares in Physical form are requested to contact M/S. Cameo Corporate Services Limited, Registrars and Share Transfer Agents of the Company, at 'Subramanian Building', No.1 Club House Road, Chennai 600 002 for recording any change of address, bank mandate, or nominations and for redress of grievance or contact the Company Secretary at the Registered Office of the Company. In case of shareholders holding shares in demat form, all such intimation are to be sent to their respective Depository Participants (DP).
6. As per the provisions of the Companies Act, facility for making nominations is available to individuals holding shares in the Company. The prescribed nomination form can be obtained from the RTA/Depository Participants.
7. 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.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market for registering transfers, transpositions, transmissions etc. Members holding shares in electronic form are, therefore, requested to submit the 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 RTA, Cameo Corporate Services Limited., at 'Subramanian Building', No.1 Club House Road, Chennai 600 002.
9. Members are requested to inform the Company their e-mail ID to facilitate quick response from the Company. Ministry of Corporate Affairs has recognised e-mail communication to share holders as effective and efficient means of communication from the company and also member's communication to the Company. Members may register their e-mail ID with the company and also keep the Company informed of any changes in their e-mail ID.



10. Members are advised to dematerialise the shares held in Physical form. As per LODR amendments from December 2018, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository.
11. The Notice along with the Annual Report 2017-18 are being sent by the permitted mode. Members may note that this Notice and Annual Report 2017-18 will also be available on the Company's website: www.sncmindia.com.
12. A member requiring clarification on account or operations of the Company shall write to the Chief Financial Officer/Company Secretary at least 7 days before the meeting, so that the information required can be provided.

13. Voting through Electronic Means

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 38th 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).

The instructions for members for voting electronically are as under:

- (i) The e-voting period begins on 22nd September, 2018 (9.00 a.m) and ends on 24th September, 2018 (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 18.09.2018 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" tab.
- (iv) 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) 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	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/RTA/DP / are requested to use the first two letters of their name and the sequence number in the PAN field. The Sl. No. Printed on your address slip pasted on the Annual Report envelope added with sufficient 0s in between the first two letters of your name and the Sl.No. to fill the ten digit PAN field for this purpose. Example: If your name is Ramesh Kumar with Sl.No. 1 then enter RA00000001 in the *PAN field*.
Date of Birth Dividend Bank Details	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. 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 (iv)



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(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 in which they are eligible to vote, provided that company opts for e-voting through CDSL plat form. 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 of "Sri Nachammai Cotton Mills Limited".

(xii) On the voting page, there will be "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies assent to the Resolution and option NO implies dissent to the resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" to view the Resolution details.

(xiv) After selecting the resolution to vote on, click on "SUBMIT". A confirmation box will be displayed. To confirm the vote, click on "OK", else to change the vote, click on "CANCEL" and accordingly modify the vote.

(xv) Once the vote on the resolution is "CONFIRM", shall not be allowed to modify the vote.

(xvi) A print of the votes cast can be taken by clicking on "Click here to print" option.

(xvii) 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.

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

* Non-individual shareholders (i.e. other than individuals, HUF, NRI etc.) and Custodians are required to log on to www.evoting.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.

* 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.

(xix) 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, under help section or write an email to helpdesk.evoting@cdslindia.com.

(xx) In case of members receiving the Physical copy and person who acquire shares of the Company and become a member of the Company as on the Cut-off date.

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

b) In case of any queries or issues regarding e-voting, members may refer to 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.



VOTING AT THE VENUE OF THE AGM

- i) The Company offers the facility for voting through polling paper at the meeting. The Members as on the cut-off date 18.09.2018 attending the AGM are entitled to exercise their voting right at the meeting.
- ii) Members who have cast their vote by e-Voting may attend the AGM and shall not be entitled to cast their vote.
- iii) The Chairman will fix the time for voting at the Meeting. Shareholders present in person or by Proxy can vote.

General Instructions

1. The cut-off date for the purpose of e-voting has been fixed as 18.09.2018. Members holding shares as on this cut off date should endeavour to cast their vote.
2. Voting rights of Shareholders shall be in proportion to their shareholding in the Company as on the cut-off date of 18.09.2018
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 Scrutinizer to scrutinize the e-voting.
5. The Scrutinizer shall after the conclusion of voting at the AGM.
 - (i) Count the votes cast at the Meeting through polling paper.
 - (ii) Thereafter unlock the votes cast through remote e-voting which will be done in the presence of two witnesses, not in the employment of the Company.
 - (iii) The Scrutinizer not later than two days of the conclusion of the AGM shall submit a consolidated Scrutinizer Report of the total votes cast through remote e-voting process and poll cast at the AGM to the Chairman.
 - (iv) The Chairman or a person authorised by him in writing shall declare the result of the voting based on Scrutiniser's Report.
 - (v) Subject to receipt of requisite number of votes, the Resolution shall be deemed to be passed on the date of AGM.
 - (vi) The results declared alongwith the Scrutiniser's Report will be placed on the company's website www.sncmindia.com and on the website of CDSL www.evoting.cdsl.com immediately after the result is declared and also communicated to BSE.

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

ITEM No.4

On the recommendation of the Audit Committee, Board of Directors has appointed Sri B.Venkateswar, Cost Accountant as Cost Auditor of the Company for audit of Cost Accounts of the Company for the FY 2018-19 on the remuneration of Rs.25,000/- (Rupees Twenty Five Thousand only) excluding out of pocket expenses and GST. As per the provisions of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules 2014 with subsequent amendments thereto, remuneration payable to the cost auditor as approved by the Board of Directors of the Company shall be ratified by the shareholders. Resolution for this purpose is placed for consideration of members for ratification of the remuneration as stated in the resolution.

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 or the key managerial personnel or their relatives is interested in the resolution.



SRI NACHAMMAI COTTON MILLS LIMITED

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ITEM No.5

Smt. C Renuka was appointed as an Additional Director of the Company with effect from 30th May 2018, holds office up to the date of the ensuing Annual General Meeting of the Company, in accordance with the provisions of Section 161 of the Companies Act, 2013, read with the Articles of Association of the Company. The Board is of the view that the appointment of Smt. C Renuka on the Company's Board as Director is desirable and would be beneficial to the Company. Resolution for this purpose is placed for consideration of members for approval by an ordinary resolution.

None of the Directors/Key Managerial Personnel of the Company/their relatives, except Smt. C Renuka herself, is in any way concerned or interested, in the resolution.

ITEM No.6

The members of the Company at its 34th Annual General Meeting held on 10th December, 2014 appointed Sri. Perumal Madhavagopal as an Independent Director of the Company for a period of five consecutive years for a term upto 9th December 2019. However, SEBI vide notification dated 09 May, 2018 notified the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 wherein it was prescribed that, no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a Special Resolution is passed to that effect. Sri Perumal Madhavagopal exceeds the age of seventy five (75) years.

The aforesaid provision shall be effective from 01.04.2019, which will be before convening of the 39th Annual General Meeting.

Brief resume of Sri. Perumal Madhavagopal, Chairmanships of Board Committees, Shareholding and relationships between directors inter-se etc. as stipulated under Listing Regulations and other relevant details as required under Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, are provided in the Corporate Governance Report forming part of the Annual Report.

The Board considers that Sri. Perumal Madhavagopal continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as an Independent Director.

Accordingly, Resolution for this purpose is placed for consideration of members for approval by as Special Resolution.

None of the Directors/Key Managerial Personnel of the Company/their relatives, except Sri. Perumal Madhavagopal himself is in any way concerned or interested, in the said resolution.

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

Place : Salem
Date : 30th May, 2018.

P.Umayal,
Chairman cum Managing Director,
DIn.00110260.



Details of Director seeking appointment /and re-appointment as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015

1. Name

DIN No. : A. Arunkumar
Date of Birth & Age : 07176491
Nationality : 20.02.1982 (36 years)
DOA on the Board : Indian
Relation with other Director : 06.05.2015
Qualification : Son of Sri A. Annamalai, Director
Experience : (B.E)
No. of Shares held : 8 Years in the field of Engineering
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

2. Name

DIN No. : C. Renuka
Date of Birth & Age : 02209915
Nationality : 16.07.1949 (67 years)
DOA on the Board : Indian
Relation with other Director : 30.05.2018
Qualification : Nil
Experience : B.A.
No. of Shares held : Expert in Account and Finance
Nil

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

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SRI NACHAMMAI COTTON MILLS LIMITED

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REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS

Dear Shareholders,

The Board of Directors of your Company is pleased to present the 38th Annual Report on the business of the Company along with summary of financial statements for the year ended 31st March, 2018. The report is prepared in accordance with the provisions of the Companies Act, 2013.

Financial Highlights

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

Particulars	31.03.2018	31.03.2017
	(Rupees in Lakhs)	
Profit before Finance Costs and Depreciation	772.35	1,078.34
Finance costs	450.81	513.69
Depreciation	250.88	455.84
Profit / (Loss) before taxation	70.66	108.81
Less : Current tax	-	8.83
Deferred tax	0.38	(4.41)
Profit / (Loss) after tax	71.04	104.40
Add : Other comprehensive income		
Remeasurement of post employment benefit obligations	3.14	(18.32)
Gain on fair valuation of investments	(1.02)	(0.26)
Income tax relating to these items	(1.00)	4.00
Total other comprehensive income for the year	1.12	(14.58)
Total Comprehensive Income / (Loss) for the year	72.17	89.82
Earnings per share Basic / Diluted	1.66	2.44

Dividend

The Company is unable to declare any Dividend on account of accumulated losses.

Review of Operations

During the year, the Company has made a turnover of Rs.15731.34 Lakhs as against Rs. 16842.13 Lakhs in the previous year. The Company has made a net profit of Rs. 72.17 Lakhs during the current year as compared to Net Profit of Rs. 89.82 Lakhs last year.

Management's Discussion and Analysis

As per the Regulation 34(1) (e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the report on "Management Discussion and Analysis" forms an integral part of Annual Report as Annexure -1

Deposits

Company has not accepted any deposits from public.

Directors and Key Managerial Personnel

Pursuant to the provisions of Section 152 of the Companies Act, 2013 Sri A.Arunkumar retire by rotation and being eligible offers himself for reappointment and the resolution is placed before the Shareholders for approval.

A brief resume, expertise, shareholding in the Company and details of other entities in which the Director is interested as stipulated under Regulation 36(3)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Secretarial Standard is provided in the Notice attached.

At the Board Meeting held on 21st August, 2014 Sri P. Palaniappan, Chairman cum Managing Director and Smt. P. Umayal, Joint Managing Director of the Company was reappointed for a term of five years from 19.12.2014 to 18.12.2019 and designated as "Key Managerial Personnel" of the Company pursuant to Section 2(51), 203 of the Companies Act, 2013 read with Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014.



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Sri P. Palaniappan, resigned from the post of Chairman cum Managing Director with effect from 18th November, 2015 but shall continue to be the Managing Director of the Company.

Smt. P. Umayal was appointed as the Chairman of the Board of Directors with effect from 18th November, 2015 and she shall remain as Chairman cum Managing Director of the Company.

Sri. Perumal Madhavagopal attained the age of 75 (Seventy Five) years on February 06, 2019. His continuation as the Non Executive Director on the Board of Directors is placed before the Shareholders for their approval.

Pursuant to the provisions of Section 148 of the Act, Sri Perumal Madhavagopal, Sri A. Alagappan, Sri S. Ravichandran, Sri P.L. Subbiah and Smt. Shantha Radhakrishnan were appointed as independent Directors at the 34th AGM of the Company held on 10th December, 2014 for a term of five consecutive years from 10th December, 2014 to 9th December, 2019.

Smt. S. Manjitha Mohan Executive Director retired from the Board with effect from 30.05.2018 due to her absence from India for a long period.

Smt. C.Renuka was appointed as an additional Director of the Company with effect from 30th May 2018.

All the Directors of the Company have confirmed that they are not disqualified from being appointed as Directors in terms of Section 184(1) and Rule 9 (ii) of the Companies Act, 2013.

Declaration by Independent Directors

The Company has received necessary declaration from each independent director under Section 148(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 148(6) of the Companies Act, 2013 and Regulation 25 of SEBI LODR.

During the year, all the independent Directors were present in meeting of independent Directors. The independent Directors assessed the quality, quantity and timeliness of flow of information between the management and the Board and expressed that the Company flow of information and controls were adequate for the Board to effectively perform its duties.

Financial Results of the year 2018

The Company had conducted various sessions during the financial year to familiarize all the Directors including the independent Directors with the updates of Company, their roles, responsibilities in the Company, and the technology and the risk management systems of the Company. Further, the Directors are encouraged to attend the training programmes being organized by various regulatory bodies/institutions on above matters.

Number of Board Meetings and Committee Meetings

The Board met five (5) times during the financial year on 23rd May, 2017, 12th August, 2017, 6th September, 2017, 9th December, 2017 and 12th February, 2018.

Secretary Auditors

The Company's Auditors, M/S. V.V. Saurasthajan & CO., Chartered Accountants, Salem hold office for a term of five years (5) commencing from the financial year 2017-2022 till the conclusion of the Annual General Meeting to be held in the year 2022.

The Auditors' Report for FY 2017-18 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in the Annual Report.

Secretarial Auditor

As required under Section 204 of the Act, and Rules made there under Sri M.R.L. Muzasintha, Practising Company Secretary was appointed to conduct the Secretarial Audit of the Company for the financial year 2017-18. The Secretarial Audit Report for the financial year 2017-18 forms part of the Annual Report as Annexure to the V to the Board's Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Cost Auditor

Section 148 of the Companies Act, 2013 pertaining to audit of Cost Records is applicable to the Company. Based on the recommendation of the Audit Committee, Mr.B. Venkateswar, Cost Accountant was appointed as Cost Auditor of the Company for the financial year 2018-19 and the remuneration payable to Cost Auditor is placed before the Shareholders for ratification.



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Internal Auditor

The Company has re-appointed Mr. H. Venugopal as the Internal Auditor of the Company for a further period of one year for the financial year 2018-19. The scope of work includes review of process for safeguarding the assets of the Company, review of operational efficiency, effectiveness of system and processes and assessing the strength and weaknesses of internal control. Internal Auditor reports are placed before the Audit Committee on a regular basis for taking suitable action for improvement, wherever required.

Subsidiaries, Joint Ventures and Associates

The Company does not have any Subsidiary, Joint venture or Associate Company.

Corporate Social Responsibility

Corporate Social Responsibility is not presently applicable as the Company does not satisfy the conditions laid down in Section 135 with regard to networth, turnover and net profits.

Material Changes and Commitments

There have been no material changes and commitments between the end of financial year (March 31, 2018) and the date of the report affecting the financial position of the Company.

Adequacy of Internal Financial Controls and Internal Control System

The Company has in place adequacy internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation was observed.

Company has established adequate Internal Control procedures, commensurate with the nature of its business and size of its operations and for ensuring the orderly and efficient conduct of its business for 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.

The Company has appointed Internal Auditor to observe the Internal controls, whether the work flow of organization is being done through the approved policies of the Company. In every quarter during the approval of Financial statements, Internal Auditors will present the Internal Audit Report and Management Comments on the Internal Audit observation.

Particulars of Loan, Guarantees and Investments under Section 185 – Details of Loan

Sl. No.	Period of making Loan	Details of Lender	Amount - Rs. in Lakhs	Purpose for which the loan is to be utilized by the recipient	Time period for which it is given	Date of BR	Rate of interest
1	01.04.2017 to 31.03.2018	Supreme Yarn Spinners Limited Door No.181, "VASANTHAM", 4 th Cross Street, New Fairlands, Salem 636 016	308.25/-	Inter Corporate Loan	Repayable on Demand	29.05.2017 06.09.2017 09.12.2017 12.02.2018	12%
2	01.04.2017 to 31.03.2018	Raja Yarn Spinners Limited Door No.181, "VASANTHAM", 4 th Cross Street, New Fairlands, Salem 636 016	582.32/-	Inter Corporate Loan	Repayable on Demand	29.05.2017 06.09.2017 09.12.2017 12.02.2018	5.25%

Investment made under Section 186 of the Companies Act, 2016

Investment made by the Company is within the limits specified under Section 186 of the Companies Act, 2013.

Significant & Material orders

No Significant and Materials orders have been passed by any Regulator or Court or Tribunal which can have an impact on the going concern status and the Company's operations in future.



SRI NACHAMMAI COTTON MILLS LIMITED

Disclosure as required under Section 22 of Sexual Harassment of Workmen at Workplace (Prevention, Prohibition and Redressal) Act, 2013

As per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted an Internal Complaints Committee. During the Financial Year 2017-2018 no complaint was received before the committee.

Conservation of Energy, Technology Absorption, Exports and Foreign Exchange earnings and outgo.

The information on Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as **Annexure – II**

Corporate Governance

As per the new Regulation 27(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Corporate Governance Report, together with the Certificate from the Company's Auditors confirming the compliance of conditions on Corporate Governance is given in **Annexure-III**

Extract of Annual Return

The extract of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014, in format MGT - 9, for the Financial Year 2017-18 is enclosed with this report. - **Annexure –IV**

Contracts or Arrangements with Related Parties

Transactions entered with related parties have been explained in Form **AOC – 2 -Annexure – V** annexed with this report and forms part of this Report. Further, Policy on dealing with Related Party transactions has been uploaded on the Company's website <http://www.sncmindia.com>.

