

SRI NACHAMMAI COTTON MILLS LIMITED,

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

Our Ref : _____

Dated : _____ 27.08.2023 _____

To,
BSE Limited,
Listing Department,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400 001.

Scrip Code: 521234

Subject: Annual Report under Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sirs,

We are enclosing herewith the 43rd Annual Report of the Company for the year ended 31st March 2023 as required under Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Kindly take the same on record and acknowledge receipt

Yours Faithfully

For Sri Nachammai Cotton Mills Limited


CS M. Harish

Company Secretary cum Compliance Officer

SRI NACHAMMAI COTTON MILLS LIMITED



43rd ANNUAL REPORT 2022-2023

SRI NACHAMMAI COTTON MILLS LIMITED

Registered Office: Door No. 181, 'VASANTHAM', 4th Cross Street, New Fairlands, Salem 636016.

CIN No. L17115TZ1980PLC000916 Phone No. 0427-2330847

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 Director

Non Executive Director

STATUTORY AUDITORS

SECRETARIAL AUDITOR

INTERNAL AUDITOR

CIN

BANKERS

REGISTRAR AND SHARE TRANSFER AGENTS

COMPANY SECRETARY

CHIEF FINANCIAL OFFICER

Smt P.Umayal

Sri P.Palaniappan

Sri A.Alagappan

Sri PL.Subbiah

Sri S.Ravichandran

Smt Sujatha Sivakumar

Sri A.Annamalai

Smt C.Renuka

M/s. Gopalaiyer and Subramanian.,

Chartered Accountants, Coimbatore – 641 002.

CS M.R.L. Narasimha,

Practicing Company Secretary,

Coimbatore – 641 011.

CA H.Venugopal,

Chartered Accountants, Salem – 636 006.

L17115TZ1980PLC000916

Indian Overseas Bank,

Salem Main Branch, Salem – 636 001.

M/s. Cameo Corporate Services Limited,

'Subramanian Building',

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

CS M.Harish

Sri A.Subramanian

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Contact Details

Registered Office : Door No. 181, 'VASANTHAM',
4th Cross Street, New Fairlands,
Salem – 636016.

Mills at : Near Railway Station,
Chettinad – 630 102,
Sivaganga District.

Phone Number : 0427-2330847

E-Mail : sncm@rediffmail.com

Website : www.sncmindia.com



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

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 43rd Annual General Meeting will be held on Monday, the 25th day of September, 2023 at 03.00 P.M through video conferencing or other audio visual means to transact the following business. 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, 2023, 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. A.Annamalai (DIN. 00625832) Director retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

3. Ratification of remuneration of Cost Auditors for the Financial Year 2023-2024

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 CMA 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 2023-2024 amounting to Rs.25,000/- per annum exclusive of GST as applicable and re-imbusement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby approved and ratified”.

4. Re-Appointment of Smt. Sujatha Sivakumar (DIN 08536232) as Non Executive Independent Director of the company

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

“**RESOLVED THAT** pursuant to approval of the Board of Directors in their meeting and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of Listing Regulations (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of the Members of the Company be and is hereby accorded for appointment of Smt. Sujatha Sivakumar (**DIN No. 08536232**) who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time, whose term shall not be subject to retirement by rotation, to hold office for 5 (five) consecutive years on the Board of the Company for a term w.e.f. 25th September 2024 to 24th September 2029.”

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.”

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

SD/-

P.Umayal,

Chairman cum Managing Director,
Din.00110260

Place: Salem

Date: 10th August 2023.



Notes:

1. Statement pursuant to section 102 of the companies act 2013 setting out the material facts concerning each item of special business is annexed hereto.
2. As per General Circular No:10/2022 dated 28th December, 2022 issued by ministry of corporate affairs government of India and Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/4 Dated 5th January 2023 issued by Securities and Exchange Board of India(SEBI) and such other instructions that may be issued by statutory authorities. The company has decided to conduct the forthcoming AGM through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
3. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM/EGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the EGM/AGM will be provided by CDSL.
4. The Members can join the EGM/AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.
5. The attendance of the Members attending the AGM/EGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
6. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, , the facility to appoint proxy to attend and cast vote for the members is not available for this AGM/EGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM/EGM through VC/OAVM and cast their votes through e-voting.
7. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM/EGM has been uploaded on the website of the Company at www.sncmindia.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM/EGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM/EGM) i.e. www.evotingindia.com.



THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The voting period begins on 22.09.2023 and ends on 24.09.2023. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 18.09.2023 of may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.



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Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for **Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

| Type of shareholders | Login Method |
|--|---|
| Individual Shareholders holding securities in Demat mode with CDSL Depository | <ol style="list-style-type: none">1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi.2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers. |
| Individual Shareholders holding securities in demat mode with NSDL Depository | <ol style="list-style-type: none">1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp |



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| | |
|---|---|
| | <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting</p> |
| <p>Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)</p> | <p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> |

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

| Login type | Helpdesk details |
|---|--|
| Individual Shareholders holding securities in Demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33 |
| Individual Shareholders holding securities in Demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |



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Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(v) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**

- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
- 2) Click on “Shareholders” module.
- 3) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-timeuser follow the steps given below:

| | For Physical shareholders and other than individual shareholders holding shares in Demat. |
|--|---|
| PAN | <p>Enter your 10digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA. |
| Dividend Bank Details OR Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> • 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. |

- (vi) After entering these details appropriately, click on “SUBMIT” tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.



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- (ix) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (x) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xii) After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xvii) **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
 - It is Mandatory that, 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.
 - Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; sncm@rediffmail.com if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM/EGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM/ EGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM/EGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.



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6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM/EGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
2. For Demat shareholders -, please update your email id & mobile no. with your respective **Depository Participant (DP)**
3. **For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.**

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact toll free no. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, MarathonFuturex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33.

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

ITEM No.3

The Board on the recommendation of the Audit Committee, has approved the appointment and remuneration Sri B.Venkateswar, Cost Accountant as Cost Auditor of the Company for audit of Cost Accounts of the Company for the FY 2023-2024. 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 shall be ratified by the Members of the company.

Accordingly, consent of the Members is sought for passing and Ordinary Resolution as set out in this item of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year 2023-2024.

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.



ITEM NO: 4

Re-appointment Non Executive Independent Director of the Company for the Second term of five years

The Board is of the view that the re appointment of Independent Director

Smt. Sujatha Sivakumar was appointed as a Non Executive Independent Director of the Company for a period of 5 (five) consecutive years for a term upto 23rd September 2024. Since, the Independent Director will complete her initial term as an Independent Director of the Company on 23rd September 2024; she is eligible for re-appointment for one more term. The Board is of the view that the re appointment of Independent Director on the Company's Board as Non Executive Independent Director would be beneficial to the Company. Resolution for this purpose is placed for consideration of members for approval by Special resolution.

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

As the tenure expires in September, 2024 the company may or may not in a position to conduct a General Meeting within the stipulated time. Hence as a precautionary measure the company is passing the resolution in the said forth coming general meeting.

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

SD/-

P.Umayal,

Chairman cum Managing Director,
Din.00110260.

Place: Salem

Date: 10th August 2023.

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

| | | |
|---|--|---|
| Name | A.Annamalai | Sujatha Sivakumar |
| DIN No. | 00625832 | 08536232 |
| Date of Birth & Age | 15.02.1956 (67 years) | 06.09.1972 (51years) |
| Nationality | Indian | Indian |
| Date of Appointment on the Board | 19.09.1997 | 14.08.2019 |
| Relation with other Director | Nil | Nil |
| Qualification | S.S.L.C. | BA Corporate Secretaryship |
| Experience | 31 Years in Business | 4 years as Independent Director in Listed company |
| No. of Shares held | 3818 | Nil |
| List of Directorships held in other Companies | Supreme Yarn Spinners Private Limited | Nil |
| Chairman/Member of the Committees of the Board of other companies in which he/she is Director | Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Share Transfer Committee | Nil |



SRI NACHAMMAI COTTON MILLS LIMITED

REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS

Dear Shareholders,

The Board of Directors of your Company is pleased to present the 43rd Annual Report on the business of the Company along with summary of financial statements for the year ended 31st March, 2023. 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 | 31.03.23 (Rs.in Lakhs) | 31.03.22 (Rs.in Lakhs) |
|--|------------------------|------------------------|
| Profit before Finance Costs and Depreciation | 16.64 | 1441.07 |
| Finance costs | 406.91 | 474.74 |
| Depreciation | 141.88 | 177.20 |
| (Loss) / Profit before taxation | (532.15) | 789.13 |
| Less:Current tax (MAT) | - | (122.26) |
| MAT Credit Entitlement | - | - |
| Excess Income Tax Provision Reversed | 5.61 | - |
| Deferred Tax | 193.92 | (77.94) |
| (Loss) / Profit after tax | (332.62) | 588.93 |
| Add:Other comprehensive income | | |
| Remeasurement of post-employment benefit obligations | (4.18) | (46.86) |
| Gain on fair value of investments | 0.46 | 0.24 |
| Income tax relating to these items | 1.04 | 13.01 |
| Total other comprehensive income for the year | (2.68) | (33.61) |
| Total comprehensive (Loss) / income for the year | (335.30) | 555.32 |
| Earnings per share basic / diluted | (7.76) | 13.74 |

Dividend

The Company is unable to declare any Dividend due to inadequacy of profits.

Review of Operations

During the year, the company has made a turnover of Rs.11721.04 (in lakhs) as against Rs. 20447.86 (in lakhs) in the previous year. The Company's Loss is Rs.335.30 Lakhs during the current year as compared to profit of Rs.555.32 Lakhs last year. Due to the lack of market demand the business operations at the manufacturing unit situated at Veeranam(taken under lease) was closed from 11th January, 2023.

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-I**

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.Annamalai (DIN: 00625832) 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.



SRI NACHAMMAI COTTON MILLS LIMITED

- II. 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(1) of the Companies Act, 2013.
- III. Pursuant to Regulation 34(3) and Schedule V para Clause (10)(i) of SEBI(Listing Obligation and Disclosure Requirements) Regulations, 2015 Certificate of Non Disqualification of Directors is received from the Practising Company Secretary CS M.R.L Narasimha is attached as **Annexure-VI**
- IV. Pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of Listing Regulations (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of the Members of the Company be and is hereby accorded for re-appointment of Smt. Sujatha Sivakumar (**DIN No. 08536232**) who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time, whose term shall not be subject to retirement by rotation, to hold office for 5 (five) consecutive years on the Board of the Company for a term w.e.f. 25th September 2024 to 24th September 2029

Declaration by Independent Directors

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI LODR.

During the year, 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 Current flow of information and contents were adequate for the Board to effectively perform its duties.

Familiarization Programmes

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 rules, 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 regulators/ bodies/institutions on above matters.

Number of Board Meetings and Committee Meetings

- The Board meets four (4) times during the financial year on **27th May 2022, 08th August 2022, 10th November 2022, 11th February 2023.**
- The Audit Committee meets four (4) times during the financial year on **27th May 2022, 08th August 2022, 10th November 2022, 11th February 2023.**
- The Stakeholders Relationship Committee meets four (4) times during the financial year on **27th May 2022, 08th August 2022, 10th November 2022, 11th February 2023.**
- The Share Transfer Committee meets six (6) times during the financial year on **07th April 2022, 27th July 2022 and 09th September 2022, 03rd November 2022, 15th December 2022, 24th February 2023.**
- The Nomination and Remuneration Committee met one (1) time during the financial year on **27th May 2022.**
- The Independent Directors Meeting met one (1) time during the financial year on **11th February 2023.**

Statutory Auditors

The Company's Auditors, M/s. Gopalaiyer and Subramanian., Chartered Accountants, Coimbatore, hold office for a term of five years (5) commencing from the financial year 2022-2027 till the conclusion of the 47th Annual General Meeting.

The Auditors' Report for the year 2022-2023 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 CS M.R.L. Narasimha, Practising Company Secretary was appointed to conduct the Secretarial Audit of the Company for the financial year 2022-2023. The Secretarial Audit Report for the financial year 2022-2023 forms part of the Annual Report as **Annexure-VII** to the Board's Report.



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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, CMA B.Venkateswar, Cost Accountant was appointed as Cost Auditor of the Company for the financial year 2023-2024 and the remuneration payable to Cost Auditor is placed before the Shareholders for ratification.

Internal Auditor

The Company has re-appointed CA H. Venugopal as the Internal Auditor of the Company for a further period of one year for the financial year 2023-2024. 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

Separately give as ANNEXURE – IX

Material Changes and Commitments

There have been no material changes and commitments between the end of financial year (March 31, 2023) 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. No fraud was reported during the financial year.

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 186 – Details of Loan

| Sl. No | Period of making Loan | Details of Lender | Amount in Rs. | 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. | 01.04.2022 to 31.03.2023 | Supreme Yarn Spinners Pvt Ltd Door No.181, 'VASANTHAM', 4 th Cross Street, New Fairlands, Salem 636 016 | 15,00,61,000 | Inter Corporate Loan | Repayable on Demand | 27.05.2022 08.08.2022 10.11.2022 11.02.2023 | 6.35% |
| 2. | 01.04.2022 to 31.03.2023 | Raja Yarn Private Ltd Door No.181, 'VASANTHAM', 4 th Cross Street, New Fairlands, Salem 636 016 | 12,20,64,500 | Inter Corporate Loan | Repayable on Demand | 03.06.2022 05.09.2022 10.11.2022 11.02.2023 | 3.20% |

Investment made under Section 186 of the Companies Act, 2013

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.

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 2022-2023 no compliant 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**

Copy of Annual Return

As per the requirements of Section 92(3) and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 (as amended), the copy of the Annual Return in the prescribed Form MGT-7 for the financial year ended March 31, 2023 is placed on the company's website www.sncmindia.com.

Contracts or Arrangements with Related Parties

Transactions entered with related parties have been explained in Form **AOC – 2 -Annexure – IV** 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.

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-V**

Directors Responsibility Statement

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

- (a) in the preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- (b) 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;
- (c) 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;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) 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 are 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 2022-2023



SRI NACHAMMAI COTTON MILLS LIMITED

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.

Compliance with Secretarial Standards

The Company has complied with applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

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,
SD/-

P.Umayal,

Chairman cum Managing Director

Din . 00110260

Salem,
22nd May 2023

MANAGEMENT DISCUSSION AND ANALYSIS

ANNEXURE – I

The management discussion and analysis given below discuss the key issues of the industry.

INDUSTRY STRUCTURE AND DEVELOPMENTS:

The 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 financial year 2022-23 was a tough year for Indian spinners due to uncompetitive cotton and yarn prices and slowdown in demand. The cotton price faced a steep increase, with all time high levels hit the contribution level for the spinners. Due to this Indian cotton yarn became costly and uncompetitive in the international market. There was also a slowdown in demand for cotton yarn from developed nations due to recession and other blended yarn options.

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.

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".

OUTLOOK:

The cotton prices at present have reduced on par with international cotton market price whereas the demand for cotton yarn and export market is yet to improve. Demand destruction is also happening for cotton products as retailers are hesitant or unable to proportionately increase prices and are looking at cheaper alternatives to cotton products.

Price of commodities other than cotton have also registered sharp increases which have resulted in higher transport, power, packaging and warehousing costs. With inflation on the rise, central banks around the world are raising interest rates. With higher borrowing costs and lower consumer confidence, consumption is bound to be affected.



SRI NACHAMMAI COTTON MILLS LIMITED

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 authorized, recorded and reported correctly.

FINANCIAL PERFORMANCE

| Key Financial Ratios | FY 2022-23 | FY 2021-22 | Change % |
|---------------------------|------------|------------|----------|
| Debtors Turnover Ratio | 10.69 | 17.03 | -37% |
| Inventory Turnover Ratio | 1.90 | 2.78 | -31% |
| Current Ratio | 2.14 | 1.77 | 20% |
| Interest Coverage Ratio | -0.31 | 2.66 | -112% |
| Debit Equity Ratio | 2.16 | 1.86 | 16% |
| Return on net worth Ratio | -12.90 | 23.9 | 154% |
| Net profit margin | 2.86 | 2.72 | -205% |
| Operating profit margin | -1.07 | 6.18 | -117% |

The changes above 25% in ratios are mainly due to decrease in sales and loss.

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.

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 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.



SRI NACHAMMAI COTTON MILLS LIMITED

ANNEXURE TO DIRECTOR'S REPORT

ANNEXURE-II

Conservation of energy, technology adsorption and research and development and foreign exchange earnings and outgo.

| | Particulars | Current Year ended 31.03.2023 | Previous year ended 31.03.2022 |
|----------|---|-------------------------------------|--------------------------------------|
| | (A) POWER AND FUEL CONSUMPTION | | |
| 1 | (a) Electricity Purchased | | |
| | Units | 1,44,25,170.00 | 2,70,88,364.00 |
| | Total Amount (Rs.) | 12,11,33,308.00 | 18,27,74,982.00 |
| | Rate Per Unit (Rs.) | 8.40 | 6.75 |
| | (b) Own Generation | | |
| | (i) Through Diesel Generation | | |
| | Units | 12,323.00 | 47,881.00 |
| | Unit per litre of Diesel | 1.93 | 2.56 |
| | Cost/ Unit (Rs.) | 45.11 | 28.55 |
| | (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) | 39,00,998.00 | 77,48,560.00 |
| | Electricity Consumed (Units) | 1,44,37,493.00 | 2,71,36,245.00 |
| | Consumption per Kg. of Yarn | 3.70 | 3.50 |
| | (B) PARTICULARS OF TECHNOLOGY ABSORPTION | | |
| | The Company has no R & D Division. The Company is a member of The South India Textile Research Association and gets the benefits of their research. | | |
| | (C) PARTICULARS ON FOREIGN EXCHANGE EARNINGS AND OUTGO | | |
| | EARNINGS : Direct Exports | Nil | Nil |
| | OUTGO : Import of Spares | 33,77,805.00 | 4,76,23,013.00 |
| | Import of Capital Goods | - | - |
| | Import of Raw Materials | 11,79,85,305.00 | - |
| | | 12,13,63,110.00 | 4,76,23,013.00 |

For and on behalf of the Board of Directors
SD/-

P.Umayal,

Chairman cum Managing Director
Din 00110260

Place : Salem

Date : 22.05.2023



The Directors present the Company's Report on Corporate Governance for the year ended on 31st March 2023, 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.

| S.No | Date of meeting | Gap between previous meeting |
|------|-----------------|------------------------------|
| 1 | 27-05-2022 | 66 Days |
| 2 | 08-08-2022 | 72 Days |
| 3 | 10-11-2022 | 93 Days |
| 4 | 11-02-2023 | 92 Days |

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 | | Directorships in other public company (ies) | Committee positions across all Public Companies | |
|--------|--|-------------|----------|------------------------|-----|---|---|--------|
| | | | | B M | AGM | | Chairman/ Vice Chairman | Member |
| 1. | Shri P. Palaniappan (DIN. 01577805) | 198505 | ED(P) | 4 | Yes | - | 1 | 1 |
| 2. | Smt P. Umayal, (DIN. 00110260) | 1036343 | ED(P) | 4 | Yes | 1 | 1 | 1 |
| 3. | Shri A.Annamalai (DIN. 00625832) | 3818 | NED/NID | 4 | Yes | 1 | 1 | 3 |
| 4. | Shri A. Alagappan (DIN. 00363600) | 100 | NED/ID | 2 | No | - | 2 | - |
| 5. | Shri S.Ravichandran (DIN. 00759455) | 8234 | NED/ID | 4 | Yes | - | 3 | 1 |
| 6. | Shri PL. Subbiah (DIN. 02131140) | - | NED/ID | 4 | Yes | 1 | - | - |
| 7. | Smt. Sujatha Sivakumar (DIN. 08536232) | - | NED/ID | 4 | Yes | - | - | - |
| 8. | Smt. C Renuka (DIN. 02209915) | 548 | NED/NID | 3 | Yes | - | - | - |

ED (P) – Executive Director – Promoter NED– Non Executive Director
ID – Independent Director NID – Non Independent Director



Board Meetings

During the financial year 2022-2023, Four (4) Board Meetings were held on **27th May 2022, 08th August 2022, 10th November 2022 and 11th February 2023**. Circular Resolutions passed on 16th May 2022 and ratified on Board Meeting held on 27th May 2022. On 08.08.2023 Board meeting was conducted through video conferencing or other audio visual means except that all the Board Meeting were conducted at the Registered office of the Company at Door No:181, 'VASANTHAM' 4th Cross Street, NewFairlands, Salem-636016.

Independent Directors

Independent Directors meeting as specified in Regulation 25 of SEBI LODR/ Schedule IV of the Companies Act, 2013 was held on 11th February 2023 without the attendance of non-independent Directors and members of the management to :

- Review the performance of Non-Independent Directors and the Board of Directors as a whole.
- Review the performance of the Chairperson of the Company taking into account, the views of other Non-independent Directors.
- Assess the quality, content and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

Shri. S. Ravichandran chaired the meeting.

The Board has identified the following skills/expertise/competencies fundamental for effective functioning of the Company which are currently available with the Board.

- a. General Administration and Management
- b. Finance
- c. Technical
- d. Human Resource
- e. Sales and Marketing
- f. Governance, Compliance and Legal

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. 2/3rd of the members and 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.



SRI NACHAMMAI COTTON MILLS LIMITED

During the Financial year 2022-2023, Four (4) meetings of the Committee were held on **27th May 2022, 08th August 2022, 10th November 2022 and 11th February 2023**. In that meeting held on 08th August 2022 was conducted through video conferencing or other audio-visual means.

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

| Name | Designation | Independent/ Non dependent | Audit Committee Meeting | |
|----------------------|---------------|----------------------------|-------------------------|----------|
| | | | Held | Attended |
| Shri S. Ravichandran | Chairman | Independent Director | 4 | 4 |
| Shri A.Alagappan | Vice-Chairman | Independent Director | 4 | 2 |
| Shri A.Annamalai | Member | Non-Executive Director | 4 | 4 |

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.