Vigil Mechanism/Whistle Blower Policy

In pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for Directors and employees to report genuine concerns has been established.

The Vigil Mechanism Policy has been uploaded on the website of the Company at <http://www.sncmindia.com>.

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structure and disciplined approach to risk management, in order to guide decisions on risk related issues.

Audit Committee

Audit Committee is in existence in accordance with the provisions of Section 177 of the Companies Act, 2013. The details relating to the composition, meetings, and functions of the Committee are given in Corporate Governance Report. The Board has accepted recommendations of Audit Committee, hence no disclosure required under Section 177(8) of the Companies Act, 2013.

Risk Management Policy

As per the Regulation 27(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board members were informed about risk assessment and minimization procedures after which the Board formally adopted steps for framing, implementing and monitoring the risk management plan for the Company. All the results and evaluation has been communicated.

Board Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, board committees and individual Directors pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The performance of the board was evaluated by the board after seeking inputs from all the Directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc. as provided by the guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as the Composition of committees, effectiveness of committee meetings, etc.



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The Board and the Nomination and Remuneration Committee reviewed the performance of individual Directors on the basis of criteria such as contribution of the individual Director to the board and committee meetings like preparation on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

Nomination and Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed the policy on Director's appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a Director and other matters as required under sub-section (3) of Section 178 of the Companies Act, 2013 which have been outlined in Nomination & Remuneration policy forming part of this Report.

The details of Remuneration to Directors are given in Annexure VI

Directors Responsibility Statement

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- the Directors 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 at the end of the financial year and of the Profit and Loss of the Company for that period;
- the Directors 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;
- the Directors had prepared the annual accounts on a going concern basis;
- have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Particulars of Employees

The disclosure referred to the Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 does not apply to the Company as there were no employees who are in receipt of remuneration in aggregate of more than Rs.1,02,00,000/- if employed throughout the year or Rs.8,50,000/- per month if employed for part of the year.

Details of top 10 employees based on their salary is disclosed in Annexure VIII.

Listing

The Equity Shares of the Company are listed in BSE Limited and the Company has duly paid the Annual listing fees for the year 2018-19.

M/s. Cameo Corporate Services Limited, Chennai is the Registrar for providing depository services through National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), for holding Shares in Electronic mode (De-mat) of our Shareholders and also is the Registrar for Share Transfer Services for physical segment.

Acknowledgements

Your Directors wish to place on record their deep sense of appreciation for the tremendous support from the Bankers M/s. Indian Overseas Bank, the shareholders, and all our suppliers and customers. The Board also wishes to place on record their appreciation for the contribution made by the employees at all levels.

For and on behalf of the Board of Directors,

P. Umayal,

Chairman cum Managing Director.

Din. 00110260.

Salem,
30th May, 2018



SRI NACHAMMAI COTTON MILLS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

ANNEXURE - I

A. INDUSTRY STRUCTURE AND DEVELOPMENTS :

Textile Industry is the largest employer of workforce after agriculture; It plays a crucial role in the Indian economy. Its importance to the Indian economy is recognised for its significant contribution to industrial production and export earnings. The Indian spinning sector is largely organised and continues to be a predominant supplier of cotton yarn in the world. The cotton yarn manufactured by the Indian spinning mills is said to be one among the best in the world.

During the previous year, GST was introduced in July 2017 which led to a drastic slowdown in yarn sales since people needed some time to adapt and exporters received their refunds belatedly. But, these issues have been settled; hence we expect a pickup in yarn sales. Labour shortage and labour absenteeism was also high which led to drop in capacity utilization.

B. OPPORTUNITIES, THREATS, RISKS AND CONCERNS :

The spinning industry is dependent on cotton which is an agricultural product and this single input will be about 60% of the selling price of yarn, hence, price fluctuations and availability of cotton will play major role in the performance of spinning mills always.

C. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE :

At present, the segmental reporting is not applicable to the company as it operates only in single reportable business i.e. "Textiles"

D. OUTLOOK :

The minimum support price of cotton has been fixed for the coming season. There is a considerable increase in the minimum support price and there will not be any significant drop in cotton prices. Hence, we expect the yarn price will remain more or less the same. With too many changes happening in the global markets, like the US increasing import tariffs, the coming period will be full of challenges/opportunities.

E. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition. All the transactions are authorised, recorded and reported correctly.

F. FINANCIAL AND OPERATIONAL PERFORMANCE :

Please refer Board Report on financial and operational performance review.

G. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT :

The Company has been conducting training & motivational programs for both the management staff and the workers. The purpose is to increase the competency levels in the organization. The Company recognizes the importance and contribution of its human resources for its growth and development and is committed to the development of its people.

H. CAUTIONARY STATEMENT :

Certain statements made in the Management Analysis and Report relating to company's outlook, expectations, etc. may constitute forward looking statements within the meaning of the applicable laws and regulations. Actual results may vary from outlook, expectations etc, whether express or implied. Several factors could make a significant difference to the Company's operations which may include climate conditions, economic conditions affecting demand and supply, Government regulations, natural calamity, etc. over which the company does not have any control.



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ANNEXURE TO DIRECTOR'S REPORT

ANNEXURE - II

FORM A

(a) Power and Fuel Consumption		Current year ended 31.03.2018	Previous year ended 31.03.2017
1.	Electricity		
(a)	Purchased		
	Units	2,82,92,396	2,88,34,566
	Total Amount (Rs.)	16,78,41,697	18,12,96,906
	Rate Per unit (Rs.)	5.93	6.29
(b)	Own Generation		
(i)	Through Diesel Generator		
	Units	1,12,258	1,29,816
	Units per litre of Diesel	3.40	3.46
	Cost / Unit (Rs.)	13.29	10.19
(ii)	Through Steam Turbine/Generator	Nil	Nil
2.	Coal	Nil	Nil
3.	Furnace Oil	Nil	Nil
4.	Other / Internal Generation	Nil	Nil
(b)	Consumption per unit of production		
	Yarn produced (kgs)	78,36,145	81,21,380
	Electricity Consumed (Units)	2,84,04,654	2,89,64,382
	Consumption per Kg. of yarn	3.62	3.57

B. PARTICULARS OF TECHNOLOGY ABSORPTION

The Company has no R & D Division. The Company is a member of South India Textile Research Association and gets the benefits of their research.

C. PARTICULARS ON FOREIGN EXCHANGE EARNINGS AND OUTGO

EARNINGS	: Direct Exports	Rs.	Nil	Rs.	Nil
OUTGO	: Import of Spares	Rs.	71,15,422	Rs.	52,07,994
	Import of Capital Goods	Rs.	Nil	Rs.	Nil
	Import of Raw Material	Rs.	21,56,71,354	Rs.	38,35,55,816
		Rs.	<u>22,27,86,776</u>	Rs.	<u>38,87,63,810</u>

Place : Salem
Date : 30th May, 2018

For and on behalf of the Board of Directors,
P. Umayal,
Chairman cum Managing Director.
Din:00110260.



SRI NACHAMMAI COTTON MILLS LIMITED

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REPORT ON CORPORATE GOVERNANCE

ANNEXURE - III

The Directors present the Company's Report on Corporate Governance for the year ended on 31st March 2018, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1. Company's Philosophy on Code of Corporate Governance

The Company's philosophy on corporate governance is to ensure that its obligations are discharged in a fair and transparent manner and to enhance the value of all its Stakeholders. The Directors and the Management of the Company maintain high standards of corporate governance in conducting its business and ensure that an effective self regulatory mechanism exists to protect the interest of all the Stakeholders. The Company is in compliance with the Corporate Governance norms as stipulated under Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchange where its shares are listed.

2. Board of Directors

The Board of Directors is committed to ethical and lawful conduct of the business. They provide leadership and strategic guidance on the affairs of the Company.

The Company follows the practice of fixing the Board Meetings well in advance to ensure maximum attendance of all Directors. The Board determines strategic policies, approves annual plans & budgets, capital expenditure, new projects, investment plans, conducts performance review, ensures compliance, and risk management etc., periodically. A minimum of four meetings of the Board of Directors are held each year, one meeting is held in each quarter and it is ensured that the gap between two meetings does not exceed 120 days.

a. Composition

Your Company's Board has an optimum combination of Executive, Non-executive, Independent and Women Directors as per requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Details of composition of the Board, category, attendance of Directors at Board Meetings and the last Annual General Meeting, number of other Directorships and other Committee memberships are given below.

Sl. No.	Name of the Director	Shares held	Category	Attendance particulars		Director ships in other public companies	Committee positions across all Public Companies	
				Board Meetings	AGM		Chairman / Vice chairman	Member
1.	Shri P. Palaniappan (Managing Director) Din. 01577805	198505	ED(P)	5	Yes	-	-	2
2.	Smt. P. Umayal (Chairman cum Managing Director) Din. 00110260	1036343	ED(P)	5	Yes	1	-	2
3.	Shri A. Annamalai Din. 00625832	3718	NED	5	Yes	1	-	-
4.	Shri A. Alagappan* Din. 00363600	100	ID	2	No	-	2	-
5.	Shri Perumal Madhavagopal* Din. 00363963	100	ID	5	Yes	-	3	1
6.	Shri S. Ravichandran* Din. 00759455	8234	ID	4	Yes	-	1	3
7.	Shri PL. Subbiah* Din. 02131140	-	ID	2	No	1	-	-
8.	Smt. Shantha Radhakrishnan* Din. 06976554	-	ID	3	No	-	-	-
9.	Smt. Vasanth** Din. 00627405	-	NED	3	No	-	-	-
10.	Shri A. Arunkumar Din. 07176491	2552	NED	5	Yes	-	-	-
11.	Smt. C. Renuka***	-	NED	-	-	-	-	-



SRI NACHAMMAI COTTON MILLS LIMITED

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ED (P) – Executive Director – Promoter

NED– Non Executive Director

* ID – Independent Directors were appointed on 10.12.2014 for a period of 5 years (Upto 09.12.2019)

** Smt. Vasantha, Resigned Directorship from the Board with w.e.f from 30.05.2018

*** Smt. C.Renuka was appointed as Addl. Director w.e.f from 30.05.2018

b. Board Meetings

During the financial year 2017-18, Five (5) Board Meetings were held on **29th May, 2017, 12th August, 2017, 6th September, 2017, 9th December, 2017 and 12th February, 2018**. No Board Meeting was conducted through video conferencing or other audio visual means.

c. Independent Directors

All the Independent Directors of the Company viz., Sri Perumal Madhavagopal, Sri A.Alagappan, Sri S.Ravichandran, Sri PL.Subbiah and Smt. Shantha Radhakrishnan were appointed at the 34th AGM of the Company held on 10th December, 2014 for a term of five consecutive years from 10.12.2014 to 09.12.2019.

Independent Directors discussed/reviewed the matters specified in Regulation 25 of SEBI LODR/ Schedule IV of the Companies Act, 2013 in the meeting held on 30th January, 2018. All the Independent Directors were present at the meeting.

3. Committees of Directors

To assist the Board to ensure effective compliance of all the statutory requirements and for efficient conduct of business of the Company, the Board constituted various Committees. The scope, role and responsibilities of such Committees were clearly defined in the terms of reference of each Committee as per the statutory requirements. The details of the Committees and their operations are as follows:

a. Audit Committee

The Board has constituted a well-qualified Audit Committee in compliance with Section 177 of the Companies Act, 2013 read with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the members including Chairman of the Committee are Independent Directors.

b. Terms of Reference

The Audit Committee assists the Board in its responsibility of overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors including Cost Auditor, the performance of Internal auditors and the risk management policies. The terms of reference of this committee are as required by SEBI under Regulation 18 read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 as well as Section 177 of the Companies Act, 2013.

During the Financial year 2017-2018, Four (4) meetings of the Committee was held on **29th May, 2017, 6th September, 2017, 9th December, 2017 and 12th February, 2018**.

c. Details of composition of the Committee and attendance of the members at the meetings are given below :

Sl. No.	Name	Designation	Independent / Non Independent	No. of Meetings	
				Held	Attended
1.	Shri Perumal Madhavagopal	Chairman	Independent Director	4	4
2.	Shri A. Alagappan	Vice-Chairman	Independent Director	4	3
3.	Shri S. Ravichandran	Member	Independent Director	4	2

All members of the Audit committee are financially literate and have expertise in accounting /financial management. The Managing Director, Chief Financial Officer, Internal Auditor and Statutory Auditors attended meetings of the Committee as invitees. Chairman of the Audit Committee has attended the last Annual General Meeting.



In line with its terms of reference, the Audit Committee, at its each meeting reviewed the operations and the audit reports for businesses pursuant to audits undertaken by the Internal Auditor under the audit plan approved at the commencement of the year. The quarterly financial results were reviewed by the Committee before submission to the Board. Independent sessions were held with Statutory and the Internal Auditor to assess the effectiveness of the audit processes. The Committee reviewed adequacy of Internal Financial Controls on a Company-wide basis and shared their recommendations on the internal control processes to the Board. On a quarterly basis, the Committee continues to review whistle blower complaints, litigations, and related party transactions, the corrective actions and mitigating controls put in place therefore.

4. Nomination and Remuneration Committee

The Nomination and Remuneration (NRC) is constituted in compliance with the requirements of Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013.

a. Terms of Reference

The terms of reference of this committee has been mandated with the same as specified in Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also with the requirement of Section 178 of the Companies Act, 2013.

b. Composition of the committee

The Committee comprises of 3 Independent Directors. The Chairman is a Non-Executive Independent Director. The Composition of the Committee is as under:

Sl. No.	Name	Designation	Independent / Non Independent
1.	Shri Perumal Madhavagopal	Chairman	Independent Director
2.	Shri A. Alagappan	Vice-Chairman	Independent Director
3.	Shri S. Ravichandran	Member	Independent Director

c. Performance Evaluation criteria for Independent Directors.

- ♦ Attendance and active participation in Board, Committees and General Meetings
- ♦ Qualification, Knowledge, Skills and Expertise
- ♦ Updating of skills and knowledge
- ♦ Participation in familiarization programmes
- ♦ Independent and unbiased opinion
- ♦ Informed and balanced decision making
- ♦ Leadership qualities
- ♦ Safeguarding Stakeholders interest
- ♦ Compliance with Articles of Association, Companies Act, 2013 and other laws and regulations
- ♦ Compliance with ethical standards, Corporate governance practices and code of conduct of the Company
- ♦ Review of integrity of financial information and risk management
- ♦ Active participation in determination of remuneration of Directors, KMPs and other senior management
- ♦ Reporting of frauds, violation etc
- ♦ Safeguard of confidential information
- ♦ Information about the company and the external environment in which it operates
- ♦ Reviewing vigil mechanism and safeguarding interest of whistle blowers
- ♦ Effective participation in the deliberations of related party transactions
- ♦ Seek expert opinion if required
- ♦ Moderates and arbitrates conflicts of interest between Stakeholder and Management in the interest of the Company as a whole.



5. Remuneration Policy

The remuneration policy is in consonance with the existing industry practice and also with the provisions of the Companies Act, 2013. The Board of Directors based on the recommendation of the Nomination and Remuneration Committee has formulated a policy on remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The policy covers the appointment, including criteria for determining qualification, positive attributes, independence and remuneration of its Directors, Key Managerial Personnel and Senior Management Personnel.

a. Remuneration of Directors

The Remuneration paid/payable to the Executive Directors for the year ended (12 months) is given as under: (Rupees in Lakhs)

Name of the Director	Salary	Commission	Perquisites and Others	Total	Service Contract
Smt. P. Umayal Chairman cum Managing Director	15.00	-	0.37	15.37	19.12.2014 to 18.12.2019
Shri P. Palaniappan Managing Director	15.00	-	0.38	15.38	19.12.2014 to 18.12.2019

b. The Company does not pay remuneration to any of its non-executive directors barring sitting fees for attending meeting(s).

The details of sitting fee paid to Non Executive Directors during the year are as under:

Sl. No.	Name of the Director	Sitting Fees Rs.
1.	Shri A. Alagappan	11000
2.	Shri Perumal Madhavagopal	21000
3.	Shri S.Ravichandran	13000
4.	Shri PL.Subbiah	8000
5.	Sri A. Annamalai	8000
6.	Smt. Shantha Radhakrishnan	8000
7.	Smt. Vasantha	2000
8.	Shri A. Arunkumar	10000

There has been no materially relevant pecuniary transaction or relationship between the Company and its non-executive directors during the year. The Company currently does not have any stock option scheme.

6. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was constituted in compliance with the provisions of Section 178 of the Companies Act, 2013 read with Regulation 20 and Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This Committee is responsible for the satisfactory redressal of investors' complaints pertaining to share transfers, non-receipt of annual reports, issue of duplicate certificates, transmission of shares and other miscellaneous complaints. In addition, the Committee looks into other issues including status of dematerialization/re-materialization of shares as well as systems and procedures followed to track investor complaints.