During the Financial year 2022-2023, One (1) meeting of the Committee was held on **27th May 2022** at the registered office of the Company.

b. Composition of the committee

The Committee comprises of 2 Independent Directors. The Chairman is a Non-Executive Independent Director. The Composition of the Committee is as under:

| Name | Designation | Independent/ Non dependent | Nomination and Remuneration Committee Meeting | |
|----------------------|---------------|----------------------------|---|----------|
| | | | Held | Attended |
| Shri S. Ravichandran | Chairman | Independent Director | 1 | 1 |
| Shri A.Alagappan | Vice-Chairman | Independent Director | 1 | 1 |
| Shri A.Annamalai | Member | Non-Executive Director | 1 | 1 |

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



SRI NACHAMMAI COTTON MILLS LIMITED

- 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 Executive Directors

The Remuneration paid/payable to the Executive Directors for the period ended (12 months) is given as under: (Rs.Lakhs)

| Name of the Directors | Salary (Rs.) | Commission | Perquisites and Others | Total | Service contract |
|---|--------------|------------|------------------------|-------|--------------------------|
| Sri P.Palaniappan Chairman cum Managing Director | 15.00 | - | 0.51 | 15.51 | 19.12.2022 to 18.12.2025 |
| SmtP.Umayal Chairman cum Managing Director | 15.00 | - | 0.30 | 15.30 | 19.12.2022 to 18.12.2025 |

b. Remuneration of Non-Executive Directors

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 Directors | Sitting fees Rs. |
|--------|------------------------|------------------|
| 1 | Shri A. Alagappan | 7000 |
| 2 | Shri S. Ravichandran | 19000 |
| 3 | Shri PL. Subbiah | 10000 |
| 4 | Shri A. Annamalai | 17000 |
| 5 | Smt. C Renuka | 6000 |
| 6 | Smt. Sujatha Sivakumar | 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.



SRI NACHAMMAI COTTON MILLS LIMITED

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.

Stakeholders' Relationship Committee consists of the following Directors

| Name | Category | Designation | No. of Committee Meeting | |
|---------------------|---------------|------------------------|--------------------------|----------|
| | | | Held | Attended |
| Shri S.Ravichandran | Chairman | Independent Director | 4 | 4 |
| Shri A.Annamalai | Vice-Chairman | Non-Executive Director | 4 | 4 |
| Shri P.Palaniappan | Member | Executive Director | 4 | 4 |
| Smt.P.Umayal | Member | Executive Director | 4 | 4 |

CS M.Harish, 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 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, 2023, the Company has not received any complaint from investors and no investor complaint was pending on 31st March, 2023

The Committee met Four (4) times during the year: **27th May 2022, 08th August 2022, 10th November 2022 and 11th February 2023**. In that meeting held on 08th August 2022 was conducted through video conferencing or other audio-visual means. Pursuant to Regulation 40(9) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 a certificate on yearly basis confirming due compliance of share transfer formalities by the Company from Practicing 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 issue duplicate share certificate in lieu of those, which are reported to be lost or destroyed.

Share Transfer Committee comprises the following Directors:

| Name of the Director | Category | Designation | No. of Share Transfer meetings | |
|----------------------|------------------------|---------------|--------------------------------|----------|
| | | | Held | Attended |
| Shri P.Palaniappan | Executive Director | Chairman | 6 | 6 |
| SmtP.Umayal | Executive Director | Vice-Chairman | 6 | 6 |
| Shri S. Ravichandran | Independent Director | Member | 6 | 6 |
| Shri A.Annamalai | Non-Executive Director | Member | 6 | 6 |

- During the year, six (6) meetings of the share transfer committee were held on the following dates: **07th April 2022, 27th July 2022 and 09th September 2022, 03rd November 2022, 15th December 2022 and 24th February 2023**.

The Registrar & Share Transfer Agent, after processing the valid Share Transfer Forms, the Share Transfer Register has been forwarded to the Share Transfer Committee for approval. The said Committee meets and approves and the Share Transfers are endorsed by SmtP.Umayal, Chairman cum Managing Director or SriP.Palaniappan, 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 cannot be processed.

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



SRI NACHAMMAI COTTON MILLS LIMITED

8. Compliance Officer details

Name : CS Murali Harish
 Designation : Company Secretary Cum Compliance Officer
 Address of the Correspondence : Sri Nachammai Cotton Mills Limited
 181, 'Vasantham', 4th cross street, New Fairlands, Salem 636016
 Ph: 0427-2330847
 E-Mail: sncmrediffmail.com.

9. General Body Meetings

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

| Year | Venue | Date & Time |
|------|--|--|
| 2022 | Through Video Conferencing at the Registered Office of the Company, Salem – 636 016. | 16 th September 2022 at 11.30 A.M |
| 2021 | Through Video Conferencing at the Registered Office of the Company, Salem – 636 016. | 16 th September 2021 at 10.45 A.M |
| 2020 | Through Video Conferencing at the Registered Office of the Company, Salem – 636 016. | 19 th October 2020 at 12.15 P.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 42nd Annual General Meeting held on 16th September 2022

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

Three (3) Ordinary Business, One (1) Special Business with Ordinary Resolution and Two (2) Special Business with Special Resolution was passed through e-voting at the 42nd Annual General Meeting held on 16th September 2022.

(b) Details of Location, Date and Time of the Extra-ordinary General Meeting held during year:

| Year | Venue | Date & Time |
|------|---|---|
| 2022 | Registered Office of the Company: Door No.181, VASANTHAM, 4 th Cross Street, New Fairlands, Salem – 636 016. | 20 th April 2022 at 4.00 P.M |

Electronic voting facility was provided to members for all the Resolutions included in the Notice of Extra-ordinary General Meeting held on 20th April 2022

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

One (1) Special Business with Special Resolution was passed through e-voting at the Extra-ordinary General Meeting held on 20th April 2022.

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.

10. Disclosures

a) During the financial year ended 31st March, 2023 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, the Company had not entered into any material transaction with any of its related parties.



SRI NACHAMMAI COTTON MILLS LIMITED

- b) During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.
- 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 2022-2023.
- h) The CEO certification of the financial statements for the year has been submitted to the Board of Directors, in its meeting held on 22nd May, 2023 as required under SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015.
- i) 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.
- j) 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.
- k) 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.
- l) 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, 2023. A Certificate from Managing Director to this effect is attached to this effect. The code has been displayed on the Company's website.
- m) The Chairman Cum 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 Chairman cum 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.



SRI NACHAMMAI COTTON MILLS LIMITED

11) Disclosure of Compliances –

The Company has disclosed about the compliance of regulations in respect of Corporate Governance as per Listing Regulations

| S.No | Quarter | Date of Filing | Due date |
|------|-------------------------|----------------|------------|
| 1 | 1 st Quarter | 12.04.2022 | 15.04.2022 |
| 2 | 2 nd Quarter | 11.07.2022 | 15.07.2022 |
| 3 | 3 rd Quarter | 13.10.2022 | 15.10.2022 |
| 4 | 4 th Quarter | 11.01.2023 | 15.01.2023 |

12) Filing of Cost Audit Report

As per Section 148 of the Companies Act, 2013, read with Rule 6 of the Companies (Cost Records and Audit) Rules, 2014, Cost Auditors have to forward Cost Audit Report to the Board of Directors of the Company within a period of 180 days from the closure of financial year and the said report is required to be filed within a period of 30 days from the date of receipt with the Ministry of Corporate Affairs.

In compliance with the requirements under General Circular 15/2011 dated 11 April, 2011 of Ministry of Corporate Affairs, the details of Cost Audit Report filed with Ministry of Corporate Affairs during the year is as below –

| Financial Year | Name of Cost Auditor | Date of Filing |
|----------------|------------------------------------|----------------|
| 2021-2022 | CMA B Venkateswar, Cost Accountant | 29.08.2022 |

The report was adopted by the Board of Directors at its meeting held on 8th August 2022.

13. Other Compliance

i) 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.

ii) Quarterly Financial Results

a. 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 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.

iii) Quarterly Compliance Report

The Company has submitted for all the quarters during 2022-2023, the Compliance Report on Corporate Governance to Stock Exchange in the prescribed XBRL format within due date.

iv) The Board

Since the Company does not have a Non-Executive Chairman as on 31st March 2023, it does not maintain such office.

v) 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.

vi) 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 **NEWSMAN ASSOCIATES LIMITED** and **TRINITY PRINTERS AND PUBLISHERS LIMITED** and is also displayed on the website of the Company at www.sncmindia.com.



| S.No | Quarterly Results | Date published in Newspaper |
|------|---|-----------------------------|
| 1 | Unaudited results for the quarter ending June 30, 2022 | 09.08.2022 |
| 2 | Unaudited results for the quarter/half year ending September 30, 2022 | 11.11.2022 |
| 3 | Unaudited results for the quarter ending December 31, 2022 | 12.02.2023 |
| 4 | Audited Results for the year ending March 31, 2023 | 23.05.2023 |

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.

14. There has been no instance on non-compliance of any requirement of Corporate Governance Report

15. GENERAL SHAREHOLDERS INFORMATION:

a. Annual General Meeting

| | |
|--------------|--|
| Date | 25 th September 2023 |
| Day | Monday |
| Time | 3.00 P.M. |
| Book Closure | 19 th September 2023 to 25 th September 2023 (both days inclusive) |

b. Financial Calendar (Tentative)

| | |
|---|--|
| Year ending | 31 st March, 2024 |
| Annual General Meeting | 30 th September, 2024 |
| Unaudited results for the quarter ending June 30, 2023 | 2 nd Week of August, 2023 |
| Unaudited results for the quarter/half year ending September 30, 2023 | 2 nd Week of November, 2023 |
| Unaudited results December 31, 2023 | 2 nd Week of February, 2024 |
| Audited Results for the year ending March 31, 2024 | Before 31 st May, 2024 |



SRI NACHAMMAI COTTON MILLS LIMITED

c. Listing Details

| | |
|----------------|---|
| Stock Exchange | BSE Limited |
| Scrip code | 521234/SRINACHA |
| ISIN Numbers | INE443E01016 |
| Depositories | National Securities Depository Limited Central Depository Services (India) Limited |
| Listing Fee | FY 2023-2024 |

d. Stock market price data for the year 2022-2023

The high and low prices Equity Shares of Rs. 10/- each in the financial year 2022-2023 on BSE Limited.

| BSE | | | |
|-----------------|-------|-------|--|
| Month | High | Low | |
| April -2022 | 68.00 | 50.00 | |
| May -2022 | 60.70 | 45.00 | |
| June -2022 | 67.65 | 44.70 | |
| July -2022 | 66.00 | 43.35 | |
| August -2022 | 59.40 | 46.00 | |
| September -2022 | 56.00 | 39.65 | |
| October -2022 | 57.00 | 45.05 | |
| November -2022 | 56.80 | 40.00 | |
| December -2022 | 49.55 | 36.30 | |
| January -2023 | 44.50 | 35.10 | |
| February -2023 | 39.70 | 31.60 | |
| March -2023 | 37.70 | 28.95 | |

e. 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)
Fax: 044-28460129, Grams: Cameo
E-mail: cameo@cameoindia.com,
agm@cameoindia.com
Website: www.cameoindia.com

f. i) Shareholding pattern* as on 31.03.2023

| Category | No. of Holders | No. of Shares | % |
|---------------------|----------------|----------------|---------------|
| Promoters | 8 | 2386551 | 55.50 |
| NRI/OCBs | 13 | 5531 | 0.13 |
| Bodies Corporate | 38 | 38141 | 0.89 |
| Resident Individual | 3562 | 1796292 | 41.77 |
| HUF | 61 | 72935 | 1.70 |
| Clearing Member | 1 | 50 | 0.001 |
| Mutual Fund | 1 | 500 | 0.01 |
| Total | 3684 | 4300000 | 100.00 |

ii) Distribution of share holding* as on 31.03.2023

| Shareholding Range | No. of Share holders | % | No. of Shares | % |
|--------------------|----------------------|---------------|----------------|---------------|
| 1-100 | 2577 | 69.95 | 206407 | 4.80 |
| 101-500 | 730 | 19.82 | 196789 | 4.58 |
| 501-1000 | 160 | 4.34 | 126570 | 2.94 |
| 1001-2000 | 109 | 2.96 | 164532 | 3.83 |
| 2001-3000 | 26 | 0.71 | 65611 | 1.52 |
| 3001-4000 | 17 | 0.46 | 58778 | 1.37 |
| 4001-5000 | 10 | 0.27 | 44375 | 1.03 |
| 5001-10000 | 27 | 0.73 | 198297 | 4.61 |
| 10001&Above | 28 | 0.76 | 3238641 | 75.32 |
| Total | 3684 | 100.00 | 4300000 | 100.00 |

*as per the total folio numbers



SRI NACHAMMAI COTTON MILLS LIMITED

g. 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, 2023.

| Holder | Physical | | Demat | | Total | |
|--------------|---------------|-------------|----------------|--------------|----------------|---------------|
| | No. Of Shares | % to paidup | No. Of Shares | % to paidup | No. Of Shares | % to paidup |
| Promoters | 0 | 0 | 2386551 | 55.50 | 2386551 | 55.50 |
| Public | 341648 | 7.95 | 1571801 | 36.55 | 1913449 | 44.50 |
| Total | 341648 | 7.95 | 3958352 | 92.05 | 4300000 | 100.00 |

Your company confirms 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, as the transfer of shares in physical form are prohibited with effect from 1st April 2020. For further information/ clarification/assistance in this regard, please contact M/s.Cameo Corporate Services Limited, Registrar and Share Transfer Agents.

h.Outstanding GDRs/ADRs/Warrants/Convertible instruments

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

i. Commodity Price Risk/Foreign Exchange Risk and Hedging

The company did not engage in hedging activities.

j. Plant Location: A Unit & B Unit

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

k. Address for Correspondence

All correspondence should be addressed to

| Registered office | Registrar and Share Transfer Agent: |
|--|---|
| Sri Nachammai Cotton Mills Limited, Secretarial Department, Door No. 181, 'VASANTHAM', 4 th Cross Street, New Fairlands,Salem 636 016. e-Mail ID:- snm@rediffmail.com | 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, 2023.

Salem
22nd May, 2023

SD/-
P.Umayal,
Chairman cum Managing Director
Din: 00110260



SRI NACHAMMAI COTTON MILLS LIMITED

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, 2023 and that to the best of our knowledge and belief:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
 - (ii) 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 2022-2023, 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
- i. Significant changes in the internal control over financial reporting during the year.
 - ii. significant changes in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - iii. 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.

OTHER DISCLOSURES

Details of transactions entered with the related parties, as per the accounting standards, during the year 2022-23 are disclosed in the notes to accounts. Total fee for all the services, on consolidated basis, to statutory auditor and all entities in network firm/network entity of which the statutory auditor is a part of notes to accounts.

The Company has complied with all the requirements as specified in sub Para (2) to (10) of Part C of Schedule V of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 in the Corporate Governance report to the extent applicable. The Company has not adopted any of the non-mandatory requirements given in the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The Company has complied with all the requirements as specified in Regulation 17 to 27 and has disseminated all the details in the website of the Company as per Regulation 46 (2) SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 except Policy for deciding the material subsidiary which is not applicable.

SD/-
A.SUBRAMANIAN,
Chief Financial Officer

SD/-
P.Umayal,
Chairman cum Managing Director
Din: 00110260

Salem
22nd May, 2023



SRI NACHAMMAI COTTON MILLS LIMITED

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Sri Nachammai Cotton Mills Limited, Salem

We have examined the compliance of conditions of Corporate Governance by **Sri Nachammai Cotton Mills Limited** ('the Company') for the year ended **March 31, 2023** as per relevant Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Managements' Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditors' Responsibility

Our responsibility is limited to examining 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 books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the company in accordance with the Guidance Note on certification of Corporate Governance issued by the Institute of Chartered Accountants of India, the Standards on Auditing specified under section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India, which requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

Based on our examination of the relevant records and to the best of our information and according to the explanations given to us and the representation provided by the management, we certify that the Company has complied with the conditions of Corporate Governance as specified in the relevant Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as applicable during the year ended **31st March 2023**.

We 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 M/s. Gopalaiyer and Subramanian.,
Chartered Accountants
Firm Registration No. 000960S

SD/-

(S.Kasi Viswanathan)

Partner

Membership No. 026975

UDIN: 23026975BGVSHR3169

Place: Salem

Date: 22/05/2023



SRI NACHAMMAI COTTON MILLS LIMITED

Form No. AOC-2

Annexure - IV

(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 2022-2023 which were in conflict with the interest of the Company. Hence the related party transactions of the Company for the financial year 2022-2023 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.

SD/-

P.Umayal,

Chairman cum Managing Director.

DIN: 00110260

Salem

22nd May, 2023

PARTICULARS OF REMUNERATION

ANNEXURE – V

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 | Smt. P.Umayal | Chairman cum Managing Director | 8.88 |
| 2 | Sri. P.Palaniappan | Managing Director | 8.88 |

• 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, Company Secretary and Non Executive Directors: Nil

(c) percentage increase in median remuneration of the employees during the financial year: 9.71%

(d) the number of permanent employees on the rolls of the company : 139

(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 0.60%.

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

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

ANNEXURE-VI

(Pursuant to Regulation 34(3) and Schedule V Para clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
Sri Nachammai Cotton Mills Limited
Door No. 181, 'VASANTHAM', 4th Cross Street,
New Fairlands,
Salem– 636016.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Sri Nachammai Cotton Mills Limited** having CIN L17115TZ1980PLC000916 and having registered office at Door No. 181, 'VASANTHAM', 4th Cross Street, New Fairlands Salem- 636016 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| SL. No. | Name of Director | DIN | Date of appointment |
|---------|-------------------|----------|---------------------|
| 1 | P Palaniappan | 01577805 | 15-10-1984 |
| 2 | P.Umayal | 00110260 | 10-08-1981 |
| 3 | A Alagappan | 00363600 | 27-09-1996 |
| 4 | PL Subbiah | 02131140 | 27-08-2010 |
| 5 | Sujatha Sivakumar | 08536232 | 14-08-2019 |
| 6 | A Annamalai | 00625832 | 19-09-1997 |
| 7 | C Renuka | 02209915 | 30-05-2018 |
| 8 | S Ravichandran | 00759455 | 27-08-2010 |

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Coimbatore
Date : 16th May, 2023
UDIN:- F002851E000312578

SD/-
M.R.L.Narasimha
Membership No.:2851
Certificate of Practice No.:799
PRNO: 1420/2021



SRI NACHAMMAI COTTON MILLS LIMITED

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st March, 2022

ANNEXURE -VII

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-636016

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, 2023 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, 2023 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, 2021 does not arise;



SRI NACHAMMAI COTTON MILLS LIMITED

- (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: Coimbatore
Dated: 16th May, 2023
UDIN:-F002851E000312600

SD/-
M.R.L.Narasimha,
Practicing Company Secretary,
Membership No. 2851
Certificate of Practice No. 799
PRNO:1420/2021

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

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 Fair lands, Salem 636016

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: Coimbatore
Dated: 16th May, 2023
UDIN:-F002851E000312600

SD/-
M.R.L.Narasimha,
Practicing Company Secretary,
Membership No. 2851
Certificate of Practice No. 799
PRNO:1420/2021



SRI NACHAMMAI COTTON MILLS LIMITED

ANNEXURE – VIII

Details of Top Ten Employees in terms of gross remuneration paid during the year ended 31st March, 2023

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

| Sl. no | Name of the Employees | Designation | Remuneration Rs. | Qualification | Expe-rience (Years) | Joining Date | Age (Years) | Last Employment |
|--------|-------------------------|--|------------------|----------------|---------------------|--------------|-------------|---|
| 1 | Sri P.Palaniappan | Chairman cum Managing Director | 15,50,961.00 | BE, M.S (USA) | 46 | 10.08.1981 | 79 | - |
| 2 | SmtP.Umayal | Managing Director | 15,30,230.00 | B.Sc., | 36 | 18.08.1982 | 74 | - |
| 3 | Sri K.S.Pandurangan | Senior General Manager | 7,20,000.00 | B.Tech | 38 | 26.10.2021 | 70 | Dollar Industries |
| 4 | Sri Murali Harish | Company Secretary & Compliance Officer | 4,20,000.00 | FCS,B.Com (CA) | 5 | 29.06.2020 | 31 | M/s. Universal Cancer Hospital Limited. |
| 5 | Sri KirupaJesudos | Senior Manager | 4,12,009.00 | DTT | 32 | 17.06.1993 | 52 | - |
| 6 | Sri V.Shanmuga sundaram | Mill Manager | 3,84,100.00 | DTT, B.Com | 28 | 16.09.2012 | 47 | Subburaj Cotton Mills |
| 7 | Sri A.Subramanian | Chief Financial Officer | 3,77,885.00 | M.Com | 26 | 03.10.1997 | 59 | PA MillsIndia Ltd |
| 8 | Sri M.Ramasubbu | Manager | 3,72,357.00 | B.E (EEE) | 30 | 19.05.2006 | 52 | Vigneshwara cotton mills |
| 9 | Sri N.Sivakumar | Manager | 3,71,923.00 | B.Com | 33 | 24.01.1990 | 56 | - |
| 10 | Sri RM.Kathiresan | Senior Manager | 3,65,735.00 | M.Com, PGDMM | 28 | 9.08.1995 | 51 | - |



SRI NACHAMMAI COTTON MILLS LIMITED

ANNEXURE – IX

CFO certification as required under Companies (CSR policy amended rules 2021) Rule 4 (CSR implementation) sub rule (5)

To
The Board of Directors,
Sri Nachammai Cotton Mills Limited,
CIN: L17115TZ1980PLC000916,
No.181, "Vasantham" 4th Cross Street,
New Fairlands, Salem - 636016

This is certify that an amount of Rs 5.10 lacs has been disbursed and utilised for CSR expenditure as approved by the Board of Directors and monitored by the CSR Committee, during the period 1st April 2022 to 31st March 2023.