SRI NACHAMMAI COTTON MILLS LIMITED

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Stakeholders' Relationship Committee consists of the following Directors

Sl. No.	Name of the Director	Category	Designation	No. of Committee Meetings	
				Held	Attended
1.	Shri S. Ravichandran	Independent Director	Chairman	5	3
2.	Shri Perumal Madhavagopal	Independent Director	Vice - Chairman	5	5
3.	Shri P. Palaniappan	Executive Director	Member	5	5
4.	Smt. P. Umayal	Executive Director	Member	5	5

Miss. Sarita Jain. G, Company Secretary was designated as the Compliance Officer of the Company as per the requirements of Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also responsible for redressal of investors complaints. The Committee attends inter-alia to complaints from Stakeholders and for their redressal. All the complaints / grievances were also placed before the Board for information. Based on the information provided by the Company's Registrar & Share Transfer Agents, at the beginning of the year, no complaint was pending. During the period ended on 31st March, 2018, the Company has not received any complaint from investors and also no investor complaint was pending on 31st March, 2018

The Committee met Five (5) times during the year : on 29th May, 2017, 12th August, 2017, 6th September, 2017, 9th December, 2017 and 12th February, 2018. Pursuant to Regulation 40(9) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 a certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practising Company Secretary has been submitted to the Stock exchange within stipulated time.

During the year, no complaint was received from Ministry of Corporate Affairs/SEBI, including SEBI complaints redress System (Scores).

7. Share Transfer Committee

The Committee has the power to approve transfers and transmission of shares and also issue duplicate share certificate in lieu of those, which are reported to be lost or destroyed.

Share Transfer Committee comprises the following Directors:

Sl. No.	Name of the Director	Category	Designation	No. of Meetings attended
1.	Shri P. Palaniappan	Executive Director	Chairman	8
2.	Smt. P. Umayal	Executive Director	Vice-Chairman	8
3.	Shri Perumal Madhavagopal	Independent Director	Member	8
4.	Shri S. Ravichandran	Independent Director	Member	7

During the year, eight (8) meetings of the share transfer committee was held on the following dates: 29.05.2017, 13.06.2017, 23.06.2017, 05.09.2017, 15.11.2017, 25.11.2017, 10.01.2018 and 02.03.2018.

The Registrar & Share Transfer Agent, after processing the valid Share Transfer Forms, the Share Transfer Register have been forwarded to the Share Transfer Committee for approval. The said Committee meets and approves and the Share Transfers are endorsed by Sri P. Palaniappan, Managing Director or Smt. P. Umayal, Chairman cum Managing Director of the Company. The Share Transfer Register also duly signed by the Committee members. The duly endorsed Share Certificates are sent to the Registrar & Share Transfer Agent for dispatches to the Transferee.

Presently, the share transfers which are received in physical form are processed and the share certificates duly transferred are returned generally within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

There have been no public issues, rights issues or other public offerings during the past five years.



8. General Body Meetings

Details of Location, Date and Time of the Annual General Meetings held during the last three years:

Year	Venue	Date & Time
2017	Hotel Sarathy Classic, 8/3, Park Street, Fairlands, Salem – 636 016	27 th September 2017 at 5.00 P.M.
2016	Hotel Sarathy Classic, 8/3, Park Street, Fairlands, Salem – 636 016	15 th September 2016 at 5.00 P.M.
2015	Hotel Sarathy Classic, 8/3, Park Street, Fairlands, Salem – 636 016	15 th December 2015 at 10.45 A.M.

Chairman of the Audit Committee and Stakeholders Relationship Committee Chairman were present in the last Annual General Meeting.

Electronic voting facility was provided to members for all the Resolutions included in the Notice of 37th Annual General Meeting held on 27th September, 2017.

Mr. M.R.L. Narasimha, (Membership No. F2851) Practicing Company Secretary, Coimbatore was appointed as Scrutinizer for scrutinizing voting process.

Three (3) Ordinary Business and One (1) Special Business was passed through e-voting at the 37th Annual General Meeting held on 27th September, 2017.

During the Current year, the Company proposes to pass all the Resolutions in Ordinary Business & Special business by e-voting in terms of Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

9. Disclosures

- (a) During the financial year ended 31st March, 2018 there is no materially significant related party transaction that may have potential conflict with the interest of the Company at large.

The Company has formulated a Policy for dealing with Related Party Transactions with related parties are given in the Notes to the Financial Statements. During the year under review, your Company had not entered into any material transaction with any of its related parties.

- (b) Neither was any penalties imposed nor were any strictures have been passed by SEBI, Stock Exchange or any Statutory authority on any capital market related matters during the last three years.

- (c) The Company has complied with all mandatory requirements laid down under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has adopted various non-mandatory requirements as well as discussed under relevant headings.

- (d) The Company has not accepted deposits from the public and there are no outstanding dues in respect thereof.

- (e) The Company has followed Indian Accounting Standards ('Ind AS') in the preparation of the Financial Statements for accounting periods beginning on or after 01.04.2016 as per the MCA directions. The significant accounting policies are set out in the notes to the accounts.

- (f) The Company has no subsidiary.

- (g) The company has constituted an Internal Complaints Committee in pursuant to Sexual Harassment of Women at Workplace (Prevention, Prohibition and (Redressal) Act, 2013 to redress the grievance of the women employees and take necessary action to implement the provisions of this Act. No complaint on sexual harassment was received during the financial year 2017-18.

- (h) The CEO certification of the financial statements for the year has been submitted to the Board of Directors, in its meeting held on 30th May, 2018 as required under SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015.

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The Company has established a vigil Mechanism/Whistle Blower Policy to enable stakeholders (Including Directors and employees) to report unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The Policy provides adequate safeguards against victimization of Director(s) /employee(s) and direct access to the Chairman of the Audit Committee in exceptional cases. The protected disclosures, if any reported under this Policy will be appropriately and expeditiously investigated by the Chairman. Your Company hereby affirms that no Director/employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

The Company laid down procedures to inform Board members about risk assessment and minimization and has implemented the Risk Management plan and continuously monitors it.

As required by the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of Conduct for prevention of Insider Trading. Company Secretary of the Company is the Compliance Officer. The Code of Conduct is applicable to all Directors and such identified employees of the Company as well as who are expected to have access to unpublished price sensitive information relating to the Company.

The Company has adopted a Code of Conduct for Directors and Senior Management of the Company, as required by Regulation 17(5) of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has received confirmation from the Directors and Senior Management regarding compliances with the code for the year ended March 31, 2018. A Certificate from Managing Director to this effect is attached to this effect. The code has been displayed on the Company's website.

The Managing Director and Chief Financial Officer of the Company give annual Compliance Certificate in accordance with Regulation 17(8) read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchange. The annual Compliance Certificate given by Managing Director and Chief Financial Officer is published in Annual Report.

Details relating to appointment and re-appointment of Directors as required under the provisions of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in the Notice to the Annual General Meeting.

Other Compliance

Management Discussion and Analysis

Management Discussion and Analysis Report is made in conformity with Regulation 34(1)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is attached to the Board Report forming part of the Annual Report of the Company.

Quarterly Financial Results

Pursuant to Regulation 33(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Quarterly Financial Results are approved by the Board on the recommendations of the Audit Committee. These were communicated to the Stock Exchange by email after the conclusion of the Board Meeting and published in leading dailies, as required within the stipulated time and uploaded on the website of the Company.

Quarterly Compliance Report

The Company has submitted for all the quarters during 2017-2018, the Compliance Report on Corporate Governance to Stock Exchange in the prescribed XBRL format within 15 days from the closer of each quarter.

The Board

Since the Company does not have a Non-Executive Chairman as on March 31st, 2018, it does not maintain such office.

Reporting of Internal Report

The Internal Auditor of the Company is a permanent invitee to the Audit Committee Meeting and regularly attends the meeting for reporting their findings of the internal audit to the Audit Committee members.

Means of Communication

The Company is conscious of the importance of timely dissemination of adequate information to the Stakeholders. The dates of Board meetings, General Body meetings, Book Closure and Quarterly results are being published in NEWSMEN ASSOCIATES LIMITED and TRINITY PRINTERS AND PUBLISHERS LIMITED and is also displayed on the website of the Company at www.sncminda.com.



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The Company's website contains a dedicated section 'Investor' which displays details / information of interest to various stakeholders.

- vii) The Company has fully complied with the applicable requirement specified in Regulations 17 to 27 and Clause (b) to (i) of Sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
11. There has been no instance on non-compliance of any requirement of Corporate Governance Report

12. GENERAL SHAREHOLDERS INFORMATION :

a. Annual General Meeting

Day, Date & Time : Tuesday, 25th September, 2018 at 5.00 P.M

Venue : Hotel Sri Sai Vihar, No.30 Murugan Temple Street, Fairlands, Salem - 636 016

b. Financial Calendar (Tentative)

Year ending : 31st March, 2019

AGM : 30th September, 2019

Unaudited results for the quarter ending June 30, 2018 : 2nd Week of August, 2018

Unaudited results for the quarter/half year ending September 30, 2018 : 2nd Week of November, 2018

Unaudited results for the quarter ending December 31, 2018 : 2nd Week of February, 2019

Audited Results for the year ending March 31, 2018 : Before 31st May, 2019

c. Book Closure Dates

: 19th September, 2018 to 25th September, 2018
(both days inclusive) for the purpose of the Annual General Meeting.

d. (i) Listing on Stock Exchange

: BSE Limited - Stock Code No. 521234

(ii) For Dematerialization

: National Securities Depository Limited
Central Depository Services (India) Limited

Company ISIN Number. INE443E01016

: Annual Listing fee for the financial year 2018-19 paid to BSE Limited

Listing Fee

: BSE Limited
(Demat) 521234 / SRI NACHA

e. Stock Code - Trading at

: Equity shares INE443E01016

Demat ISIN Numbers in NSDL & CDSL

f. Stock market price data for the year 2017-2018

The high and low prices during each month in the last financial year on BSE Limited are given below Equity Shares of Rs. 10/- each.

Month	BSE	
	High	Low
April' 17	13.37	11.80
May' 17	14.31	11.36
June' 17	17.00	13.26
July' 17	24.95	14.65
August' 17	25.00	20.50
September' 17	21.75	18.15
October' 17	18.10	15.00
November' 17	22.50	15.70
December' 17	22.05	17.45
January' 18	22.25	17.00
February' 18	20.60	18.25
March' 18	20.30	16.25



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g. Registrar and Share Transfer Agent

Cameo Corporate Services Limited

'Subramanian Building' V Floor,

No.1, Club House Road, Chennai - 600 002

Phone: 044 - 28460390 (6 Lines)

E-mail: cameo@cameoindia.com,

Fax: 044-28460129, Grams: CAMEO

Website: www.cameoindia.com

h. (a) Shareholding pattern as on 31.03.2018

b. Distribution of share holding as on 31.03.2018

Category	No. of Holders	No. of Shares	%
Promoters	7	2363096	54.96
NRI / OCBs /	8	4048	0.09
Bodies Corporate	48	107907	2.51
Resident Individual	3317	1776066	41.30
HUF	48	48383	1.13
Mutual fund	1	500	0.01
Total	3429	4300000	100.00

Shareholding range	No. of Holders	% of Holders	No. of Shares	% of Shares
1 - 100	2357	68.74	218297	5.08
101 - 500	700	20.42	186563	4.34
501 - 1000	156	4.54	126806	2.95
1001 - 2000	97	2.83	142974	3.32
2001 - 3000	27	0.79	69963	1.63
3001 - 4000	22	0.64	75920	1.76
4001 - 5000	12	0.35	55732	1.30
5001 - 10000	25	0.73	181104	4.21
10001 & above	33	0.96	3242641	75.41
TOTAL	3429	100.00	4300000	100.00

i. Dematerialisation of shares on liquidity

Shares of the Company can be held and traded in electronic form as stipulates by SEBI, the shares of the Company are accepted in the Stock Exchange for delivery only in dematerialization forms.

Status of Dematerialisation of Shares as on 31st March, 2018.

Holder	Physical		Demat		Total	
	No. of Shares	% to paidup Capital	No. of Shares	% to paidup Capital	No. of Shares	% to paidup Capital
Promoters	0	0	2363096	54.96	2363096	54.96
Public	415875	9.68	1521029	35.36	1936904	45.04
Total	415875	9.68	3884125	90.32	4300000	100.00

Your company confirm that the entire Promoters holdings are in electronic form and the same is in line with the direction issued by SEBI. The equity shares of the Company are regularly traded in BSE Limited.

Considering the advantage of dealing in securities in electronic/dematerialization form, Shareholders holding Shares in physical form are requested to dematerialize their shares at the earliest. For further information/ Clarification/assistance in this regard, please contact M/s. Cameo Corporate Services Limited, Registrar and Share Transfer Agents.

j. Outstanding GDRs / ADRs / Warrants / Convertible instruments

The Company has not issued Global Depository Receipts or American Depository Receipt or Warrants or any Convertible instruments.

k. Commodity Price Risk/Foreign Exchange Risk and Hedging

The company did not engage in hedging activities.

l. Plant Location: A Unit & B Unit

Near Railway Station, Chettinad - 630 102, Sivaganga District, Tamilnadu.



SRI NACHAMMAI COTTON MILLS LIMITED

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m. Address for Correspondence

All correspondence should be addressed to

Registered office	Registrar and Share Transfer Agent
Door No. 181, "VASANTHAM", 4 th Cross Street, New Fairlands, Salem - 636 016.	Cameo Corporate Services Limited 'Subramanian Building', V Floor, No.1, Club House Road, Chennai - 600 002

Chief Executive Officer's Declaration on Code of Conduct

In accordance with Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchange(s). I hereby declare that all the Board members and Senior Management personnel of the Company have complied with the Code of Conduct of the Company for the year ended on 31st March, 2018.

Salem
30th May, 2018

P. Palaniappan,
Managing Director & CEO.
Din : 01577805

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION

To
The Board of Directors,
Sri Nachammai Cotton Mills Limited, Salem.

- a) We hereby certify that we have reviewed the financial statements and the cash flow statement of the Company for the year ended on 31st March, 2018 and that to the best of our knowledge and belief:
- these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
 - these statements present a true and fair view of the state of affairs of the Company and of the results of operation and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing Generally Accepted Accounting Principles including Accounting Standards.
- b) These are to the best of our knowledge and belief, no transactions entered into by the Company during the financial year 2017-18, which are fraudulent, illegal or violate any of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that the same have been evaluated for the effectiveness of the internal control systems of the Company pertaining to financial reporting and the same have been disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee
- significant changes in the internal control over financial reporting during the year.
 - significant changes in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - instances of significant fraud of which have become aware and which involve management or other employees who have significant role in the Company's internal control system over financial reporting. However, there was no such instance.

A. SUBRAMANIAM,
Chief Financial Officer.

P. PALANIAPPAN,
Managing Director.
Din: 01577805.

Salem
30th May, 2018



INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of Sri Nachammai Cotton Mills Limited

We have examined the compliance of conditions of Corporate Governance by **Sri Nachammai Cotton Mills Limited** ('the Company') for the year ended March 31, 2018 as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) as referred to in Regulation 15(2) of the Listing Regulations for the period April 01, 2017 to March 31, 2018.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.

In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations during the year ended March 31, 2018.

We further state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For V.V. SOUNDARARAJAN & CO.,
Chartered Accountants, Auditors.

Place : Salem

Date : 30th May, 2018

V.S. Ashok Kumar,
(Partner).

Membership No. 021435.



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FORM NO. MGT - 9 - ANNEXURE - IV

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31ST 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:

CIN: - L17115TZ1980PLC000916

Registration Date: 07.03.1980

Name of the Company: SRI NACHAMMAI COTTON MILLS LIMITED

Category/Sub-Category of the Company: Public Company / Company Limited by shares

Address of the Registered Office and Contact details: Door No. 181, 'VASANTHAM', 4th Cross Street, New Fairlands, SALEM 636016

Whether listed Company: YES

Name, Address and Contact details of Registrar and Transfer agent, if any:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products/service	NIC Code of the Product/service	% to total turnover of the Company
1.	Manufacture and Sale of Cotton Yarn	131 - As per NIC Code 2008	99%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:-

Sl. No.	Name and address of the company	CIN/GLN	Holding / Subsidiary / Associate	Applicable Section
1.	Nil	Nil	Nil	Nil

IV. A. SHARE HOLDING PATTERN (Equity Share Breakup as percentage of Total Equity)

1) Category-wise Shareholding

Category of Share Holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Changes during the year
	Demat	Physical	Total	% of Shares	Demat	Physical	Total	% of Shares	
A. Promoters & promoter group									
a) Individual / HUF	2,347,167	0	2,347,167	54.58	2,348,596	0	2,348,596	54.62	0.04
b) Bodies Corporate	14,500	0	14,500	0.34	14,500	0	14,500	0.34	0.00
Sub-total (A)(1):-	2,361,667	0	2,361,667	54.92	2,363,096	0	2,363,096	54.96	0.04
(2) Foreign	0	0	0	0	0	0	0	0	0
Sub-total (A)(2):-	0	0	0	0	0	0	0	0	0
Total promoter Shareholding (A) = (A) (1)+(A) (2)	2,361,667	0	2,361,667	54.92	2,363,096	0	2,363,096	54.96	0.04
B. Public Share holding									
(1) Institutions									
a) Mutual Fund	0	500	500	0.01	0	500	500	0.01	0
Sub-total (B)(1) :-	0	500	500	0.01	0	500	500	0.01	0



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Category of Share Holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Changes during the year
	Demat	Physical	Total	% of Shares	Demat	Physical	Total	% of Shares	
(2) Non-Institutions									
(i) Bodies Corporate	110,377	3,533	113,910	2.65	104,374	3,533	107,907	2.51	-0.14
(ii) Individual shareholders holding nominal share capital up to Rs.1 lakh	430,447	374,178	804,625	18.72	582,967	366,599	949,566	22.08	3.36
(iii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	932,186	43,266	975,452	22.68	783,234	43,266	826,500	19.22	-3.46
Sub-total (B)(2):-	1,473,010	420,977	1,893,987	44.05	1,470,575	413,398	1,883,973	43.81	-0.24
Total Public Shareholding (B)-(B)(1)+ (B)(2)	1,473,010	421,477	1,894,487	44.06	1,470,575	413,898	1,884,473	43.82	-0.24
C. Others									
a) Hindu Undivided Families	41,199	0	41,199	0.96	48,383	0	48,383	1.13	0.17
c) Non - Resident Indians	670	1,977	2,647	0.06	2,071	1,977	4,048	0.09	0.03
Sub-total (C):-	41,869	1,977	43,846	1.02	50,454	1,977	52,431	1.22	0.20
Grand total(A+B+C)	3,876,546	423,454	4,300,000	100.00	3,884,125	415,875	4,300,000	100.00	0.04

(i) Shareholding of Promoters (Equity)

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.	Sri.P.Palaniappan	198,505	4.62	0	198,505	4.62	0	0
2.	Smt.P.Umayal	1,036,343	24.10	0	1,036,343	24.10	0	0
3.	Sri.P.Palaniappan (Huf)	618,162	14.37	0	619,591	14.41	0	0.04
4.	Smt. Geethanjali Ramasamy	398,981	9.28	0	398,981	9.28	0	0
5.	Sri.Ramasamy. MC	81,175	1.89	0	81,175	1.89	0	0
6.	Sri.MC.Ramasamy (HUF)	14,001	0.33	0	14,001	0.33	0	0
7.	Supreme Yarn Spinners Limited	14,500	0.34	0	14,500	0.34	0	0
	TOTAL	2,361,667	54.93	0	2,363,096	54.97	0	0.04

(ii) Change in Promoter's Shareholding (Equity)

Sl. No. & Name of the Promoter		Share holding at the beginning of the year		Cumulative Share holding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1. Sri. P.Palaniappan (Huf)	At the beginning of the year	618,162	14.37	-	14.37
	23.06.2017 - By online purchase	1,099	0.026	619,261	14.40
	21.07.2017 - By online purchase	330	0.008	619,591	14.41
	At the end of the year			619,591	14.41



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iv) Shareholding Pattern of Top Ten Shareholders (Equity) (other than Directors, Promoters and Holders of GDRs and ADRs) THERE WERE CHANGES IN THE SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS DURING THE PERIOD - 01/04/2017 TO 31/03/2018)

Sl. No. & Name of the Shareholder	For Each of the Top 10 Share holders	Share holding at the beginning of the year		Cumulative Share holding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1. Mr. Raju Bhandari Changes in the Shareholding	At the beginning of the year	127,808	2.97	-	-
	25.01.2018 - By online purchase	90,000	2.093	-	-
	At the end of the year	-	-	217,808	5.065
2. Mr. Raju Ajit Bhandari Changes in the Shareholding	At the beginning of the year	70,000	1.63	-	-
	At the end of the year	-	-	70,000	1.63
3. Mrs. A.M.P.A. Valliammai Ach	At the beginning of the year	66,862	1.55	-	-
	At the end of the year	-	-	66,862	1.55
4. Ninja Securities Private Limited	At the beginning of the year	42,932	1.00	-	-
	At the end of the year	-	-	42,932	1.00
5. Mr. Rajendra Kumar Jain & Mrs. Achala Ramawat Changes in the Shareholding	At the beginning of the year	41,553	0.97	-	-
	30.09.2017 By online purchase	5	0	-	-
	At the end of the year	-	-	41,558	0.97
6. Pankaj Kumar Ramawat Changes in the Shareholding	At the beginning of the year	31,110	0.724	-	-
	03.11.2017 By online purchase	101	0.002	31,211	0.726
	05.01.2018 By online purchase	6,003	0.140	37,214	0.865
	12.01.2018 By online purchase	1,079	0.025	38,293	0.891
	02.03.2018 By online purchase	17	0.000	38,310	0.891
	At the end of the year	-	-	38,310	0.891
7. Mr. V. Palaniappan	At the beginning of the year	36,707	0.85	-	-
	At the end of the year	-	-	36,707	0.85
8. Mr. Ashok Dungershi Dedhia	At the beginning of the year	33,949	0.79	-	-
	At the end of the year	-	-	33,949	0.79
9. Mr. Raju Ajit Bhandari Changes in the Shareholding	At the beginning of the year	66,636	1.55	-	-
	07.04.2017 - By online purchase	1,470	0.034	68,106	1.584
	14.04.2017 - By online purchase	220	0.005	68,326	1.589
	21.04.2017 - By online purchase	1,001	0.023	69,327	1.612
	28.04.2017 - By online purchase	125	0.003	69,452	1.615
	05.05.2017 - By online purchase	500	0.012	69,952	1.627
	12.05.2017 - By online purchase	397	0.009	70,349	1.636
	19.05.2017 - By online purchase	915	0.021	71,264	1.657



SRI NACHAMMAI COTTON MILLS LIMITED

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Sl. No. & Name of the Shareholder	For Each of the Top 10 Share holders	Share holding at the beginning of the year		Cumulative Share holding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	26.05.2017 - By online purchase	4,088	0.095	75,352	1.752
	02.06.2017 - By online purchase	1,000	0.023	76,352	1.776
	09.06.2017 - By online purchase	892	0.021	77,244	1.796
	16.06.2017 - By online sale	-349	-0.008	76,895	1.788
	23.06.2017 - By online sale	-10	0.000	76,885	1.788
	30.06.2017 - By online purchase	1,258	0.03	78,143	1.824
	07.07.2017 - By online purchase	2,911	0.068	81,054	1.885
	14.07.2017 - By online purchase	97	0.002	81,151	1.887
	21.07.2017 - By online purchase	1,214	0.028	82,365	1.915
	28.07.2017 - By online purchase	3,220	0.075	85,585	1.990
	04.08.2017 - By online purchase	3,402	0.079	88,987	2.069
	11.08.2017 - By online sale	-1,063	-0.025	87,924	2.044
	01.09.2017 - By online purchase	3,000	0.070	90,924	2.114
	08.09.2017 - By online sale	-1,650	-0.038	89,274	2.076
	10.09.2017 - By online sale	-556	-0.013	88,718	2.063
	22.09.2017 - By online sale	-500	-0.012	88,218	2.052
	20.10.2017 - By online purchase	1,000	0.023	89,218	2.075
	08.12.2017 - By online purchase	1,000	0.023	90,218	2.098
	08.12.2017 - By online purchase	2,225	0.052	92,443	2.150
	08.12.2017 - By online purchase	2,901	0.067	95,344	2.217
	12.01.2018 - By online purchase	35,097	0.816	130,441	3.034
	19.01.2018 - By online purchase	3,677	0.086	134,118	3.119
	25.01.2018 - By online sale	-89,226	-2.075	44,892	1.044
	02.02.2018 - By online purchase	300	0.0070	45,192	1.051
	02.02.2018 - By online purchase	2,000	0.0465	47,192	1.097
	23.02.2018 - By online purchase	1,300	0.0302	48,492	1.128
	At the end of the year	-	-	48,492	1.128
10. Mr. V. Annamalai	At the beginning of the year	32,314	0.75	-	-
	At the end of the year	-	-	32,314	0.75
11. Sri Kanta Suresh Jain*	At the beginning of the year	59,415	1.38	-	-
Changes in the Shareholding	24.11.2017 By online sale	-442	-	58,973	1.38
	01.12.2017 By online sale	-359	-	58,614	1.38
	08.12.2017 By online sale	-1,490	-	57,124	1.34
	05.01.2018 By online sale	-57,124	-	-	-
	At the end of the year	-	-	-	-

* In last year this folio is shown, now this year it is closed



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v) Shareholding of Directors and Key Managerial Personnel (Equity) :

Sl. No. & Name of the Director	For Each of the Directors and KMP	Share holding at the beginning of the year		Cumulative Share holding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1. Smt. P. Umayal	At the beginning of the year	1,036,343	24.10	-	-
	At the end of the year	-	-	1,036,343	24.10
2. Sri P. Palaniappan	At the beginning of the year	198,505	4.62	-	-
	At the end of the year	-	-	198,505	4.62
3. Sri. A. Alagappan	At the beginning of the year	100	0.00	-	-
	At the end of the year	-	-	100	0.00
4. Sri. Perumal Madhavagopal	At the beginning of the year	100	0.00	-	-
	At the end of the year	-	-	100	0.00
5. Sri. A. Annamalai	At the beginning of the year	3,718	0.09	-	-
	At the end of the year	-	-	3,718	0.09
6. Smt. Vasantha	At the beginning of the year	0	0	0	0
	At the end of the year	0	0	0	0
7. Sri. S. Ravichandran	At the beginning of the year	8,234	0.19	-	-
	At the end of the year	-	-	8,234	0.19
8. Sri. PL. Subbiah	At the beginning of the year	0	0	0	0
	At the end of the year	0	0	0	0
9. Smt. Shantha Radhakrishnan	At the beginning of the year	0	0	0	0
	At the end of the year	0	0	0	0
10. Sri. A. Arunkumar	At the beginning of the year	2,552	0.06	-	-
	At the end of the year	-	-	2,552	0.06
11. Sri. A. Subramanian	At the beginning of the year	0	0	0	0
	At the end of the year	0	0	0	0



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IV B. SHARE HOLDING PATTERN (Preference Share Breakup as percentage of Total Preference Capital)

i) Category-wise Shareholding

Category of Share Holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Changes during the year
	Demat	Physical	Total	% of Shares	Demat	Physical	Total	% of Shares	
A. Promoters & promoter group									
a) Individual / HUF	-	1,500,000	1,500,000	100.00	-	1,500,000	1,500,000	100.00	0.00
b) Bodies Corporate	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):-	-	1,500,000	1,500,000	100.00	-	1,500,000	1,500,000	100.00	0.00
(2) Foreign	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):-	-	-	-	-	-	-	-	-	-
Total promoter Shareholding	-	-	-	-	-	-	-	-	-
(A) = (A) (1)+(A) (2)	-	1,500,000	1,500,000	100.00	-	1,500,000	1,500,000	100.00	0.00
B. Public Share holding									
(1) Institutions	-	-	-	-	-	-	-	-	-
Sub-total (B)(1) :-	-	-	-	-	-	-	-	-	-
(2) Non-Institutions	-	-	-	-	-	-	-	-	-
(i) Individual shareholders holding nominal share capital upto of Rs.1 lakh	-	-	-	-	-	-	-	-	-
(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding	-	-	-	-	-	-	-	-	-
(B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Others	-	-	-	-	-	-	-	-	-
Sub-total (C):-	-	-	-	-	-	-	-	-	-
Grand total(A+B+C)	-	1,500,000	1,500,000	100.00	-	1,500,000	1,500,000	100.00	0.00

ii) Shareholding of Promoters (Preference)

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.	Sri. P. Palaniappan	500,000	33.33	0	500,000	33.33	0	0
2.	Smt. P. Umayal	1,000,000	66.67	0	1,000,000	66.67	0	0
	TOTAL	1,500,000	100.00	0	1,500,000	100.00	0	0



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- iii) Change in Promoter's Shareholding (Preference) - There were no changes in the Shareholding Pattern of any other Promoters other than as mentioned below:

Sl. No. & Name of the Promoter		Share holding at the beginning of the year		Cumulative Share holding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1. Sri. P. Palaniappan	At the beginning of the year	500,000	33.33	-	-
	At the end of the year	-	-	500,000	33.33
2. Smt. P. Umayal	At the beginning of the year	1,000,000	66.67	-	-
	At the end of the year	-	-	1,000,000	66.67

- iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) - NIL, AS THE PREFERENCE SHARES ARE ENTIRELY HELD BY THE PROMOTERS CUM DIRECTORS

- v) Shareholding of Directors and Key Managerial Personnel (Preference) :

Sl. No. & Name of the Director		Share holding at the beginning of the year		Cumulative Share holding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1. Sri P. Palaniappan	At the beginning of the year	500,000	33.33	-	-
	At the end of the year	-	-	500,000	33.33
2. Smt. P. Umayal	At the beginning of the year	1,000,000	66.67	-	-
	At the end of the year	-	-	1,000,000	66.67

V. INDEBTEDNESS:

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

(in Rs. /-)

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial year				
i) Principal Amount	3,508.79	2,497.17	-	6,005.96
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	3,508.79	2,497.17	-	6,005.96
Change in Indebtedness During the financial year				
• Addition	1,386.68	-	-	-
• Reduction	-	-794.43	-	-
Net Change	1,386.68	794.43	-	592.25
Indebtedness at the end of the Financial year				
i) Principal Amount	4,895.48	1,702.73	-	6,598.21
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due paid	-	-	-	-
Total (i+ii+iii)	4,895.48	1,702.73	-	6,598.21



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VI. REMUNERATION TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole - Time Director and/or Manager

S. No.	Particulars of Remuneration	Name of MD's		Total Amount
		Smt.P.Umayal	Sri.P.Palaniappan	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15.00	15.00	30.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit - Insurance policy	0.16	-	0.16
	- others, specify... PF	0.22	0.22	0.44
5	Others, Please specify - Club fee	-	0.15	0.15
	Total (A)	15.38	15.37	30.75

Note : Remuneration shown above includes salary, perquisites and contribution to Company's Provident Fund

B. (i) Remuneration to other Directors:

S. No.	Particulars of Remuneration	Name of Directors					Total
		Sri.Perumal Madhavagopal	Sri. A. Alagappan	Sri. S.Ravichandran	Sri. PL.Subbiah	Smt. Shanthe Radhakrishnan	
1	Independent Directors						
	Fee for attending board/ committee meetings	0.21	0.11	0.13	0.08	0.08	0.61
	Commission	-	-	-	-	-	-
	Others, Please specify	-	-	-	-	-	-
	Total (1)	0.21	0.11	0.13	0.08	0.08	0.61
		Sri A.Annemalai	Sri A. Arunkumar	Smt. Vasantha			
2	Other Non-Executive Directors						
	Fee for attending board/ committee meetings	0.08	0.10	0.02			0.20
	Commission	-	-	-			-
	Others, Please specify	-	-	-			-
	Total (2)	0.08	0.10	0.02			0.20
	Total (B) = (1 + 2)						
	Total Managerial Remuneration (A+B)	0.81					

Note : Remuneration shown above only sitting fees paid to the Directors for attending Board Meeting & Committee Meetings.



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C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary	CFO	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2.40	2.99	5.39
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5	Others, Please specify - Bonus	-	-	-
	Total (C)	2.40	0.16	0.16
		2.40	3.15	5.55

Note: Remuneration shown above includes Salary, Bonus and PF.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

Type	Section of Companies Act	Brief Description	Details of Penalty/ Punishment/Compound - ing Fee imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A. Company					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. Directors					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. Other Officers in Default					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil



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Form No. AOC - 2 - ANNEXURE - V

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

Details of contracts or arrangements or transactions not at arm's length basis : Nil

Details of material contracts or arrangements or transactions at arm's length basis : Nil

All transactions entered by the Company with Related Parties were in the Ordinary Course of Business and at Arm's Length pricing basis. The Audit Committee granted omnibus approval for the transactions (which are repetitive in nature) and the same was reviewed by the Audit Committee and the Board of Directors. There were no materially significant transactions with related Parties during the Financial Year 2017-18 which were in conflict with the interest of the Company. Hence the related party transactions of the Company for the financial year 2017-18 not fall under the purview of disclosure under Form AOC-2. Disclosures as required under AS- 18 have been made in Note No.46 on the notes to Financial Statements.

Salem
30th May, 2018.

P. Umayal,
Chairman cum Managing Director.
DIN: 00110260.

PARTICULARS OF REMUNERATION - ANNEXURE - VI

The information required under Section 197 of the Act and the Rules made there-under with subsequent amendments thereto, in respect of employees of the Company is as follows:-

- (a) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year : Non Executive Directors : Nil

Sl. No.	Name	Category	Ratio
1.	Sri. Palaniappan	Managing Director	9.94
2.	Smt. P. Umayal	Chairman cum Managing Director	9.94

* Non - Executive directors don't receive commission, or any other fees etc except sitting fees for attending board / committee meetings.

* Smt.P.Umayal, CMD and Sri P.Palaniappan, MD did not receive any sitting fees in their capacity as non-executive director but only receives remuneration.

- (b) percentage increase in remuneration of each director, CMD, CFO and Company Secretary Non Executive Directors : Nil
- (c) percentage increase in median remuneration of the employees during the financial year : 0.99%
- (d) the number of permanent employees on the rolls of the company : 180
- (e) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration : The percentage increase in salaries of employees is 2.9%. There is no increase in the managerial remuneration.
- (f) The Company affirms that the remuneration is as per the remuneration policy of the Company.

Particulars of Employees

- (a) Employed throughout the year and in receipt of remuneration aggregating to Rs.1.02 Crore or more - Nil
- (b) Employed for part of the year and in receipt of remuneration of Rs.8,50,000 or more per month - Nil

Note : Remuneration includes salary and value of perquisites. The nature of employment is contractual.