This CSR expenditure is donated to Sri Ganesh Vidhya Charitable Trust which is spent by the trust for the purpose of

- 1) Promoting education and Sustainable livelihood to differently abled people,
- 2) Provision of Skill Development / Vocational Training,
- 3) Rural Development and Environmental sustainability,
- 4) Promoting Rural Sports, Traditional Arts & Culture

The books of accounts and other records of CSR expenditure, as available with the company, gives reasonable assurance about the utilization of the funds disbursed by the company to Sri Ganesh Vidhya Charitable Trust for undertaking approved CSR activities

Salem
May 22, 2023

SD/-
A.Subramanian
Chief Financial Officer

Format for the Annual Report on CSR Activities to be Included in the Board's Report For Financial Year Commencing on or After 1st Day of April, 2020

1. Brief outline on CSR Policy of the Company.

The activities or projects that will be undertaken by the Company shall include one or more of the activities specified in CSR Policy. This policy encompasses the Company's philosophy for fulfilling its responsibility as a Corporate Citizen and lays down the guidelines and mechanism for carrying out socially useful activities/projects and programmes for welfare, sustainability and development of community at large.

The company has been carrying out Corporate Social Responsibility (CSR) activities through the Sri Ganesh Vidhya Charitable Trust, which is registered autonomous charitable trust, in the field of Education, while also pursuing CSR activities for the benefit of the community in and around the state.

The company seeks to improve the lives of the underprivileged by supporting and engaging in activities that aim at improving their well-being. Promoters of the Company have dedicated to the cause of empowering people, educating them and in improving their quality of life. While they undertake programmes based on the identified needs of the community, education and healthcare remain their priority. Across the different programme areas identified by the trust, its main endeavour is to reach the underprivileged and the marginalised sections of the society to make a meaningful impact on their lives.



SRI NACHAMMAI COTTON MILLS LIMITED

- 1) The policies shall be oriented towards Promoting preventive health care facilities to economically backward societies,
- 2) Promoting education and Sustainable livelihood to differently abled people.
- 3) Provision of Skill Development / Vocational Training,
- 4) Rural Development and Environmental sustainability,
- 5) Promoting Rural Sports, Traditional Arts & Culture

2. Composition of CSR Committee:- Company is not required to form the CSR Committee as per Sec.135(9) (as per latest amendment) of the Companies Act, 2013.

| Sl. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|----------------|------------------|--------------------------------------|--|--|
| ----- NA ----- | | | | |

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. Not Applicable

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report). Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

| Sl. No. | Financial Year | Amount available for set-off from preceding financial years (in Rs) | Amount required to be set-off for the financial year, if any (in Rs) |
|--------------|----------------|---|--|
| 1 | 2020-2021 | NIL | NIL |
| 2 | 2021-2022 | NIL | NIL |
| 3 | 2022-2023 | NIL | NIL |
| Total | | | |

6. Average net profit of the company as per section 135(5)- Rs.2,52,12,706/-

7. (a) Two percent of average net profit of the company as per section 135(5)-Rs.5,04,254/-

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. NIL

(c) Amount required to be set off for the financial year, if any NIL

(d) Total CSR obligation for the financial year (7a+7b-7c). – Rs.5,04,254/-

8. (a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year. (in Rs.) | Amount Unspent (in Rs.) | | | | |
|---|--|-------------------|--|---------|-------------------|
| | Total Amount transferred to Unspent CSR Account as per section 135(6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). | | |
| | Amount. | Date of transfer. | Name of the Fund | Amount. | Date of transfer. |
| Rs.5,10,000/- | NIL | | | NIL | |



SRI NACHAMMAI COTTON MILLS LIMITED

(b) Details of CSR amount spent against ongoing projects for the financial year: **NOT APPLICABLE**

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---------|----------------------|--|----------------------|--------------------------|-----------|-------------------|--|--|---|---|--|--------------------------|
| Sl. No. | Name of the Project. | Item from the list of activities in Schedule VII to the Act. | Local area (Yes/No). | Location of the project. | | Project duration. | Amount allocated for the project (in Rs.). | Amount spent in the current financial Year (in Rs.). | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.). | Mode of Implementation - Direct (Yes/No). | Mode of Implementation - Through Implementing Agency | |
| | | | | State. | District. | | | | | | Name | CSR Registration number. |
| 1. | | | | | | | | | | | | |
| 2. | | | | | | | | | | | | |
| 3. | | | | | | | | | | | | |
| | Total | | | | | | | | | | | |

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year: **NOT APPLICABLE**

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---------|---------------------|--|-----------------------|--------------------------|-----------|--|---|---|--------------------------|
| Sl. No. | Name of the Project | Item from the list of activities in schedule VII to the Act. | Local area (Yes/ No). | Location of the project. | | Amount spent for the project (in Rs.). | Mode of implementation - Direct (Yes/No). | Mode of implementation - Through implementing agency. | |
| | | | | State. | District. | | | Name. | CSR registration number. |
| 1. | | | | | | | | | |
| 2. | | | | | | | | | |
| 3. | | | | | | | | | |
| | Total | | | | | | | | |

(d) Amount spent in Administrative Overheads-NIL

(e) Amount spent on Impact Assessment, if applicable-NIL

(f) Total amount spent for the Financial Year (8b+8c+8d+8e)- NIL



SRI NACHAMMAI COTTON MILLS LIMITED

(g) Excess amount for set off, if any

| Sl. No. | Particular | Amount (in Rs.) |
|---------|---|-----------------|
| (i) | Two percent of average net profit of the company as per section 135(5) | Rs.5,04,254/- |
| (ii) | Total amount spent for the Financial Year | Rs.5,10,000/- |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | Rs.5,746/- |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | NIL |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | Rs.5,746/- |

9. (a) Details of unspent CSR amount for the preceding three financial years: NIL

| Sl. No. | Preceding Financial Year. | Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.) | Amount spent in the reporting Financial Year (in Rs.). | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. | | | Amount remaining to be spent in succeeding financial years. (in Rs.) |
|---------|---------------------------|--|--|--|-----------------|-------------------|--|
| | | | | Name of the Fund | Amount (in Rs.) | Date of transfer. | |
| 1. | | | | | | | |
| 2. | | | | | | | |
| 3. | | | | | | | |
| | Total | | | | | | |

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---------|-------------|----------------------|--|-------------------|--|---|--|---|
| Sl. No. | Project ID. | Name of the Project. | Financial Year in which the project was commenced. | Project duration. | Total amount allocated for the project (in Rs.). | Amount spent on the project in the reporting Financial Year (in Rs.). | Cumulative amount spent at the end of reporting Financial Year. (in Rs.) | Status of the project - Completed /Ongoing. |
| 1 | | | | | | | | |
| 2 | | | | | | | | |
| | Total | | | | | | | |



SRI NACHAMMAI COTTON MILLS LIMITED

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year- Not applicable

(asset-wise details).

(a) Date of creation or acquisition of the capital asset(s).

(b) Amount of CSR spent for creation or acquisition of capital asset.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) - Not Applicable

Salem
22nd May, 2023

SD/-
P.Umayal,
Chairman cum Managing Director.
DIN: 00110260



SRI NACHAMMAI COTTON MILLS LIMITED

INDEPENDENT AUDITOR'S REPORT

To the Members of **Sri Nachammai Cotton Mills Limited, Salem** ("the company")
Report on the Audit of the standalone Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **Sri Nachammai Cotton Mills Limited** ("the Company"), which comprise the balance sheet as at March 31, 2023 and 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 notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards 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, of the state of affairs of the Company as at **March 31, 2023**, and its loss, total comprehensive income, the changes in equity and cash flows for the year ended as on that date.

Basis for Opinion:

We conducted our audit in accordance with the "Standards on Auditing" specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the Ind AS financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no other key audit matters to communicate in our report.

Information other than the Ind AS financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Ind AS financial statements and our auditor's report thereon.



SRI NACHAMMAI COTTON MILLS LIMITED

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the Ind AS financial statements:

The Company's board of directors is responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these Ind AS 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) and other Indian accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the company and for preventing and deducting frauds and other irregularities, selection and application of appropriate accounting policies, making judgement and estimate that are reasonable 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to a fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The management has also made appropriate adjustments to the Ind AS financial statements and ensuring necessary disclosures that may impact future operating results, cash flows and financial position of the company.

The board of directors are also responsible for overseeing the financial reporting process of the company.

Auditor's responsibilities for the audit of the Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.



SRI NACHAMMAI COTTON MILLS LIMITED

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Board of Director' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



SRI NACHAMMAI COTTON MILLS LIMITED

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of Ind As financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in **Annexure "A"** "statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The balance sheet, the statement of profit and loss including other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash flow statement dealt with by this report are in agreement with the books of account;

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2023 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;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion, the Managerial remuneration for the year ended 31st March 2023, paid/provided by the Company to its directors is in accordance with the provisions of section 197 read with schedule V to the Act; and

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us;

a. The Company does not have any pending litigations which would impact its financial position;



SRI NACHAMMAI COTTON MILLS LIMITED

- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- c. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.
- d. (A) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or Entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (B) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (C) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations, as provided under (A) and (B) above, contain any material misstatement.
- (e) The Company has not declared any dividend for the Financial year 2022-2023
- (f) As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only with effect from 1st April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

For Gopalaiyer and Subramanian
Chartered Accountants
(Firm Regn No: 000960S)

SD/-
S. KASI VISWANATHAN
Partner
Membership No :026975
UDIN: 23026975BGVSHR3169

Place: Salem
Date: 22/05/2023



SRI NACHAMMAI COTTON MILLS LIMITED

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S 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)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
 - (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets,
 - (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified once in a year. In accordance with this programme, fixed assets were verified during the period and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of to the Company and the nature of its assets.
 - (c) Based on our examination of the property tax receipts and land documents on which building is constructed, registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title in respect of self-constructed buildings and title deeds of all other immovable properties disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date. However, we express no opinion on the validity of the title of the company to these properties.
 - (d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
 - (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder and hence reporting under clause 3(i)(e) does not arise.
- ii. In respect of Inventories,
 - (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. According to the information and explanations given to us and examined by us, no material discrepancies were noticed on such verifications.
 - (b) During the year the company has been sanctioned working capital limits on the basis of security of stocks in excess of rupees Five Crores in aggregate from banks. On the basis of our verification of the quarterly returns and statements filed by the company, in our opinion and judgment and as per the information and explanations given to us during the course of the audit along with reconciliation, there were no discrepancies between the books of accounts stocks and the statements and quarterly returns filed by the company
- iii. According to information and explanation given to us, during the year the company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or



SRI NACHAMMAI COTTON MILLS LIMITED

unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly the reporting under the clause (iii) (a) to clause (iii) (f) is not applicable.