SRI NACHAMMAI COTTON MILLS LIMITED

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ANNEXURE - VII

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018 Form No. MR-3

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To
The Members,
Sri Nachammai Cotton Mills Limited,
CIN: L17115TZ1980PLC000916
No.181, "Vasantham", 4th Cross Street, New Fairlands, Salem - 636 016.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Sri Nachammai Cotton Mills Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the **M/S. Sri Nachammai Cotton Mills Limited** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/S. Sri Nachammai Cotton Mills Limited** ("the Company") for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings does not arise;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Company has not issued any securities during the year under review and hence the question of compliance of provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 does not arise;
 - (d) The Company has not issued any securities during the year under review and hence the question of compliance of provisions of the Securities and Exchange Board of India (Share based employee benefits) Regulations, 2014 does not arise;



- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 does not arise;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The company has not delisted its securities from any of the Stock Exchanges in which it is listed during the period under review and hence the question of complying with the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 does not arise;
- (h) The Company has not bought back any securities during the period under review and hence the question of complying with the provisions of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
- (i) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Based on the verification of the records and the Minutes, the decisions of the Meetings of the Board / Committees of the Company were carried out with the consent of the majority of the Board of Directors/ Committee Members and there were no dissenting members as per the Minutes.

Further in the Minutes of the General Meeting, the particulars of the members who voted against the resolutions have been properly recorded.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Salem
Date : 30th May, 2018

M.R.L. NARASIMHA,
Practicing Company Secretary,
Membership No. F2851,
Certificate of Practice No. 799.

This report is to be read with my letter of even date which is Annexed as annexure A and forms an integral part of this report.



SRI NACHAMMAI COTTON MILLS LIMITED

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ANNEXURE - A TO SECRETARIAL REPORT OF EVEN DATE

To
The Members,
Sri Nachammai Cotton Mills Limited,
CIN: L17115TZ1980PLC000916

No.181, "Vasantham", 4th Cross Street, New Fairlands, Salem - 636 016.

My Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to make a report based on the secretarial records produced for my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my report.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. I have obtained the management's representation about the compliances of laws, rules and regulations and happenings of events, wherever required.
5. Compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management.
6. This Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Salem
Date : 30th May, 2018

M.R.L. NARASIMHA,
Practicing Company Secretary,
Membership No. F2851,
Certificate of Practice No. 799.

Details of Top 10 Employees in terms of gross remuneration paid during the year ended 31st March, 2018

Statement containing the particulars of employees in accordance with Rule 5(2) of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014.

ANNEXURE - VIII

Sl No.	Name of the Employees	Designation	Remuneration Rs.	Qualification	Experience (Years)	Joining Date	Age (Years)	Last Employment
1.	Sri P.Palaniappan	Managing Director	15,00,000	BE,M.S (USA)	41	10.08.1981	74	-
2.	Smt. P.Umayal	Chairman cum Managing Director	15,00,000	B.Sc.,	31	18.08.1982	69	-
3.	Sri PL.Algappan	Deputy General Manager	3,55,974	DME	30	18.02.2017	57	Vinayaka Mills
4.	Sri SP.Chidambaram	General Manager	5,31,994	DMTT	31	21.01.2013	49	Jayamurugan Textiles
5.	Sri S.Srinivasan	General Manager Personnel	3,54,107	BA BL	40	10.03.2006	70	Sree Jayajothi Textiles
6.	Sri Kirupa Jesudos	Senior Manager	3,35,396	DTT	27	17.06.1993	47	-
7.	Sri V.Shanmugha Sundaram	Mill Manager	3,30,094	DTT, B.Com.	23	16.09.2012	42	Subburaj Cotton Mills
8.	Sri N.Sivakumar	Manager-Purchase	3,16,466	B.Com.,	28	24.01.1990	51	-
9.	Sri A.Subramanian	Chief Financial officer	3,15,226	M.Com.	21	03.10.1997	54	PA Mills India Ltd
10.	Sri RM.Karthireshan	Manager - Marketing	3,10,266	M.Com.,	26	09.08.1995	46	-



SRI NACHAMMAI COTTON MILLS LIMITED

M/S. V.V. SOUNDARARAJAN & CO., Chartered Accountants **INDEPENDENT AUDITORS' REPORT**

To the Members of **SRI NACHAMMAI COTTON MILLS LIMITED**, Report on the Financial Statements.

We have audited the accompanying financial statements of Sri Nachammai Cotton Mills Limited ("the Company"), which comprise of the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the 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 of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. In conducting 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 and the Order issued under Section 143 (11) of the Act.

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 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended as on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in 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, based on our audit 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



SRI NACHAMMAI COTTON MILLS LIMITED

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- 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 those books;
- c) the balance sheet, the statement of profit and loss including other comprehensive income, statement of changes in equity and 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 Indian Accounting Standards prescribed under Section 133 of the Act;
- e) on the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the board of directors, none of the directors are disqualified as on March 31, 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting; and
- g) with respect to the other matters to be included in the auditors' report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements under Note 40.
 - ii The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
 - iii Transferring of dividend to investor education and protection fund is not applicable as the Company has not declared any dividend in the earlier years.

Other matters

The financial statements of the Company for the year ended March 31, 2017 prepared in accordance with Companies (Accounting Standards) Rules, 2006, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated 29-05-2017 expressed an unmodified opinion on those financial statements.

For V.V. Soundararajan & Co.
Chartered Accountants
Firm Registration No. 003944

V.S. Ashok Kumar
Partner
Membership No. 02143

Salem
30th May, 2018

Annexure "A" to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Sri Nachammai Cotton Mills Limited of even date)

- 1.
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets
 - b. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the period and material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
 - c. According to the information and explanations given to us and the records examined by us and based on the evidences received from Banks, immovable properties whose title deeds have been pledged as security for Term Loans and cash credit facilities available from Banks are held in the name of the Company. In respect of freehold properties these have been confirmed by the management.
- 2.
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventories and no material discrepancies were noticed on physical verification as compared to the book records.



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3. In our opinion and according to the information and explanation given to us, the Company complied with the provisions of Section 186 of the Act, with respect to the investments made.
4. During the year, Company has not made any loans or investments or given any guarantees and hence disclosure under this clause related to compliance with the provisions of Section 185 and 186 of the Act does not arise.
5. The Company has not accepted any deposits from the public and as such clause 3(v) of the Order is not applicable.
6. We have broadly reviewed the cost records maintained by the Company specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, as applicable to the Company, and are of the opinion that prima facie the specified cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. a. According to the information and explanations given to us the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State insurance, Income tax, Service Tax, value added tax, and any other statutory dues with the appropriate authorities during the year.
According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2018 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us, there are no dues of Income tax, Service tax or Value added tax / GST which have not been deposited with the appropriate authorities on account of any dispute.
8. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to any of the banks.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause 3 (ix) of the Order is not applicable.
10. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year that causes the financial statements to be materially misstated.
11. 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.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with him. Accordingly paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under Section 45-1A of the Reserve Bank of India Act 1934.

For V.V. Soundararajan & Co
Chartered Accountants
Firm Registration No. 003944S

V.S. Ashok Kumar
Partner
Membership No. 021435

Salem
30th May, 2018



SRI NACHAMMAI COTTON MILLS LIMITED

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Annexure - "B" to the Independent Auditors' Report

(Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' Section of our report to the Members of Sri Nachammai Cotton Mills Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (f) 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 Sri Nachammai Cotton Mills Limited ("the Company") as of March 31, 2013 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, 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 internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion and according to the information and explanations given to us, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2013, 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 V.V. Soundararajan & Co
Chartered Accountants
Firm Registration No. 003944S

V.S. Ashok Kumar
Partner

Membership No. 021435



SRI NACHAMMAI COTTON MILLS LIMITED

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Balance Sheet as at March 31, 2018

Rs. in Lakhs

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non current assets				
Property, plant and equipment	4	2,936.93	3,153.92	3,491.94
Capital work in progress	5	-	4.62	41.84
Financial assets				
Investments	6	72.36	5.00	5.26
Other financial assets	7	41.42	43.93	76.74
Deferred tax asset	8	299.09	299.71	293.98
Other non-current assets	9	79.89	61.57	106.72
Total non-current assets		3,429.69	3,568.75	4,016.28
Current assets				
Inventories	10	5,647.31	4,585.25	4,735.22
Financial assets				
Trade receivables	11	2,066.02	1,909.57	1,744.28
Cash and cash equivalents	12	30.32	112.17	35.07
Bank balances other than above	13	198.36	178.81	137.72
Other current assets	14	189.03	165.16	85.12
Total current assets		8,131.04	6,950.96	6,737.41
Total Assets		11,560.73	10,519.71	10,753.69
EQUITY AND LIABILITIES				
Equity				
Equity share capital	15	428.64	428.64	428.64
Other equity	16	1,801.92	1,729.76	1,639.94
Total equity		2,230.56	2,158.40	2,068.58
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	17	1,861.08	3,014.35	2,928.17
Other financial liabilities	18	1,557.89	1,434.03	1,518.10
Provisions	19	72.78	61.40	38.53
Total non-current liabilities		3,491.75	4,509.78	4,484.80
Current liabilities				
Financial liabilities				
Borrowings	20	4,449.36	2,865.20	3,278.55
Trade payables	21	769.06	296.05	375.05
Other current liabilities	22	611.30	677.55	537.22
Short Term Provisions	23	8.70	12.73	9.49
Total current liabilities		5,838.42	3,851.53	4,200.31
Total liabilities		9,330.17	8,361.31	8,685.11
Total Equity and Liabilities		11,560.73	10,519.71	10,753.69

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For M/s V.V.SOUNDARARAJAN & Co.,
Chartered Accountants
(FRN No. 039445)

V.S.ASHOKKUMAR
Partner
M.No. 021435

Salem, India
May 30, 2018

For and on behalf of the board

P.UMAYAL
Chairman cum Managing Director
DIN : 00110260

A.SUBRAMANIAN
Chief Financial Officer

P.PALANIAPPAN
Managing Director
DIN : 01577805

SARITA JAIN.G
Company Secretary



SRI NACHAMMAI COTTON MILLS LIMITED

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Statement of Cash Flows for the year ended March 31, 2018

Rs. In Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash Flows from Operating Activities		
Profit before income tax	70.66	108.81
Adjustments for :		
Depreciation and amortisation expense	250.88	455.84
Profit on sale of fixed assets	(0.34)	(4.61)
Interest expense	450.81	513.69
Interest Income	(102.36)	(105.55)
Operating Profit before Working Capital Changes	669.65	968.18
Change in operating assets and liabilities		
(Increase) / Decrease in other financial assets	2.51	32.81
(Increase) / Decrease in inventories	(1,062.06)	149.97
(Increase) / Decrease in trade receivables	(156.45)	(165.29)
(Increase) / Decrease in other assets	(38.68)	(33.97)
Increase / (Decrease) in provisions, other liabilities	68.09	64.07
Increase / (Decrease) in trade payables	473.01	(79.00)
Cash generated from operations	(43.93)	936.77
Less : Income taxes paid (net of refunds)	(0.85)	(5.17)
Net cash from/ (used in) operating activities (A)	(44.78)	931.60
Cash Flows from Investing Activities		
Purchase of PPE (including changes in CWIP)	(32.24)	(84.59)
Sale proceeds of PPE (including changes in CWIP)	3.31	8.40
(Investments in)/ Maturity of fixed deposits with banks	(19.55)	(41.09)
Investments	(68.38)	-
Interest received	99.70	103.64
Net cash from/ (used in) Investing activities (B)	(17.16)	(13.64)
Cash Flows From Financing Activities		
Repayment of long-term borrowings	(1,153.27)	86.18
Repayment from short-term borrowings (net)	1,584.16	(413.35)
Interest paid	(450.81)	(513.69)
Net cash from/ (used in) financing activities (C)	(19.92)	(840.86)
Net increase (decrease) in cash and cash equivalents (A+B+C)	(81.85)	77.10
Cash and cash equivalents at the beginning of the financial year	112.17	35.07
Cash and cash equivalents at end of the year	30.32	112.17
Notes :		
1. The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements".		
2. Components of cash and cash equivalents		
Balances with banks		
- in current accounts	29.65	111.77
- Margin Money Deposit with Banks	-	-
Cash on hand	0.67	0.40
	30.32	112.17

As per our report of even date attached
For M/s V.V.SOUNDARAJAN & Co.,
Chartered Accountants
(FRN No. 03944S)

V.S.ASHOKKUMAR
Partner
M.No. 021435

Salem, India
May 30, 2018

For and on behalf of the board

P.UMAYAL
Chairman cum Managing Director
DIN : 00110260

P.PALANIAPPAN
Managing Director
DIN : 01577805

A.SUBRAMANIAN
Chief Financial Officer

SARITA JAIN.G
Company Secretary



SRI NACHAMMAI COTTON MILLS LIMITED

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Statement of Profit and Loss for the year ended March 31, 2018

Rs. in Lakhs

Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
Continuing Operations			
A Income			
Revenue from operations	24	15,731.34	16,842.13
Other income	25	144.99	202.83
Total Income		15,876.33	17,044.96
B Expenses			
Cost of Materials Consumed	26	10,761.46	10,171.38
Changes in inventories of work-in-progress, stock in trade and finished goods	27	(402.86)	860.59
Power and Diesel Consumed	28	1,693.33	1,826.19
Employee Benefits Expense	29	1,367.24	1,289.46
Finance costs	30	450.81	513.69
Depreciation and amortization expense	31	250.88	455.84
Stores and spares consumed	32	756.69	683.58
Other expenses	33	928.13	1,135.42
Total Expenses		15,805.68	16,936.15
C Profit before exceptional items and tax		70.66	108.81
Exceptional item			
D Profit / (Loss) before tax from continuing operations		70.66	108.81
Income tax expense	34		
Current tax		-	8.83
Deferred tax credit / (charge)		(0.38)	(4.42)
Profit / (Loss) for the year		71.04	104.40
E Other comprehensive income			
Items that will be reclassified to profit or loss			
Remeasurement of post employment benefit obligations		3.14	(18.32)
Gain on fair valuation of investments		(1.02)	(0.26)
Income tax relating to these items		(1.00)	4.00
Other comprehensive income for the year, net of tax		1.12	(14.58)
Total comprehensive income / (Loss) for the year		72.17	89.82
Earnings per share	35		
Basic earnings per share		1.66	2.44
Diluted earnings per share		1.66	2.44

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For M/s V.V.SOUNDARARAJAN & Co.,
Chartered Accountants
(FRN No. 03944S)

V.S.ASHOKKUMAR
Partner
M.No. 021435

Salem, India
May 30, 2018

For and on behalf of the board

P.UMAYAL
Chairman cum Managing Director
DIN : 00110260

A.SUBRAMANIAN
Chief Financial Officer

P.PALANIAPPAN
Managing Director
DIN : 01577805

SARITA JAIN.G
Company Secretary



SRI NACHAMMAI COTTON MILLS LIMITED

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Statement of Changes in Equity for the year ended March 31, 2018

A. Equity share Capital

Rs. in Lakhs

Balance at the beginning of April 1, 2016	428.64
Changes in equity share capital during the year	-
Balance at the beginning of March 31, 2017	428.64
Changes in equity share capital during the year	-
Balance at the beginning of March 31, 2018	428.64

B. Other Equity

Rs. in Lakhs

Particulars	Securities Premium	Other comprehensive Income	Retained Earnings	Total
Balance as at April 1, 2016	659.65	1.68	978.61	1,639.94
Additions / (Deductions) during the year	-	(14.58)	104.40	89.82
Transfer from other Comprehensive Income	-	14.58	(14.58)	-
Balance as at March 31, 2017	659.65	1.68	1,068.43	1,729.76
Additions / (Deductions) during the year	-	1.12	71.04	72.16
Transfer from other Comprehensive Income	-	(1.12)	1.12	-
Balance as at March 31, 2018	659.65	1.68	1,140.59	1,801.92

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
 V.V.SOUNDARARAJAN & Co.,
 Chartered Accountants
 No. 03944S)

A.SHOKKUMAR
 Partner
 No. 021435

Chennai, India
 May 30, 2018

For and on behalf of the board

P.UMAYAL
 Chairman cum Managing Director
 DIN : 00110260

A.SUBRAMANIAN
 Chief Financial Officer

P.PALANIAPPAN
 Managing Director
 DIN : 01577805

SARITA JAIN.G
 Company Secretary



Notes to Financial Statements for the year ended March 31, 2018

1. Corporate Information

Sri Nachammai Cotton Mills Limited (SNCM) was incorporated in March 1980 as a wholly owned subsidiary of "Jawahar Mills Limited". It ceased to be a subsidiary of The Jawahar Mills Limited with the allotment of the said 46,000 shares on 9.8.1982.

The Company has been expanding and modernizing its plant over the years. All expansions and modernisation schemes completed so far has been funded from internal accruals and Long-term borrowings. It has expanded its spindleage from 16,120 spindles in 1980 to the present level of 53,664 spindles and 504 Rotors

2. Basis of preparation of financial statements

Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Basis of preparation and presentation

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest Lakhs (up to two decimals).

The financial statements are approved for issue by the Company's Board of Directors on 30.05.2018.

2A Critical accounting estimates and management judgments

In application of the accounting policies, which are described in note 2, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant.

Information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Property, Plant and Equipment (PPE)

The residual values and estimated useful life of PPEs are assessed by the technical team at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation/amortisation.

Current tax

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law.



Deferred Tax Assets (including MAT Credit Entitlement)

Significant management judgement is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained/ recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Fair value

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Impairment of Trade Receivables

The impairment for trade receivables are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

Impairment of Non-financial assets - PPE

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

Defined Benefit Plans and Other long term employee benefits

The cost of the defined benefit plan and other long term employee benefits, and the present value of such obligation are determined by the independent actuarial valuer. An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

Recent accounting pronouncements

Standards issued but not yet effective

The following standards have been notified by Ministry of Corporate Affairs

- Ind AS 115 – Revenue from Contracts with Customers (effective from April 1, 2018)
- Ind AS 116 – Leases (effective from April 1, 2019)

The Company is evaluating the requirements of the above standards and the effect on the financial statements is also being evaluated.

Significant Accounting Policies

Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.



An asset is treated as current when it is :

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when :

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

b) Fair value measurement

The Company has applied the fair value measurement wherever necessitated at each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability;
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non - financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and the best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active market for identical assets or liabilities;

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company has designated the respective team leads to determine the policies and procedures for both recurring and non - recurring fair value measurement. External valuers are involved, wherever necessary with the approval of Company's board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the asset or liability and the level of the fair value hierarchy as explained above. The component wise fair value measurement is disclosed in the relevant notes.



c) Revenue Recognition Sale of goods

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue on sale of goods is recognised when the risk and rewards of ownership is transferred to the buyer, which generally coincides with the despatch of the goods or as per the inco-terms agreed with the customers.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. It comprises of invoice value of goods including excise duty and after deducting discounts, volume rebates and applicable taxes on sale. It also excludes value of self-consumption.

Interest Income

Interest income is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

d) Property, plant and equipment and capital work in progress Deemed cost option for first time adopter of Ind AS

Under the previous GAAP (Indian GAAP), the property, plant and equipment were carried in the balance sheet at cost less accumulated depreciation. The company has elected to fair value its land as the deemed cost as at the date of transition, viz., 1 April 2016 and applied Ind AS 16 retrospectively for all other classes of Property, Plant and Equipment.

Presentation

Property, plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs of a qualifying asset, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Advances paid towards the acquisition of tangible assets outstanding at each balance sheet date, are disclosed as capital advances under long term loans and advances and the cost of the tangible assets not ready for their intended use before such date, are disclosed as capital work in progress.

Component Cost

All material/ significant components have been identified and have been accounted separately. The useful life of such component are analysed independently and wherever components are having different useful life other than plant they are part of, useful life of components are considered for calculation of depreciation.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the statement of profit and loss as incurred.

Machinery spares/ insurance spares that can be issued only in connection with an item of fixed assets and their issue is expected to be irregular are capitalised. Replacement of such spares is charged to revenue. Other spares are charged as revenue expenditure as and when consumed.

Derecognition

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.



e) Depreciation on property, plant and equipment

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.

Depreciation is provided on written down value method, over the useful lives specified in Schedule II to the Companies Act, 2013, except in respect of certain assets, where useful life estimated based on internal assessment and/or independent technical evaluation carried out by external valuer, past trends and differs from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Depreciation for PPE 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 up to the date on which such assets have been discarded/ sold. Additions to fixed assets, costing 5000 each or less are fully depreciated retaining its residual value.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

f) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

(i) **Raw materials** : At specific identification method including other cost incurred in bringing materials/consumables to their present location and condition.

(ii) **Stock of stores, Spares and Packing Material** : Determined based on Weighted Average method.

(iii) **Finished goods and Work in progress** : Determined under FIFO method where cost involves conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

g) Financial Instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value. However, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are also added to the cost of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified on the basis of their contractual cash flow characteristics and the entity's business model of managing them.

Financial assets are classified into the following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

The Company classifies a debt instrument as at amortised cost, if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.



Debt instrument at FVTOCI

The Company classifies a debt instrument at FVTOCI, if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes finance income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss statement. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

The Company classifies all debt instruments, which do not meet the criteria for categorization as at amortized cost or as FVTOCI, as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Where the Company makes an irrevocable election of classifying the equity instruments at FVTOCI, it recognises all subsequent changes in the fair value in OCI, without any recycling of the amounts from OCI to profit and loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents SPPI, are measured as detailed below depending on the business model:

Classification

Name of the financial asset

Amortised cost

Trade receivables, Loans given to employees and others, deposits, interest receivable, unbilled revenue and other advances recoverable in cash.

FVTOCI

Equity investments in companies other than subsidiaries and associates if an option exercised at the time of initial recognition.

FVTPL

Other investments in equity instruments, mutual funds, forward exchange contracts (to the extent not designated as a hedging instrument).

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:



- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, receivables and bank balance.
- Financial assets that are debt instruments and are measured at FVTOCI
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 months ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, the Company considers all contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument and Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the profit and loss. The balance sheet presentation of ECL for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables : ECL is presented as an allowance, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Debt instruments measured at FVTOCI : Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics. Accordingly, the impairment testing is done on the following basis:

Name of the financial asset

Impairment Testing Methodology

Trade Receivables

Expected Credit Loss model (ECL) is applied. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss rates reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets.

Other financial assets

When the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the life time. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.



Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL and as at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

Classification

Name of the financial liability

Amortised cost	Borrowings, Trade payables, Interest accrued, Unclaimed / Disputed dividends, Security deposits and other financial liabilities not for trading.
FVTPL	Foreign exchange Forward contracts being derivative contracts do not qualify for hedge accounting under Ind AS 109 and other financial liabilities held for trading.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at higher of (i) The amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 – Financial Instruments and (ii) The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18 – Revenue.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines changes in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

6. No Original classification	Revised classification	Accounting treatment
1. Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in P&L.
2. FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. ER is calculated based on the new gross carrying amount.
3. Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EFR due to reclassification.
4. FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
5. FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
6. FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to P&L at the reclassification date.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to settle the assets and settle the liabilities simultaneously.

h) Foreign currency transactions and translations
Transactions and balances

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

The Company enters into forward exchange contracts to hedge its risk associated with Foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract is amortised as expense or income over the life of the contract. In case of monetary items which are covered by forward exchange contract, the difference between the present rate and rate on the date of the contract is recognized as exchange difference. Any profit or loss arising on cancellation of a forward exchange contract is recognized as income or expense for that year.



I) Borrowing Costs

Borrowing cost include interest computed using Effective Interest Rate method and amortisation of ancillary costs incurred

Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings costs are expensed in the period in which they occur.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

D) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset viz. MAT Credit Entitlement, to the extent there is convincing evidence that the Company will pay normal Income tax and it is highly probable that future economic benefits associated with it will flow to the Company during the specified period. The Company reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income tax during the specified period.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Where there is deferred tax assets arising from carry forward of unused tax losses and unused tax created, they are recognised to the extent of deferred tax liability.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.



k) Retirement and other employee benefits

Short-term employee benefits

A liability is recognised for short-term employee benefit in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Defined contribution plans

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined benefit plans

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Compensated absences

The Company has a policy on compensated absences which are non-accumulating in nature and are settled within 12 months after the end of the reporting period in which the employees render the related service. As it is settled within 12 months and are non accumulating, provision in the books is made on accrual basis.

Other long term employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by the employees up to the reporting date.

l) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are operating leases.

Finance leases are capitalised at the commencement of the Lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.



m) Impairment of non financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

n) Provisions, contingent liabilities and contingent asset Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are discounted, if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Necessary provision for doubtful debts, claims, etc., are made, if realisation of money is doubtful in the judgement of the management.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are disclosed separately.

Show cause notices issued by various Government authorities are considered for evaluation of contingent liabilities only when converted into demand.

Contingent assets

Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect.

Contingent assets are disclosed but not recognised in the financial statements.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash, which are subject to insignificant risk of changes in value.

Cash Flow Statement

Cash flows are presented using indirect method, whereby profit / (loss) before 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.

Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents for the purpose of Cash flow statement.

Earnings per share

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2018

4. Property, plant and equipment

Rs. in Lakhs

Particulars	Tangible Assets									
	Land	Buildings	Plant and Machinery	Electrical Machinery	Computer	Office Equipment	Furniture and Fittings	Tools	Vehicle	Total
Deemed Cost as at April 1, 2016	1,985.86	408.89	973.92	105.53	4.51	0.22	5.67	2.06	5.28	3,491.94
Additions	-	2.22	63.93	53.72	0.30	0.56	0.71	-	0.17	121.61
Disposals	-	-	(3.76)	-	-	-	-	-	(0.01)	(3.79)
Ind AS adjustments	-	-	-	-	-	-	-	-	-	-
Cost as at March 31, 2017	1,985.86	411.11	1,034.07	159.25	4.81	0.78	6.38	2.06	5.44	3,609.76
Additions	-	-	6.50	20.96	1.00	0.12	-	-	8.28	36.86
Disposals	-	-	(2.15)	-	-	-	-	-	(0.82)	(2.97)
Ind AS adjustments	-	-	-	-	-	-	-	-	-	-
Cost as at March 31, 2018	1,985.86	411.11	1,038.42	180.21	5.81	0.90	6.38	2.06	12.90	3,643.65
Depreciation/Amortisation										
Charge for the year	-	20.49	389.49	43.48	0.69	0.07	0.84	0.18	0.60	455.84
Disposals	-	-	-	-	-	-	-	-	-	-
As at March 31, 2017	-	20.49	389.49	43.48	0.69	0.07	0.84	0.18	0.60	455.84
Charge for the year	-	20.45	195.39	31.70	1.17	0.16	0.87	0.18	0.96	250.88
Ind AS Adjustments	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	-	40.94	584.88	75.18	1.86	0.23	1.71	0.36	1.56	706.72
Net Block										
As at April 1, 2016	1,985.86	408.89	973.92	105.53	4.51	0.22	5.67	2.06	5.28	3,491.94
As at March 31, 2017	1,985.86	390.62	644.58	115.77	4.12	0.71	5.54	1.88	4.84	3,153.92
As at March 31, 2018	1,985.86	370.17	453.54	105.03	3.95	0.67	4.67	1.70	11.34	2,936.93



SRI NACHAMMAI COTTON MILLS LIMITED

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Notes to Financial Statements for the year ended March 31, 2018

Rs. in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Capital Work-in-progress			
Capital work in progress	—	4.62	41.64
	—	4.62	41.64
Non-current investments			
Investments in companies at FVTOCI			
I. Investments in Equity Instruments (Quoted)			
10,600 equity shares (previous year 10,600) of Rs 10 each in Indian Overseas Bank fully paid up	1.94	2.96	3.22
II. Investments in Equity Instruments (Unquoted)			
1,500 equity shares (previous year 1,500) of Rs 10 each in Suryadev Alloys and Power Private Limited	—	2.04	2.04
7,04,221 equity shares of Rs. 10/- each (previous year - Nil) in Arkay Energy (Rameswaram) Limited	70.42	—	—
	72.36	5.00	5.26
Total non-current investments			
Aggregate amount of quoted investments	1.94	2.96	3.22
Aggregate market value of quoted investments	1.94	2.96	3.22
Aggregate cost of unquoted investments	70.42	2.04	2.04
Aggregate amount of impairment in value of investments	—	—	—
Other non-current financial assets			
(Unsecured, considered good)			
Security Deposits	41.42	43.93	76.74
	41.42	43.93	76.74
Deferred Tax Asset / (Liability) - Net			
Deferred Tax Liability	—	—	—
	—	—	—
Deferred Tax Asset			
On account of forward of losses	142.89	183.11	278.69
On account of Gratuity	24.53	22.78	14.74
On account 43B	11.91	11.93	10.26
Depreciation	68.34	25.82	(75.72)
Others	(27.31)	(22.65)	(15.38)
	220.36	220.99	212.59
Deferred Tax asset	220.37	220.99	212.59
MAT Credit Entitlement	78.72	78.72	81.39
	299.09	299.71	293.98
Other non-current assets			
(Unsecured, considered good)			
Capital advance	78.94	61.47	105.63
Advance income-tax	0.95	0.10	1.09
	79.89	61.57	106.72



SRI NACHAMMAI COTTON MILLS LIMITED

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Notes to Financial Statements for the year ended March 31, 2018

Rs. in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
10 Inventories			
Raw Materials	2,539.92	1,922.63	1,190.90
Process Stock	388.32	348.35	371.45
Finished products	2,510.10	2,163.89	3,033.71
Stores and spares	147.55	105.64	126.75
Waste	61.42	44.74	12.41
	<u>5,647.31</u>	<u>4,585.25</u>	<u>4,735.22</u>
Inventory comprise of			
Raw Materials	2,539.92	1,922.63	1,190.90
Cotton	<u>2,539.92</u>	<u>1,922.63</u>	<u>1,190.90</u>
Work in progress	388.32	348.35	371.45
Work in progress	<u>388.32</u>	<u>348.35</u>	<u>371.45</u>
Finished Goods			
Yarn	2,510.10	2,163.89	3,033.71
	<u>2,510.10</u>	<u>2,163.89</u>	<u>3,033.71</u>
11 Trade receivables			
(Unsecured, considered good)			
Outstanding for a period exceeding six months from due date of payment	31.27	40.31	60.63
Other debts	<u>2,044.28</u>	<u>1,871.15</u>	<u>1,683.77</u>
Allowance for expected credit loss	2,075.55	1,911.46	1,744.40
	(9.53)	(1.89)	(0.12)
	<u>2,066.02</u>	<u>1,909.57</u>	<u>1,744.28</u>
	<u>2,066.02</u>	<u>1,909.57</u>	<u>1,744.28</u>
12 Cash and cash equivalents			
Cash- on- Hand	0.67	0.40	1.85
Balances with Banks In Current Account	<u>29.65</u>	<u>111.77</u>	<u>33.22</u>
	<u>30.32</u>	<u>112.17</u>	<u>35.07</u>
13 Other Bank Balances			
In Margin money with Banks	198.36	178.81	137.72
	<u>198.36</u>	<u>178.81</u>	<u>137.72</u>
14 Other current assets			
(Unsecured, considered good)			
TUF Subsidy Receivable	-	0.18	3.65
Hank Yarn Obligation Receivable	2.14	1.93	1.60
Interest accrued on Deposits	5.74	3.08	1.17
Prepaid expenses	22.37	14.95	22.32
Balance with Excise department, Sales Tax etc	16.26	0.48	0.51
Advance recoverable in cash or in kind or for value to be received	5.92	19.08	14.17
Advance for purchases	<u>136.60</u>	<u>125.46</u>	<u>41.70</u>
	<u>189.03</u>	<u>165.16</u>	<u>85.12</u>



SRI NACHAMMAI COTTON MILLS LIMITED

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Notes to Financial Statements for the year ended March 31, 2018

Rs. in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Capital			
Authorized Share Capital			
43,00,000 Equity shares of Rs. 10 each	430.00	430.00	430.00
	<u>430.00</u>	<u>430.00</u>	<u>430.00</u>
Issued Share Capital			
43,00,000 Equity shares of Rs. 10 each	430.00	430.00	430.00
	<u>430.00</u>	<u>430.00</u>	<u>430.00</u>
Subscribed and fully paid up share capital			
43,00,000 Equity shares of Rs. 10 each	430.00	430.00	430.00
Less : Calls in arrears	1.36	1.36	1.36
	<u>428.64</u>	<u>428.64</u>	<u>428.64</u>

Notes:

a) Reconciliation of number of equity shares subscribed

Balance as at the beginning of the year	4,286,400	4,286,400	4,286,400
Add : Issued during the year			
Balance at the end of the year	<u>4,286,400</u>	<u>4,286,400</u>	<u>4,286,400</u>

b) Shares issued for consideration other than cash

There are no shares which have been issued for consideration other than cash during the last 5 years.

c) Shareholders holding more than 5% of the total share capital

Name of the shareholder	No. of shares					
	2018	%	2017	%	2016	%
Shri P. Palaniappan (HUF)	619,591	14.41	618,162	14.37	617,161	14.35
Smt. P. Umayal	1,036,343	24.10	1,036,343	24.10	1,036,343	24.10
Smt. Geethanjali Ramasamy	398,981	9.28	398,981	9.28	398,981	9.28
Shri Rajubhandari	336,300	7.82	264,444	6.15	230,268	5.36

d) Rights, preferences and restrictions in respect of equity shares issued by the Company

The company has only one class of equity shares having a par value of Rs.10 each. The equity shares of the company having par value of Rs.10/- rank pari-passu in all respects including voting rights and entitlement to dividend. The dividend proposed if any, by the Board of Directors, is subject to the approval of the shareholders in the ensuing Annual General Meeting.