- iv. The company has complied with the provisions of Section 185 and 186 of the Companies Act 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.
- v. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits during the year and hence the provisions of section 73 to 76 or any other relevant provisions of the companies Act 2013 are not applicable.
- vi. 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.
- vii. According to the information and explanation given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales- tax, service tax, goods and service tax, duty of customs, duty of excise, cess and other material statutory dues applicable to it to the appropriate authority.
- There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.
- (b) There is no due in respect of any disputed demand in respect of income- tax, sales tax, service tax, goods and service tax, duty of customs, duty of excise as on 31st March 2023.
- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. According to the information and explanation given to us,
- (a) Based on our audit procedures, we are of the opinion that the company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government as at the balance sheet date.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations given to us, the company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained.
- (d) On an overall examination of the financial statements of the Company, funds raised on short term basis have, prima facie, not been used during the year for long-term purposes by the Company.



SRI NACHAMMAI COTTON MILLS LIMITED

- (e) The Company has no subsidiary or Associate or Joint Venture, hence reporting under Clause ix (e), (f) is not applicable.
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order does not arise.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) Based on the audit procedures performed, we have neither come across any instance of material fraud by the company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) Since, no instance of material fraud by the company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report, with respect to commitment of an offence involving fraud.
- (c) As represented to us by the management and on the basis of our audit procedures, there are no whistle blower complaints received by the company during the year.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required under Accounting Standards (AS) 18, Related Party Disclosures specified under Section 133 of the Act.
- xiv. (a) In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. In our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under this clause is not applicable.
- xvii. The Company has incurred cash losses during the financial year covered by our audit.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.



SRI NACHAMMAI COTTON MILLS LIMITED

- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the Companies Act, 2013.
- (b) There are no unspent amounts towards Corporate Social Responsibility (CSR) on ongoing projects requiring a transfer to a Special Account in compliance with the sub-section (6) of the Section 135 of the Companies Act, 2013.
- xxi. The company does not have any subsidiary and hence inclusion of qualifications or adverse remark by the respective auditors in the Companies (Auditor's Report) Order (CARO) does not arise.

For Gopalaiyer and Subramanian
Chartered Accountants
(Firm Regn No: 000960S)

SD/-
S. KASI VISWANATHAN
Partner
Membership No :026975
UDIN: 23026975BGVSHR3169

Place: Salem
Date: 22/05/2023



SRI NACHAMMAI COTTON MILLS LIMITED

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 of the even date to the members of **M/s. Sri Nachammai Cotton Mills Limited** on the Ind AS financial statements for the year ended March 31, 2023.)

Report on the Internal Financial Controls over financial reporting under Clause (i) of Sub-Section 3 of section 143 of the Companies Act.2013 ("the Act")

We have audited the internal financial controls over financial reporting of **M/s Sri Nachammai Cotton Mills Limited** ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the act.

Auditors' Responsibility:

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under Section 143 (10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 of the financial statements, whether due to fraud or error.

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



SRI NACHAMMAI COTTON MILLS LIMITED

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

- (i) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transaction and dispositions of the assets of the company.
- (ii) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisation of management and directors of the company; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting.

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

Opinion:

In our opinion, to the best of our information and according to the explanations given to us the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31,2023, 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 Gopalaiyer and Subramanian
Chartered Accountants
(Firm Regn No: 000960S)

SD/-
S. KASI VISWANATHAN
Partner
Membership No :026975
UDIN: 23026975BGVSHR3169

Place: Salem

Date: 22/05/2023



SRI NACHAMMAI COTTON MILLS LIMITED

Balance Sheet As at March 31, 2023

Rs. In Lakhs

| Particulars | Notes | As at | |
|---|-------|------------------|------------------|
| | | March 31, 2023 | March 31, 2022 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 3,734.95 | 3,396.05 |
| Capital work in progress | 5 | - | 7.86 |
| Financial assets | | | |
| Investments | 6 | 41.56 | 65.29 |
| Other financial assets | 7 | 223.97 | 45.08 |
| Deferred Tax Asset | 8 | 391.76 | 195.67 |
| Other non-current assets | 9 | 81.25 | 87.93 |
| Total non-current assets | | 4,473.49 | 3,797.88 |
| Current assets | | | |
| Inventories | 10 | 5,063.50 | 7,244.09 |
| Financial assets | | | |
| Trade receivables | 11 | 766.52 | 1,426.24 |
| Cash and cash equivalents | 12 | 4.08 | 2.49 |
| Bank balances other than above | 13 | 9.48 | 199.84 |
| Other current assets | 14 | 266.96 | 650.31 |
| Total current assets | | 6,110.54 | 9,522.97 |
| Total Assets | | 10,584.03 | 13,320.85 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 15 | 428.64 | 428.64 |
| Other equity | 16 | 1,977.74 | 2,313.04 |
| Total equity | | 2,406.38 | 2,741.68 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 17 | 2,293.24 | 2,201.11 |
| Other financial liabilities | 18 | 2,911.09 | 2,892.07 |
| Provisions | 19 | 112.20 | 116.63 |
| Total non-current liabilities | | 5,316.53 | 5,209.81 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 20 | 2,450.19 | 4,585.57 |
| Trade payables | 21 | - | - |
| Total outstanding dues to MSME | | - | - |
| Total outstanding dues to other Creditors | | 125.71 | 237.86 |
| Other current liabilities | 22 | 250.92 | 510.03 |
| Short Term Provisions | 23 | 34.30 | 35.90 |
| Total current liabilities | | 2,861.12 | 5,369.36 |
| Total Equity and Liabilities | | 10,584.03 | 13,320.85 |

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For **M/s.Gopalaiyer and Subramanian**

Chartered Accountants

(FRN No. 000960S)

SD/-

S.Kasi Viswanathan

Partner (M.No. 026975)

Salem

May 22, 2023

For and on behalf of the Board of Directors

SD/-

SD/-

P.Umayal

P.Palaniappan

Chairman cum Managing Director Managing Director

DIN: 00110260

DIN: 01577805

SD/-

SD/-

A.SUBRAMANIAN

M.HARISH

Chief Financial Officer

Company Secretary



SRI NACHAMMAI COTTON MILLS LIMITED

Statement of cash flows for the year ended March 31, 2023

Rs. In Lakhs

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| Cash Flow From Operating Activities | | |
| Profit before income tax | (533.28) | 789.13 |
| Adjustments for | | |
| Depreciation and amortisation expense | 141.88 | 177.20 |
| Profit/(Loss) on sale of fixed asset | (1.42) | 3.33 |
| Interest received | (135.42) | (98.56) |
| Interest expense | 406.91 | 474.74 |
| Miscellaneous Income | 1.77 | 2.14 |
| | (119.56) | 1347.98 |
| Change in operating assets and liabilities | | |
| (Increase)/ decrease in Other financial assets | (178.89) | 109.38 |
| (Increase)/ decrease in inventories | 2,180.59 | 225.86 |
| (Increase)/ decrease in trade receivables | 659.73 | (451.10) |
| (Increase)/ decrease in Other assets | 385.16 | (288.56) |
| Increase/ (decrease) in provisions and other liabilities | (250.74) | 750.01 |
| Increase/ (decrease) in trade payables | (112.15) | (893.32) |
| Cash generated from operations | 2,564.14 | 800.25 |
| Less : Income taxes paid (net of refunds) | 12.29 | (129.51) |
| Net cash from operating activities (A) | 2,576.43 | 670.74 |
| Cash Flows From Investing Activities | | |
| Purchase of Property, Plant and Equipment (including movements in CWIP) | (475.40) | (471.50) |
| Sale proceeds of Property, Plant and Equipment | 3.89 | 2.48 |
| (Purchase)/ disposal proceeds of Investments | 23.27 | - |
| (Investments in)/ Maturity of fixed deposits with banks | 190.36 | (8.55) |
| Interest income | 133.62 | 101.69 |
| Net cash used in investing activities (B) | (124.26) | (375.88) |
| Cash Flows From Financing Activities | | |
| Proceeds from long term borrowings | (117.87) | 285.18 |
| Repayment of long term borrowings | 210.00 | (284.99) |
| Proceeds from/ (repayment of) short term borrowings | (2,135.38) | 158.23 |
| Repayment of Lease liability | - | (29.56) |
| Interest paid | (407.32) | (473.89) |
| Net cash from/ (used in) financing activities (C) | (2,450.57) | (345.03) |
| Net decrease in cash and cash equivalents (A+B+C) | 1.60 | (50.17) |
| Cash and cash equivalents at the beginning of the financial year | 2.49 | 52.66 |
| Cash and cash equivalents at end of the year | 4.09 | 2.49 |
| 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 | 1.10 | 1.76 |
| - in demand deposits with original maturity of 3 months | - | - |
| Cash on hand | 2.99 | 0.73 |
| | 4.09 | 2.49 |

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For **M/s. Gopalaiyer and Subramanian.,**
Chartered Accountants
(FRN No. 000960S)
SD/-

S.Kasi Viswanathan
Partner (M.No026975)
Salem
May 22, 2023

For and on behalf of the Board of Directors
SD/-
P.UMAYAL
Chairman cum Managing Director
DIN: 00110260

SD/-
A.SUBRAMANIAN
Chief Financial Officer

SD/-
P.PALANIAPPAN
Managing Director
DIN: 01577805

SD/-
M.HARISH
Company Secretary



SRI NACHAMMAI COTTON MILLS LIMITED

Statement of profit and loss for the year ended March 31, 2023

Rs.In Lakhs

| Particulars | Notes | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|-------|--------------------------------------|--------------------------------------|
| Continuing Operations | | | |
| A Income | | | |
| Revenue from Operations | 24 | 11,721.04 | 20,447.86 |
| Other Income | 25 | 147.76 | 105.06 |
| Total income | | 11,868.80 | 20,552.92 |
| B Expenses | | | |
| Cost of Materials Consumed | 26 | 9,119.77 | 14,002.30 |
| Changes in inventories of work-in-progress, stock in trade and finished goods | 27 | (681.77) | (1,080.57) |
| Power and Diesel Consumed | 28 | 1,216.89 | 1,841.42 |
| Employee Benefits Expense | 29 | 888.41 | 1,446.32 |
| Finance costs | 30 | 406.91 | 474.74 |
| Depreciation and amortisation expense | 31 | 141.88 | 177.20 |
| Stores and spares consumed | 32 | 509.74 | 1,513.72 |
| Other expenses | 33 | 800.25 | 1,388.66 |
| Total expenses | | 12,402.08 | 19,763.79 |
| C (Loss)/Profit before exceptional items and tax | | (533.28) | 789.13 |
| Exceptional items | | - | - |
| D (Loss)/Profit before tax from continuing operations | | (533.28) | 789.13 |
| Income tax expense | 34 | | |
| Current tax (MAT) | | - | (122.26) |
| Excess Income Tax Provision Reversed | | 5.61 | - |
| Deferred tax (credit)/ charge | | 195.05 | (77.94) |
| Profit/ (Loss) for the year | | (332.62) | 588.93 |
| E Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Re-measurement of post employment benefit obligations | | (4.18) | (46.86) |
| Gain on fair valuation of investments | | 0.46 | 0.24 |
| Income tax relating to these items | | 1.04 | 13.01 |
| Other comprehensive income for the year, net of tax | | (2.68) | (33.61) |
| Total comprehensive (Loss)/ income for the year | | (335.30) | 555.32 |
| Earning per share | | | |
| Basic earnings per share | 35 | (7.76) | 13.74 |
| Diluted earnings per share | | (7.76) | 13.74 |