SRI NACHAMMAI COTTON MILLS LIMITED

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Notes to Financial Statements for the year ended March 31, 2018

Rs. in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
16 Other Equity			
Securities Premium Account	659.65	659.65	659.65
Other Comprehensive Income	1.68	1.68	1.68
Profit and Loss Account	1,140.59	1,068.43	978.61
	<u>1,801.92</u>	<u>1,729.76</u>	<u>1,639.94</u>
a) Securities Premium			
Balance as at beginning and end of the year	659.65	659.65	659.65
Closing balance	<u>659.65</u>	<u>659.65</u>	<u>659.65</u>
b) Other comprehensive income			
Opening balance			
Additions during the year	1.68	1.68	1.68
Deductions / Adjustments during the year	1.12	(14.58)	-
Transfer to Profit and loss account	(1.12)	14.58	-
Closing balance	<u>1.68</u>	<u>1.68</u>	<u>1.68</u>
c) Retained earnings			
Opening balance	1,068.43	978.61	978.61
Net profit for the period	71.04	104.40	-
Transfer from OCI	1.12	(14.58)	-
Closing balance	<u>1,140.59</u>	<u>1,068.43</u>	<u>978.61</u>
17 Non Current Financial Liabilities*			
Secured			
From Banks-Term Loans**	249.52	445.83	643.88
Unsecured			
Loans and advances from directors	812.17	1,837.20	1,615.08
0% Redeemable Preference Shares	799.39	731.32	669.21
	<u>1,861.08</u>	<u>3,014.35</u>	<u>2,928.17</u>
* There is no case of continuing default as on the balance sheet date in repayment of loans and interest.			
** Term loans and non fund limits from Indian Overseas Bank are secured by first charge on entire block of assets, both present and future and the Company's Managing Director and Chairman have given personal guarantees for the above loans to the extent of Rs 17.29 Crores.			
18 Other non current financial liabilities			
Inter corporate Deposits	890.57	659.98	632.60
Deferred income	19.59	34.79	54.71
Unamortised interest income	647.73	739.26	830.79
	<u>1,557.89</u>	<u>1,434.03</u>	<u>1,518.10</u>
19 Provisions (Non-current)			
Provision towards Gratuity	72.78	61.40	38.53
	<u>72.78</u>	<u>61.40</u>	<u>38.53</u>



SRI NACHAMMAI COTTON MILLS LIMITED

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Notes to Financial Statements for the year ended March 31, 2018

Rs. in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current liabilities - Financial Liabilities : Borrowings*			
Secured			
Cash credit facility**			
Acceptances	1,629.05	1,546.12	1,394.94
Unsecured	1,519.58	1,319.08	1,883.61
Loans from directors			
	<u>1,300.73</u>	<u>-</u>	<u>-</u>
	<u>4,449.36</u>	<u>2,865.20</u>	<u>3,278.55</u>
* There is no case of continuing default as on the balance sheet date in repayment of loans and interest.			
** Working capital limits from Indian Overseas Bank are secured by first charge on entire block of assets, both present and future and the Company's Managing Director and Chairman have given personal guarantees for the above loans to the extent of Rs. 17.29 Crores.			
Trade payables			
Due to Micro, Small & Medium Enterprises**			
Others	4.22	0.89	1.79
	<u>764.84</u>	<u>295.16</u>	<u>373.26</u>
	<u>769.06</u>	<u>296.05</u>	<u>375.05</u>
** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management represents the principal amount payable to these enterprises. There are no interest due and outstanding as at the reporting date. Please refer note 39.			
Other current liabilities			
Current maturities of long-term debt	196.60	197.76	267.02
Statutory Dues Payable	10.54	78.47	60.15
Employee benefits payable	4.42	5.25	0.38
Liabilities for expenses	364.27	330.59	197.77
Liabilities for other finance	<u>35.47</u>	<u>65.48</u>	<u>11.90</u>
	<u>611.30</u>	<u>677.56</u>	<u>537.22</u>
Provisions (Current)			
Provision for Leave Encashment	0.31	0.40	0.33
Provision for Gratuity	<u>8.39</u>	<u>12.33</u>	<u>9.16</u>
	<u>8.70</u>	<u>12.73</u>	<u>9.49</u>



SRI NACHAMMAI COTTON MILLS LIMITED

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Notes to Financial Statements for the year ended March 31, 2018

Rs. in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
24 Revenue from Operations		
Sale of Products		
Yarn	15,335.55	15,445.68
Fabric	257.72	1,268.22
Waste	138.07	128.23
Total	15,731.34	16,842.13
25 Other Income		
Interest Income	102.36	105.55
Profit on sale of Fixed Assets	0.34	4.61
Foreign Exchange Fluctuation	1.70	59.83
Miscellaneous Receipts	40.59	32.84
	144.99	202.83
26 Cost of Materials Consumed		
Opening Stock		
Raw Material - Cotton	1,922.83	1,190.90
Add: Purchases	11,378.75	10,903.11
	13,301.38	12,094.01
Less: Closing Stock		
Raw Material - Cotton	(2,539.92)	(1,922.63)
	10,761.46	10,171.38
27 Changes in inventories of work-in-progress, stock in trade and finished goods		
Opening Balance		
Finished Goods - Yarn	2,163.89	3,033.71
Process Stock	348.35	371.45
Waste	44.74	12.41
	2,556.98	3,417.57
Closing Balance		
Finished Goods - Yarn	2,510.10	2,163.89
Process Stock	388.32	348.35
Waste	61.42	44.74
	2,959.84	2,556.98
Total changes inventories of work-in-progress, stock in trade and finished goods	(402.86)	860.59
28 Power and Diesel Consumed	1,693.33	1,826.19
29 Employee benefit expenses		
Salaries, wages and bonus	1,145.17	1,060.41
Contribution to Provident and other funds	61.88	42.96
Welfare Expenses	129.44	155.34
Managerial Remuneration	30.75	30.75
	1,367.24	1,289.46
30 Finance costs		
Interest Expenses		
On Bank Loans	238.06	263.72
On Loan from Directors	62.20	105.65
On Intercompany deposits	36.59	34.07
On Others	45.89	48.14
On Preference Shares	68.07	62.11
	450.81	513.69



SRI NACHAMMAI COTTON MILLS LIMITED

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Notes to Financial Statements for the year ended March 31, 2018

Rs. in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
11 Depreciation and amortization expense		
Depreciation of Property, Plant and Equipment	250.88	455.84
	<u>250.88</u>	<u>455.84</u>
12 Stores and Spares		
Consumption of stores and spare parts	579.61	502.14
Consumption of packing materials	177.08	181.44
	<u>756.69</u>	<u>683.58</u>
13 Other expenses		
Repairs to Buildings	46.76	128.79
Repairs to Machinery	124.95	86.69
Repairs to Others	142.87	136.21
Insurance	12.18	11.43
Rates and taxes, excluding taxes on income	18.37	35.25
Legal and Professional Charges	23.04	14.09
Filing Fees	0.16	0.25
Brokerage & Commission	137.34	160.16
Auditors Remuneration	1.04	2.47
Sitting Fees	0.81	0.86
Rent Paid	8.81	7.44
Foreign exchange fluctuation	5.50	-
Bank Charges	18.40	53.50
Lease Rent	150.00	150.00
Conversion charges	147.59	248.70
Miscellaneous expenses	90.31	99.58
	<u>928.13</u>	<u>1,135.42</u>
Payment to auditors		
Audit fees	1.00	0.98
Tax Matters	-	0.28
Certificate Fees	0.04	0.85
Travelling Expenses	-	0.36
	<u>1.04</u>	<u>2.47</u>
Income tax expense		
(a) Income tax expense		
Current tax		
Current tax on profits for the year	-	6.16
MAT credit entitlement/reversal	-	(6.16)
Adjustments for current tax of prior periods	-	(8.83)
Total current tax expense	-	<u>(8.83)</u>
Deferred tax		
Deferred tax adjustments	(0.38)	4.42
Total deferred tax expense/(benefit)	<u>(0.38)</u>	<u>4.42</u>
Income tax expense	<u>(0.38)</u>	<u>(4.41)</u>
(b) The Income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax from continuing operations	70.66	108.81
Income tax expense calculated at 30.9% (2016-17: 30.9%)	21.83	33.62
Effect of expenses that are not deductible in determining taxable profit	<u>(21.83)</u>	<u>(24.79)</u>
Income tax expense	-	<u>8.83</u>



SRI NACHAMMAI COTTON MILLS LIMITED

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Notes to Financial Statements for the year ended March 31, 2018

Rs. in Lakhs

Particulars	For the year ended			
	March 31, 2018	March 31, 2017		
(c) Income tax recognised in other comprehensive Income				
Deferred tax				
Remeasurement of defined benefit obligation	(1.00)	4.00		
Total income tax recognised in other comprehensive Income	(1.00)	4.00		
(d) Movement of deferred tax expense during the year ended March 31, 2018				
Deferred tax (liabilities)/assets in relation to:	Opening balance	Recognised in profit or loss	Recognised in Other comprehensive Income	Closing balance
Property, plant, and equipment and Intangible Assets	25.82	42.52	-	68.34
Expenses allowable on payment basis under the Income Tax Act	217.82	(40.22)	-	177.60
Remeasurement of financial instruments under Ind AS	-	-	(1.00)	(1.00)
Other temporary differences	(22.65)	(1.92)	-	(24.57)
	220.99	0.38	(1.00)	220.37
MAT Credit entitlement	78.72	-	-	78.72
Total	299.71	0.38	(1.00)	299.09
(e) Movement of deferred tax expense during the year ended March 31, 2017				
Deferred tax (liabilities)/assets in relation to:	Opening balance	Recognised in profit or loss	Recognised in Other comprehensive Income	Closing balance
Property, plant, and equipment and Intangible Assets	(75.72)	101.54	-	25.82
Expenses allowable on payment basis under the Income Tax Act	303.69	(89.85)	4.00	217.82
Remeasurement of financial instruments under Ind AS	-	-	-	-
Other temporary differences	(15.38)	(7.27)	-	(22.65)
	212.59	4.42	4.00	220.99
MAT Credit entitlement	81.39	(2.67)	-	78.72
Total	293.98	1.75	4.00	299.71
35 Earnings per share				
Profit for the year attributable to owners of the Company		71.04		104.40
Weighted average number of ordinary shares outstanding		4,286,400		4,286,400
Basic earnings per share (Rs)		1.66		2.44
Diluted earnings per share (Rs)		1.66		2.44
36 Expenditure in foreign currency				
Royalty		-		-
Sales Commission		-		-
Professional and Consultancy Fees		-		-
Others		-		-
37 Amount remitted during the year in foreign currencies				
Number of Non-Resident Shareholders		8.00		5.00
Number of shares held by them		4,048.00		2,647.00
On account of dividends		-		-
Year to which dividend relates		-		-



SRI NACHAMMAI COTTON MILLS LIMITED

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Notes to Financial Statements for the year ended March 31, 2018

Rs. in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Earnings in foreign exchange		
Export of goods on FOB Basis	-	-
Disclosures required by the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as under		
The information 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 the information available with the Company. There are no overdues to parties on accounts of principal amount and / or interest and accordingly no additional disclosures have been made.		
Commitments and contingent liability		
Contingent Liability		
1. Contingent Liability		
In respect of outstanding export obligation to export goods worth Rs. 3053.06 Lakhs under EPCG Scheme in respect of various years from 2009, the company has fulfilled obligation to the extent of	1,514.91	1,266.31
The Bank has given guarantees for towards payment of customs duty in respect of import of machinery	53.96	54.02
Future Lease Payments	37.50	50.00
Capital Commitments		
Estimated Value of Contracts remaining to be executed on Capital Account and not provided for	789.38	614.69
Value of Imports : CIF Value		
Raw Material	2,156.71	3,835.56
Components and Spare Parts	71.15	52.08
Value of imported and indigenous Raw materials, Packing materials consumed and Consumable Spares during the financial year and the percentage of each to the total consumption		
	For the year ended March 31, 2018	For the year ended March 31, 2017
Raw materials	Value Percentage(%)	Value Percentage(%)
Imported	2,156.71 20.04	3,925.45 38.59
Indigenous	8,604.74 79.96	6,245.93 61.41
	10,761.45 100.00	10,171.38 100.00
Stores and Packing Materials	Value Percentage(%)	Value Percentage(%)
Imported	71.15 9.40	52.08 7.62
Indigenous	685.54 90.60	631.49 92.38
	756.69 100.00	683.57 100.00
Operating Segments		
As the Company's business activity primarily falls within a single business and geographical segment, there are no additional disclosures to be provided under Accounting Standard - 17 "Segment Reporting", other than those already provided in the financial statements.		
Operating lease arrangements		
The Company has taken the entire Fixed Assets of Supreme Yarn Spinners Limited under cancelable operating lease, which are normally renewed on expiry.		
As Lessee		
The Company has entered into operating lease arrangements for certain facilities.		
The leases are cancellable at the option of either party to lease and may be renewed based on mutual agreement of the parties.		
Lease payments recognised in the Statement of Profit and Loss	150.00	150.00



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Notes to Financial Statements for the year ended March 31, 2018

Rs. in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
45 Financial Instruments			
Capital management			
The Company manages its capital to ensure that entities in the Company will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.			
The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, long term and other short-term borrowings.			
For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.			
Gearing Ratio :	March 31, 2018	March 31, 2017	April 1, 2016
Debt	1,861.08	3,014.35	2,928.17
Less: Cash and bank balances	228.68	290.98	172.79
Net debt	1,632.40	2,723.37	2,755.38
Total equity	2,230.56	2,158.40	2,068.58
Net debt to equity ratio (%)	73.18%	126.18%	133.20%
Categories of Financial Instruments			
Financial assets			
a. Measured at amortised cost			
Other non-current financial assets	41.42	43.93	76.74
Trade receivables	2,066.02	1,909.57	1,744.28
Cash and cash equivalents	30.32	112.17	35.07
Bank balances other than above	198.36	178.81	137.72
b. Mandatorily measured at fair value through profit or loss (FVTOCI)			
Investments	72.36	5.00	5.26
Financial liabilities			
a. Measured at amortised cost			
Borrowings (non current)	1,861.08	3,014.35	2,928.17
Borrowings (current)	4,449.36	2,865.20	3,278.55
Trade payables	769.06	296.05	375.05
Other financial liabilities	-	-	-
b. Mandatorily measured at fair value through profit or loss (FVTPL)			
Derivative instruments	-	-	-
Financial risk management objectives			
The treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.			
The Company seeks to minimise the effects of these risks by using natural hedging financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.			
Market risk			
Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company actively manages its currency and interest rate exposures through its finance division and uses derivative instruments such as forward contracts and currency swaps, wherever required, to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by appropriate levels of management.			
Foreign currency risk management			
The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company actively manages its currency rate exposures through a centralised treasury division and uses natural hedging principles to mitigate the risks from such exposures. The use of derivative instruments, if any, is subject to limits and regular monitoring by appropriate levels of management. The Company has not used any derivatives.			



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Disclosure of hedged and unhedged foreign currency exposure

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

As on March 31, 2018 (all amounts are in equivalent Rs. in lakhs)

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	10.22	-	10.22	-	-	-	(10.22)
EUR	-	-	-	-	-	-	-
In INR	665.49	-	665.49	-	-	-	(665.49)

As on March 31, 2017 (all amounts are in equivalent Rs. in lakhs)

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	20.32	-	20.32	-	-	-	(20.32)
EUR	-	-	-	0.03	-	0.03	0.03
In INR	1,319.08	-	1,319.08	2.08	-	2.08	(1,317.00)

As on April 1, 2016 (all amounts are in equivalent Rs. in lakhs)

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	15.12	-	15.12	-	-	-	(15.12)
EUR	-	-	-	-	-	-	-
In INR	1,002.55	-	1,002.55	-	-	-	(1,002.55)



Foreign currency sensitivity analysis

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Interest rate risk management

The Company is exposed to interest rate risk because it borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. Further, in appropriate cases, the Company also effects changes in the borrowing arrangements to convert floating interest rates to fixed interest rates.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The 25 basis point interest rate changes will impact the profitability by INR 9.26 Lakhs for the year (Previous INR 7.31 Lakhs)

Credit risk management

Credit risk arises when a customer or counterparty does not meet its obligations under a customer contract or financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing/ investing activities, including deposits with banks, mutual fund investments, investments in debt securities and foreign exchange transactions. The Company has no significant concentration of credit risk with any counterparty.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, margin money and other financial assets excluding equity investments.

(a) Trade Receivables

Trade receivables are consisting of a large number of customers. The Company has credit evaluation policy for each customer and, based on the evaluation, credit limit of each customer is defined. Wherever the Company assesses the credit risk as high, the exposure is backed by either bank, guarantee/letter of credit or security deposits / post dated cheques.

The Company does not have higher concentration of credit risks to a single customer. As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

(b) Investments, Derivative Instruments, Cash and Cash Equivalents and Bank Deposits

Credit Risk on cash and cash equivalents, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions, who have been assigned high credit rating by international and domestic rating agencies.



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Credit Risk on Derivative Instruments is generally low as the Company enters into the Derivative Contracts with the reputed Banks.

Investments of surplus funds are made only with approved financial institutions/ counterparty. Investments primarily include bank deposits, investment in units of quoted mutual funds issued by high investment grade funds etc. These bank deposits, mutual funds and counterparties have low credit risk. The Company has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in bank deposits, debt securities and mutual fund schemes of debt and arbitrage categories and restricts the exposure in equity markets.

Offsetting related disclosures

Offsetting of cash and cash equivalents to borrowings as per the consortium agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.

Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company invests its surplus funds in bank fixed deposit and mutual funds, which carry minimal mark to market risks. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

Liquidity tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

March 31, 2018	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	769.06	-	-	769.06
Borrowings (including interest accrued thereon upto the reporting date)	196.60	786.40	1,074.68	2,057.68
	<u>965.66</u>	<u>786.40</u>	<u>1,074.68</u>	<u>2,826.74</u>
March 31, 2017	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	296.05	-	-	296.05
Borrowings (including interest accrued thereon upto the reporting date)	197.76	791.04	2,223.31	3,212.11
	<u>493.81</u>	<u>791.04</u>	<u>2,223.31</u>	<u>3,508.16</u>
April 1, 2016	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	375.05	-	-	375.05
Borrowings (including interest accrued thereon upto the reporting date)	267.02	1,068.08	1,860.09	3,195.19
	<u>642.07</u>	<u>1,068.08</u>	<u>1,860.09</u>	<u>3,570.24</u>

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required) :

March 31, 2018	March 31, 2017	April 1, 2016
Nil	Nil	Nil



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Notes to Financial Statements for the year ended March 31, 2018

Rs. in Lakhs

46 Related party disclosure

- a) List of parties having significant influence
Enterprises in which KMP along with their
relatives have significant influence

Key management personnel

Relatives of Key Management Personnel

Supreme Yarn Spinners Ltd
Raja Yarns Private Limited

Smt. P.Umayal, Chairman cum Managing Director
Shri P.Palaniappan, Managing Director
Sri. A.Subramanian (CFO)
Miss.Sarita Jain.G (Company Secretary)

Smt. Geethanjali Ramasamy
Shri MC.Ramasamy
Shri P.Palaniappan (HUF)
Shri MC.Ramasamy (HUF)

b) Transactions during the year

S.No.	Nature of transactions	Amount	
		2017-18	2016-17
1.	Corporate Loan taken Raja Yarns Private Limited Supreme Yarn Spinners Limited	73.91 248.00	23.45 75.00
2.	Corporate Loan Repaid Raja Yarns Private Limited Supreme Yarn Spinners Limited	16.32 75.00	14.07 57.00
3.	Unsecured Loan taken Shri P.Palaniappan Smt.P.Umayal	10.25 266.46	261.19 41.17
4.	Unsecured Loan Repaid Shri P.Palaniappan Smt.P.Umayal	71.42 38.58	60.77 9.47
5.	Rendering of Services Supreme Yarn Spinners Ltd	1.66	1.77
6.	Lease Rent Paid Supreme Yarn Spinners Ltd	150.00	150.00
7.	Managerial Remuneration Shri P.Palaniappan Smt. P.Umayal Sri. A.Subramanian Miss. Sarita Jain .G	15.37 15.38 3.15 2.40	15.46 15.29 2.92 0.12
8.	Interest Paid on Unsecured Loans Raja Yarns Private Limited Supreme Yarn Spinners Limited Shri P.Palaniappan Smt. P.Umayal	29.16 7.43 28.01 32.30	26.79 7.27 74.89 24.75

c) Balances with related parties

S.No.	Nature of transactions	Amount	
		2017-18	2016-17
1.	Outstanding Payables Raja Yarns Private Limited Supreme Yarn Spinners Limited Shri P.Palaniappan Smt. P.Umayal	582.32 308.25 1,300.74 662.17	524.73 135.25 1,352.91 434.29



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Notes to Financial Statements for the year ended March 31, 2018

Rs. in Lakhs

Retirement benefit plans Defined contribution plans

In accordance with Indian law, eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the Provident Fund.

The total expense recognised in profit or loss of Rs. 39.86 Lakhs (for the year ended : Rs. 41.31 Lakhs) represents contribution payable to these plans by the Company at rates specified in the rules of the plan.

Defined benefit plans

Gratuity

Gratuity is payable as per Payment of Gratuity Act, 1972. In terms of the same, gratuity is computed by multiplying last drawn salary (basic salary including dearness Allowance if any) by completed years of continuous service with part thereof in excess of six months and again by 15/26. The Act provides for a vesting period of 5 years for withdrawal and retirement and a monetary ceiling on gratuity payable to an employee on separation, as may be prescribed under the Payment of Gratuity Act, 1972, from time to time. However, in cases where an enterprise has more favourable terms in this regard the same has been adopted.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The principal assumptions used for the purposes of the actuarial valuations were as follows :

Particulars	March 31, 2018	March 31, 2017
Mortality Table	1.00% p.a	1.00% p.a.
Mortality Rate	Indian assured lives Mortality (2006-2008)	Indian assured lives Mortality (2006-2008)
Discount Rate	7.55% p.a	6.80% p.a.
Rate of increase in compensation level	2.00% p.a	2.00% p.a.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.



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Notes to Financial Statements for the year ended March 31, 2018

Rs. in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:		
Amount recognised under Employee Benefits Expense in the Statement of profit and Loss:		
Current service cost	6.37	5.99
Net interest expense	5.01	3.72
Return on plan assets (excluding amounts included in net interest expense)	—	—
Components of defined benefit costs recognised in profit or loss	11.38	9.71
Amount recognised in Other Comprehensive Income (OCI) for the Year		
Actuarial (gains)/losses - Change in Financial assumptions	(7.47)	10.21
- Experience variance	2.95	5.77
Return on Plan assets	0.80	2.34
Components of defined benefit costs recognised in other comprehensive income	(3.71)	18.32
The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows :		
Present value of defined benefit obligation	145.57	150.43
Fair value of plan assets	(66.17)	(76.70)
Net liability arising from defined benefit obligation	79.40	73.73
Funded	79.40	73.73
Unfunded	—	—
	79.40	73.73
The above provisions are reflected under 'Provision for employee benefits- gratuity' (long-term provisions) [Refer note 19].		
Movements in the present value of the defined benefit obligation in the current year were as follows:		
Opening defined benefit obligation	150.43	147.28
Current service cost	6.37	5.99
Interest cost	10.22	11.48
Actuarial (gains)/losses	(4.52)	15.99
Benefits paid	(16.94)	(30.31)
Closing defined benefit obligation	145.56	150.43
Movements in the fair value of the plan assets in the current year were as follows:		
Opening fair value of plan assets	76.70	99.59
Interest Income	—	—
Expected return on plan assets (excluding amounts included in net interest expense)	5.21	7.76
Contributions	2.00	2.00
Benefits paid	(16.94)	(30.31)
Actuarial gains/(loss)	(0.80)	(2.34)
Others	—	—
Closing fair value of plan assets	66.17	76.70

Note :

- The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated terms of the obligations.
- The estimate of future salary increased considered, takes into account the inflation, seniority, promotion increments and other relevant factors.



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Notes to Financial Statements for the year ended March 31, 2018

Rs. In Lakhs

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Particulars	March 31, 2018	March 31, 2017
Defined Benefit Obligation (Base)	150.43	145.57

Particulars	March 31, 2018		March 31, 2017	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+1%)	155.78	136.34	161.91	140.12
(% change compared to base due to sensitivity)	7.00%	(6.30%)	7.60%	(6.90%)
Salary Growth Rate (1/+1%)	135.77	156.25	139.56	162.36
(% change compared to base due to sensitivity)	(6.70%)	7.30%	(7.20%)	7.90%
Attrition Rate (-/+10% of mortality rates)	144.04	147.05	148.85	151.95
(% change compared to base due to sensitivity)	(1.00%)	1.00%	(1.00%)	1.00%
Mortality Rate (-/+10% of mortality rates)	145.42	145.72	150.28	150.57
(% change compared to base due to sensitivity)	(0.10%)	0.10%	(0.10%)	0.10%

Risk exposure :

The Company's Gratuity fund is maintained by an approved trust (Life Insurance Corporation of India). A large portion of the investment made by the LIC is in government bonds and securities and other approved securities. Hence, the company is not exposed to the risk of asset volatility as at the balance sheet date.

Funding arrangements and Funding Policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

Expected Contribution during the next annual reporting period

The Company's best estimate of Contribution during the next year

85.6

Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cash flows)

7 years

Expected cash flows over the next (valued on undiscounted basis):

1 year

5 to 5 years

5 to 10 years

More than 10 years

Indian Rupees (INR)

8.39

69.07

96.45

84.94

Compensated absences

As per the policy of the Company, compensated absences are not entitled to be carried forward to the subsequent financial year and lapse at the end of the reporting period. Accordingly, no liability towards compensated absences are recognised in these financial statements.



Notes to Financial Statements for the year ended March 31, 2018

Rs. in Lakhs

48 First-time adoption of Ind AS

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (The company's date of transition).

In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards generally applicable to the Company (as amended from time to time) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.1. Deemed cost for PPE

Ind AS 101 permits a first-time adopter to elect to fair value a class of property, plant and equipment or to continue with the carrying value for all of its PPE as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities.

Accordingly, the company has elected to continue the property, plant and equipment at their previous GAAP values.

A.1.2. Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI or FVTPL on the basis of the facts and circumstances at the date of transition to Ind AS. The company has elected to apply this exemption for its investment in equity investments.

A.1.3. Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The company has elected to apply this exemption for such contracts/arrangements.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

B. Notes to first-time adoption

B.1 Trade receivables

As per Ind AS 109, The company is required to apply expected credit loss model for recognising the allowance for doubtful debts. Accordingly, the Company has developed an assessment for allowance for expected credit loss. The same has been considered in the opening and comparative period financial statements.

B.2 Fair valuation of financial assets and liabilities

Under Ind AS, financial assets and liabilities are to be valued at amortised cost or fair valued through profit and loss (FVTPL) or fair valued through other comprehensive income (FVTOCI) based on the Company's business objectives and the cash flow characteristics of the underlying financial assets and liabilities. The Company has remeasured the financial assets and liabilities as on the date of transition and the consequential impact has been given in the opening retained earnings.



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Notes to Financial Statements for the year ended March 31, 2018

Rs. in Lakhs

B.3 Transaction costs in respect of financial instruments

Under the previous GAAP, transaction costs in relation to financial liabilities are charged to the profit and loss in the year in which they are incurred.

As per Ind AS 109, transaction costs in relation to financial liabilities are to be reduced from the related financial liabilities and amortised over the repayment period of the said liability. The same has been considered in the opening and comparative period financial statements.

B.4 Remeasurement of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. Adjustments have been made for such re-classifications/remeasurements.

B.5 Government grants

Under Ind AS, Government grants related to assets, including non-monetary grants at fair value, is presented in the balance sheet by setting up the grant as deferred income. The grant set up as deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset. The Company has remeasured the capital grants as aforesaid and accounted in the Ind AS financial statements.

B.6 Deferred tax

Under Ind AS, the deferred tax asset and liabilities are required to be accounted based on balance sheet approach and also to be recognised on all adjustments considered in the opening Ind AS balance sheet. Accordingly, the Company has remeasured its deferred tax assets and liabilities as aforesaid and accounted in the Ind AS financial statements.

Key reconciliation required as per Ind AS 101 on transition to Ind AS

	As at March 31, 2017	As at April 1, 2016
a) Reconciliation of equity		
Total equity / shareholders' funds as per Indian GAAP	187.47	117.77
Ind AS Adjustments		
Depreciation on capitalisation of EPCG grant	(19.82)	-
Deferment of EPCG grant	19.92	-
Expected credit loss	(1.89)	(0.12)
Interest expense on preference shares	(62.11)	-
Interest income on preference shares	91.53	-
Increase/decrease on fair valuation of investments	(5.08)	(4.82)
Fair valuation of PPE as deemed cost	1,971.13	1,971.13
Deferred Tax impacts	(22.65)	(15.38)
Total equity/ shareholders' funds as per Ind AS	2,158.40	2,068.58
b) Reconciliation of Profits		
Total comprehensive Income as per Indian GAAP	For the year ended March 31, 2017	69.70
Ind AS Adjustments		
Depreciation on capitalisation of EPCG grant		(19.92)
Deferment of EPCG grant		19.92
Expected credit loss		(1.77)
Interest expense on preference shares		(62.11)
Interest income on preference shares		91.53
Increase/decrease on fair valuation of investments		(0.26)
Deferred Tax impacts		(7.27)
Total comprehensive income as per Ind AS		89.82

per our report of even date attached
for M/s V.V.SOUNDARARAJAN & Co.,
Chartered Accountants
(VIN No. 03944S)

ASHOKKUMAR
Partner, M.No. 021435

Chennai, India
May 30, 2018

For and on behalf of the board

P.UMAYAL
Chairman cum Managing Director
DIN : 00110260

A.SUBRAMANIAN
Chief Financial Officer

P.PALANIAPPAN
Managing Director
DIN : 01577805

SARITA JAIN.G
Company Secretary

Hotel Sri Sai Vihar
No.30, Murugan Temple Street,
New Fairlands, Salem-636016.

Hotel Sri Sai Vihar

**No.30, Murugan Temple Street,
New Fairlands, Salem-636016.**

**Hotel
Sri Sai Vihar**



S. N. C. M. INDIA COTTON MILLS LIMITED

S. N. C. M. INDIA, 'VASANTHAM', 4th Cross Street, New Fairlands, SALEM 636 016
Phone No. 0427 - 2331951, CIN: L17115TZ1980PLC000916
Email: sncm@rediffmail.com Website: www.sncmindia.com

Communication of shareholders holding shares in physical form

We draw your attention to the circular issued by Securities and Exchange Board of India (SEBI) No. SEBI/HO/MIRSD/... dated 20/04/2018. SEBI, in point no. 12 (ii) of the Annexure to its circular had directed all the listed companies to make a communication to all its shareholders through their Registrars and Transfer agents (RTA), who are holding shares in physical form and obtain copy of the PAN of all the holders and Bank account details of the first / sole shareholder of the company.

These guidelines are issued by SEBI to streamline and strengthen the procedures and processes with regard to handling and maintenance of records, transfer of securities and payment of dividend/interest/redemption by the RTAs, Issuer Companies and Bankers to Issue.

We had already sent individual communications to all our shareholders holding shares in physical form requesting them to submit the PAN and Bank mandate details.

This may kindly be treated as first reminder

To enable us to update the PAN and Bank account details, we request you to kindly submit the following documents within 21 days:

- Copy of self-attested PAN card of the shareholders including joint holders, if any in the format attached
- Bank a/c details of the first/sole shareholder, as per the Bank Mandate format attached
- Original cancelled cheque leaf with the name of the first/sole shareholder printed on it or copy of bank passbook showing name & account details of the account holder attested by the bank manager

On receipt of the above documents, we will update the same in our records.

Kindly note that in case of dividend declaration by the company, all dividends including past unpaid dividends, if any, will be directly credited to the bank account furnished by you. It is not out of place to mention here that under section 124 (6) of the Companies Act 2013, if dividends remain unpaid / unclaimed for a period of seven consecutive years then the underlying shares are also liable to be transferred to the a/c of IEPF authority.

We also request you to kindly arrange to send us the first/sole shareholders email Id for sending future communications as per the format attached.



SRI NACHAMMAI COTTON MILLS LIMITED

Registered Office : Door No. 181, 'VASANTHAM', 4th Cross Street, Fairlands, SALEM - 636 016.

CIN No. L17115TZ1980PLC000916

ATTENDANCE SLIP - AGM on 25th September, 2018

Folio No. DP ID No. Client ID No.

Name of the Member Signature

Name of the Proxy holder Signature

I/we hereby record my/our presence at the Annual General Meeting of the Company to be held on Tuesday, 25th September, 2018 at 5.00 p.m at Hotel Sri Sai Vihar, No.30 Murugan Temple Street, Fairlands, Salem - 636 016.

PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING HALL.

Form No. MGT - 11

PROXY FORM

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

CIN No	L17115TZ1980PLC000916	Name of the Shareholder	
Name of the Company	Sri Nachammai Cotton Mills Limited	Registered Address	
Registered Office :	Door No. 181, 'VASANTHAM', 4 th Cross Street, New Fairlands, SALEM - 636 016.	E-mail ID	
		Folio No/Client ID	
		DP ID	

Name of the Shareholder		Name of the Shareholder	
Registered Address		Registered Address	
E-mail ID		E-mail ID	
Folio No/Client ID		Folio No/Client ID	
DP ID		DP ID	

I/we hereby declare and authorise Mr/Mrs. As my/our proxy to attend and vote on behalf for me/us at the 38th Annual General Meeting of the Company be held on Tuesday the 25th September, 2018 at 5.00 P.M at Hotel Sri Sai Vihar, No.30 Murugan Temple Street, New Fairlands, Salem - 636 016 and at any adjournment thereof in respect of such resolutions as are indicated below:

Put a tick mark for the resolutions (✓)

Resolutions — Ordinary Business	Yes	No
1. To consider and adopt the Audited Balance Sheet ,Profit & Loss Account and Cash Flow Statement for the year ended 31 st March, 2018 and Reports of Board of Directors and Auditors thereon.		
2. To Appoint Sri A. Arunkumar who retires by rotation and being eligible, offers himself for re-appointment		
3. To appoint Auditors and fix their remuneration		
Special Business		
4. To ratify the Remuneration paid to Cost Auditor		
5. To appoint Smt. C. Renuka, as an Additional Director		
6. To accord the continuation of Sri Perumal Madhavagopal as the Non Executive Director attaining age of 75 years		

Signed this day of 2018.

Signature of the Shareholder :

Signature of Proxy holder(s) :

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

Affix
Re. 1
Revenue
Stamp