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For **M/s. Gopalaiyer and Subramanian.,**
Chartered Accountants
(FRN No.000960S)
SD/-

S.Kasi Viswanathan
Partner (M.No.026975)
Salem
May 22, 2023

For and on behalf of the Board of Directors
SD/-
P.UMAYAL
Chairman cum Managing Director
DIN: 00110260

SD/-
P.PALANIAPPAN
Managing Director
DIN: 01577805

SD/-
A.SUBRAMANIAN
Chief Financial Officer

SD/-
M.HARISH
Company Secretary



SRI NACHAMMAI COTTON MILLS LIMITED

Statement of Changes in Equity for the year ended March 31, 2023 Rs. In Lakhs

(A) Equity Share Capital

| | |
|---|--------|
| Balance at the beginning of April 1, 2022 | 428.64 |
| Changes in equity share capital during the year | - |
| Balance at the beginning of March 31, 2023 | 428.64 |

(B) Other Equity

| Particulars | Securities Premium | Other Comprehensive Income | Retained Earnings | Total |
|--|--------------------|----------------------------|-------------------|----------------|
| Balance as at April 1, 2022 | 659.65 | (30.43) | 1,683.81 | 2,313.03 |
| Additions/ (Deductions) during the year | | (2.68) | (332.61) | (335.29) |
| Transfer from other Comprehensive Income | | - | - | - |
| Balance as at March 31, 2023 | 659.65 | (33.11) | 1,351.20 | 1977.74 |

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For and on behalf of the Board of Directors

For **M/s. Gopalaiyer and Subramanian.,**
Chartered Accountants
(FRN No.000960S)
SD/-

S.Kasi Viswanathan
Partner (M.No.026975)

Salem
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SD/-
P.UMAYAL
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Managing Director
DIN: 01577805

SD/-
M.HARISH
Company Secretary



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

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 spindlage from 16,120 spindles in 1980 to the present level of 53,664 spindles and 504 Rotors

The Company has attained a sound financial footing with its good performance over the years and is surging ahead towards better prospects every year.

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 financial statements for the year ended March 31, 2018 are the first financial statements the Company has prepared in accordance with Ind AS with the date of transition as April 1, 2016. Refer to note 45 for information on how the Company adopted Ind AS.

Use of estimates

The preparation of financial statements in conformity with Ind AS 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 recognized 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 22.05.2023.

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.



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

Information about significant areas of estimation, uncertainty and critical judgments 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 judgment by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

Deferred Tax Assets (including MAT Credit Entitlement)

Significant management judgment 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 judgment 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 judgment 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



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

feasible, a degree of judgment is exercised in establishing fair values. Judgments 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.

2B. Recent accounting pronouncements

Ind AS 116 Leases

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

Amendment to Ind AS 12 – Income taxes

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

Amendment to Ind AS 19 - plan amendment, curtailment or settlement:

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019.



Notes to Financial Statements for the year ended March 31, 2023

3. Significant Accounting Policies

a) 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:

- i. Expected to be realised or intended to be sold or consumed in normal operating cycle
- ii. Held primarily for the purpose of trading
- iii. Expected to be realised within twelve months after the reporting period, or
- iv. 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:

- i. It is expected to be settled in normal operating cycle
- ii. It is held primarily for the purpose of trading
- iii. It is due to be settled within twelve months after the reporting period, or
- iv. 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:

- i. In the principal market for the asset or liability;
- ii. 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:



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

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 recurring and non-recurring fair value measurement. External values 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 measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates, and similar allowances.

Sale of goods and services: Revenue from the sale of goods and services is recognised when the company transfers control of goods or services to its customer at the amount to which the company expects to be entitled.

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.



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

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 realizable 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.



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

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:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) 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.



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

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:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, receivables and bank balance.
- b) Financial assets that are debt instruments and are measured at FVTOCI
- c) 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.



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

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. |



SRI NACHAMMAI COTTON MILLS LIMITED

| Name of the financial asset | Impairment Testing Methodology |
|-----------------------------|--|
| 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 recognizing 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.



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

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 change 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 reclassifications and how they are accounted for:

| Sl.No | Original classification | Revised classification | Accounting treatment |
|-------|-------------------------|------------------------|--|
| 1 | Amortised cost | FVTPL | Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L. |
| 2 | FVTPL | Amortised Cost | Fair value at reclassification date becomes its new gross carrying amount. EIR 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 EIR 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 recognized 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 realise the assets and settle the liabilities simultaneously.



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

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 contract to hedge its risk associated with Foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract is amortized 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 yearend 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.

j) 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.



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

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 re-assessed 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.



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

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 both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

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

Arrangements in the nature of lease

The Company enters into agreements, comprising a transaction or series of related transactions that does not take the legal form of a lease but conveys the right to use the asset in return for a payment or series of payments. In case of such arrangements, the Company applies the requirements of Ind AS 116- Leases to the lease element of the arrangement. For the purpose of applying the requirements under Ind AS 116- Leases, payments and other consideration required by the arrangement are separated at the inception of the arrangement into those for lease and those for other elements.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental expenses from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. However, where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals, if any, arising under operating leases are recognised as an expense in the period in which they are incurred.

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.



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

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.

o) 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.

p) 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.

q) 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, 2023

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 |
| Cost as at March 31, 2021 | 1,985.86 | 411.10 | 1448.44 | 221.92 | 6.98 | 1.45 | 7.46 | 2.06 | 13.91 | 4,099.18 |
| Additions | - | 108.40 | 339.76 | 7.29 | 1.09 | 0.66 | - | - | 35.49 | 492.69 |
| Disposals | - | - | 7.22 | - | - | - | - | - | 0.19 | 7.41 |
| Ind AS adjustments | - | - | - | - | - | - | - | - | - | - |
| Cost as at March 31, 2022 | 1,985.86 | 519.50 | 1,780.98 | 229.21 | 8.07 | 2.11 | 7.46 | 2.06 | 49.21 | 4,584.46 |
| Additions | - | 9.46 | 416.00 | 2.15 | 1.79 | - | 0.40 | - | 53.46 | 483.26 |
| Disposals | - | - | 0.67 | - | - | - | 0.10 | - | 1.72 | 2.49 |
| Ind AS Adjustments | - | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - | - |
| As at March 31, 2023 | 1,985.86 | 528.96 | 2196.31 | 231.36 | 9.86 | 2.11 | 7.76 | 2.06 | 100.95 | 5065.23 |
| As at March 31, 2021 | - | 101.89 | 796.47 | 127.82 | 2.65 | 0.65 | 4.04 | 0.90 | 4.64 | 1039.06 |
| Additions | - | 20.44 | 107.44 | 18.37 | 0.33 | 0.21 | 0.63 | 0.18 | 3.35 | 150.95 |
| Disposals | - | - | 1.60 | - | - | - | - | - | - | 1.60 |
| Ind AS adjustments | - | - | - | - | - | - | - | - | - | - |
| Cost as at March 31, 2022 | - | 122.33 | 902.31 | 146.19 | 2.98 | 0.86 | 4.67 | 1.08 | 7.99 | 1,188.41 |
| Charge for the year | - | 22.11 | 97.10 | 11.67 | 0.72 | 0.26 | 0.64 | 0.18 | 9.19 | 141.87 |
| Ind AS Adjustments | - | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - | - |
| As at March 31, 2023 | - | 144.44 | 999.41 | 157.86 | 3.70 | 1.12 | 5.31 | 1.26 | 17.18 | 1,330.28 |
| Net Block | | | | | | | | | | |
| As at March 31, 2021 | 1,985.86 | 309.21 | 651.97 | 94.10 | 4.33 | 0.80 | 3.42 | 1.16 | 9.27 | 3,060.12 |
| As at March 31, 2022 | 1,985.86 | 397.17 | 878.67 | 83.02 | 5.09 | 1.25 | 2.79 | 0.98 | 41.22 | 3,396.05 |
| As at March 31, 2023 | 1,985.86 | 384.52 | 1,196.90 | 73.50 | 6.16 | 0.99 | 2.45 | 0.80 | 83.77 | 3,734.95 |



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

Rs. In Lakhs

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| 5 Capital Work-in-progress | | |
| Capital work in progress - Less than 1 year | - | 7.86 |
| | - | 7.86 |
| 6 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 | 2.39 | 1.93 |
| 3,91,708 Equity Shares of Rs 10/- each (Previous year - 6,33,591) in Arkay Energy (Rameswaram) Limited | 39.17 | 63.36 |
| | 41.56 | 65.29 |
| Total non-current investments | | |
| Aggregate amount of quoted investments | 2.39 | 1.93 |
| Aggregate market value of quoted investments | 2.39 | 1.93 |
| Aggregate cost of unquoted investments | 39.17 | 63.36 |
| Aggregate amount of impairment in value of investments | - | - |
| 7 Other non- current financial assets | | |
| (Unsecured, considered good) | | |
| Security Deposits | 223.97 | 45.08 |
| | 223.97 | 45.08 |
| 8 Deferred Tax Asset / (Liability) - Net | | |
| Deferred Tax Asset | | |
| On account of carry forward of losses | 165.87 | - |
| On account of Gratuity | 38.05 | 42.35 |
| On account of 43B | 4.99 | 15.13 |
| Depreciation | (72.48) | (40.18) |
| Others | 58.92 | (17.00) |
| | 195.35 | 0.30 |
| Mat Credit Entitlement | 177.31 | 177.31 |
| OCI | | |
| Actuarial adjustment and investment adjustment | | |
| Opening Balance | 18.06 | 5.05 |
| Add: Current Year Transfer | 1.04 | 13.01 |
| | 391.76 | 195.67 |
| 9 Other non-current assets | | |
| (Unsecured, considered good) | | |
| Capital advance | 73.95 | 73.95 |
| Advance Income Tax | 7.30 | 13.98 |
| | 81.25 | 87.93 |



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

Rs. In Lakhs

| Particulars | As at | |
|--|-----------------|-----------------|
| | March 31, 2023 | March 31, 2022 |
| 10 Inventories | | |
| Raw Materials | 1,079.38 | 3,796.56 |
| Process Stock | 226.36 | 605.31 |
| Finished Products | 3,405.14 | 2,320.40 |
| Stores and Spares | 305.12 | 450.30 |
| Waste | 47.50 | 71.52 |
| | 5,063.50 | 7,244.09 |
| Inventory comprise of | | |
| Raw Materials | | |
| Cotton | 1,079.38 | 3,796.56 |
| | 1,079.38 | 3,796.56 |
| Work in progress | | |
| Work in progress | 226.36 | 605.31 |
| | 226.36 | 605.31 |
| Finished Goods | | |
| Yarn | 3,405.14 | 2,320.40 |
| | 3,405.14 | 2,320.40 |
| 11 Trade receivables | | |
| (Unsecured, considered good) | | |
| Outstanding for a period exceeding six months from due date of payment | 182.20 | 21.51 |
| Other debts | 676.54 | 1,416.34 |
| | 858.74 | 1,437.85 |
| Loss allowance on April 01 2021 | 11.61 | 11.61 |
| Less: Changes in loss allowance | - | - |
| Loss allowance on March 31 2022 | 11.61 | 11.61 |
| Add: Changes in loss allowance | 80.61 | - |
| Loss allowance on March 31, 2023 | 92.22 | 11.61 |
| | 766.52 | 1,426.44 |



SRI NACHAMMAI COTTON MILLS LIMITED

Trade Receivable Note:

| 2021-22 Particulars | Outstanding for following period from the date of invoice | | | | | Total |
|--|---|--------------------|-----------|-----------|-------------------|-----------------|
| | less than 6 Months | 6 Months to 1 year | 1-2 years | 2-3 years | more than 3 years | |
| 1. Undisputed trade receivables - Considered goods | 1243.44 | 182.80 | - | - | - | 1426.24 |
| 2. Undisputed trade receivables - which have significant increase in credit risk | - | - | - | - | - | - |
| 3. Undisputed trade receivables - Credit impaired | - | - | - | - | - | - |
| 4. Disputed trade receivables - Considered goods | - | - | - | - | - | - |
| 5. Disputed trade receivables - which have significant increase in credit risk | - | - | - | - | - | - |
| 6. Disputed trade receivables - Credit impaired | - | - | - | - | - | - |
| | 1243.44 | 182.80 | - | - | - | 1,426.24 |

Trade Receivable Note:

| 2022-23 Particulars | Outstanding for following period from the date of invoice | | | | | Total |
|--|---|--------------------|--------------|-----------|-------------------|---------------|
| | less than 6 Months | 6 Months to 1 year | 1-2 years | 2-3 years | more than 3 years | |
| 1. Undisputed trade receivables - Considered goods | 675.70 | 0.84 | 89.98 | - | - | 766.52 |
| 2. Undisputed trade receivables - which have significant increase in credit risk | - | - | - | - | - | - |
| 3. Undisputed trade receivables - Credit impaired | - | - | - | - | - | - |
| 4. Disputed trade receivables - Considered goods | - | - | - | - | - | - |
| 5. Disputed trade receivables - which have significant increase in credit risk | - | - | - | - | - | - |
| 6. Disputed trade receivables - Credit impaired | - | - | - | - | - | - |
| | 675.70 | 0.84 | 89.98 | - | - | 766.52 |

12 Cash and cash equivalents

| | | | | |
|---------------------|--|-------------|--|-------------|
| Cash on - hand | | 2.98 | | 0.73 |
| Balances with Banks | | | | |
| In Current Account | | 1.10 | | 1.76 |
| | | 4.08 | | 2.49 |

13 Other Bank Balances

| | | | | |
|----------------------------|--|-------------|--|---------------|
| In Margin money with Banks | | 9.48 | | 199.84 |
| | | 9.48 | | 199.84 |



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

Rs. In Lakhs

| Particulars | As At | As at |
|--|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| 14 Other current assets (Unsecured, considered good) | | |
| Interest accrued on Deposits | 5.82 | 4.02 |
| Prepaid Expenses | 17.51 | 42.20 |
| Balance with Excise Department, Sales Tax etc., | 219.48 | 265.14 |
| Advance recoverable in cash or in kind or for value to be received | 7.55 | 8.97 |
| Advance for purchases | 16.60 | 329.98 |
| | 266.96 | 650.31 |
| 15 Capital | | |
| Authorised Share Capital | | |
| 43,00,000 Equity shares of Rs. 10 each | 430.00 | 430.00 |
| | 430.00 | 430.00 |
| Issued Share Capital | | |
| 43,00,000 Equity shares of Rs. 10 each | 430.00 | 430.00 |
| | 430.00 | 430.00 |
| Subscribed and fully paid up share capital | | |
| 43,00,000 Equity shares of Rs. 10 each | 430.00 | 430.00 |
| Less: Calls in arrears | 1.36 | 1.36 |
| | 428.64 | 428.64 |

Notes:

(a) **Reconciliation of number of equity shares subscribed**

| | | |
|---|------------------|------------------|
| Balance as at the beginning of the year | 42,86,400 | 42,86,400 |
| Add: Issued during the year | - | - |
| Balance at the end of the year | 42,86,400 | 42,86,400 |

(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 Promoter / Shareholder | 31-Mar-22 | | 31-Mar-23 | | No. of shares transferred/gifted/ issued if any | % of change in the shareholding, if any |
|--|------------------------------------|-------------------------------|------------------------------|-------------------------|---|---|
| | No of shares held at the beginning | % of holding at the beginning | No of shares held at the end | % of holding at the end | | |
| Shri P. Palaniappan (HUF) - Promoter | 6,39,030 | 14.86 | 6,39,030 | 14.86 | Nil | Nil |
| Smt. P. Umayal - Promoter | 10,36,343 | 24.10 | 10,36,343 | 24.10 | Nil | Nil |
| Smt. Geethanjali Ramasamy -Shareholder | 3,98,981 | 9.28 | 3,98,981 | 9.28 | Nil | Nil |
| Shri Rajubhandari - Shareholder | 3,91,379 | 9.10 | 4,27,371 | 9.93 | Nil | 0.83 |



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

Rs. In Lakhs

(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.

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| 16 Other Equity | | |
| Securities Premium Account | 659.65 | 659.65 |
| Other Comprehensive Income | (33.11) | (30.43) |
| Retained Earnings | 1,351.20 | 1,683.82 |
| | <u>1,977.74</u> | <u>2,313.04</u> |
| a) Securities Premium | | |
| Balance as at beginning and end of the year | 659.65 | 659.65 |
| Closing balance | <u>659.65</u> | <u>659.65</u> |
| b) Other comprehensive income | | |
| Opening balance | (30.43) | 3.17 |
| Additions during the year | (2.68) | (33.60) |
| Deductions/Adjustments during the year | - | - |
| Transfer to Retained earnings | - | - |
| Closing balance | <u>(33.11)</u> | <u>(30.43)</u> |
| c) Retained earnings | | |
| Opening balance | 1,683.82 | 1,094.89 |
| Net profit for the period | (332.62) | 588.93 |
| Transfer from OCI | - | - |
| Closing balance | <u>1,351.20</u> | <u>1,683.82</u> |
| 17 Noncurrent financial liabilities * | | |
| Secured | | |
| From Banks-Term Loans** | 306.27 | 497.63 |
| Unsecured | | |
| Loans and advances from Directors | 772.24 | 562.24 |
| 0% Redeemable Preference Shares | 1,214.73 | 1,141.24 |
| | <u>2,293.24</u> | <u>2,201.11</u> |
| 18 Other noncurrent financial liabilities | | |
| Inter Corporate Deposits | 2,721.26 | 2,610.71 |
| Unamortised interest income | 189.83 | 281.36 |
| | <u>2,911.09</u> | <u>2,892.07</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 22.20 Crores.



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

Rs. In Lakhs

| | Particulars | As at | As at |
|-----------|---|-----------------|----------------|
| | | March 31, 2023 | March 31, 2022 |
| 19 | Provisions (Non-current) | | |
| | Provision for Gratuity | 112.20 | 116.63 |
| | | 112.20 | 116.63 |
| 20 | Current liabilities - Financial Liabilities: Borrowings* | | |
| | Secured | | |
| | Cash credit facility** | 1,146.77 | 1,294.22 |
| | Acceptances | 94.84 | 1,998.24 |
| | Current Maturities of long-term debt | 36.73 | 66.37 |
| | Unsecured | | |
| | Loans from directors | 1,171.85 | 1,226.74 |
| | | 2,450.19 | 4,585.57 |
| 21 | Trade payables | | |
| | UNDISPUTED DUES -LESS THAN 1 YEAR | | |
| | Due to Micro, Small & Medium Enterprises | - | - |
| | Others | 125.71 | 237.86 |
| | | 125.71 | 237.86 |

*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. 22.20 Crores.

** 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



SRI NACHAMMAI COTTON MILLS LIMITED

Trade Payable Note:

| 2021-22 Particulars | Outstanding for following period from the date of invoice | | | | | Total |
|------------------------|---|------------------|-----------|-----------|-------------------|---------------|
| | Unbilled | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 years | |
| 1.MSME | - | - | - | - | - | - |
| 2.Others | - | 237.86 | - | - | - | 237.86 |
| 3.Disputed dues-MSME | - | - | - | - | - | - |
| 4.Disputed dues-Others | - | - | - | - | - | - |
| Total | - | 237.86 | - | - | - | 237.86 |

Trade Payable Note:

| 2022-23 Particulars | Outstanding for following period from the date of invoice | | | | | Total |
|------------------------|---|------------------|-----------|-----------|-------------------|---------------|
| | Unbilled | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 years | |
| 1.MSME | - | 6.96 | - | - | - | 6.96 |
| 2.Others | - | 118.75 | - | - | - | 118.75 |
| 3.Disputed dues-MSME | - | - | - | - | - | - |
| 4.Disputed dues-Others | - | - | - | - | - | - |
| Total | - | 125.71 | - | - | - | 125.71 |

22 Other current liabilities

| | | | |
|-------------------------------|--|---------------|---------------|
| Interest accrued but not due | | 0.44 | 0.85 |
| Statutory Dues payable | | 12.81 | 21.40 |
| Employee benefits payable | | 2.31 | 3.28 |
| Liabilities for expenses | | 234.41 | 464.41 |
| Liabilities for other finance | | 0.95 | 20.09 |
| | | <u>250.92</u> | <u>510.03</u> |

23 Provisions (Current)

| | | | |
|--------------------------------|--|--------------|--------------|
| Provision for Leave Encashment | | 0.16 | 0.31 |
| Provision for Gratuity | | 34.14 | 35.59 |
| | | <u>34.30</u> | <u>35.90</u> |



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

Rs. In Lakhs

| Particulars | For the year ended | For the year ended |
|---|--------------------|--------------------|
| | March 31, 2023 | March 31, 2022 |
| 24 Revenue from Operations | | |
| Sale of Products | | |
| Yarn | 11,420.45 | 20,333.98 |
| Waste | 300.59 | 113.88 |
| | 11,721.04 | 20,447.86 |
| 25 Other Income | | |
| Interest Income | 135.42 | 98.56 |
| Miscellaneous Receipts | 12.34 | 6.50 |
| | 147.76 | 105.06 |
| 26 Cost of Materials Consumed | | |
| Opening Stock | | |
| Raw Material - Cotton | 3,796.56 | 5,372.28 |
| Add: Purchased | 6402.59 | 12,426.58 |
| | 10,199.15 | 17,798.86 |
| Less: Closing Stock | | |
| Raw Material - Cotton | 1,079.38 | 3,796.56 |
| | 9,119.77 | 14,002.30 |
| 27 Changes in Inventories of Work-in-progress, Stock in trade and finished goods | | |
| Opening Balance | | |
| Finished Goods - Yarn | 2320.40 | 1,337.51 |
| Process Stock | 605.31 | 545.92 |
| Waste | 71.52 | 33.24 |
| | 2,997.23 | 1,916.67 |
| Closing Balance | | |
| Finished Goods - Yarn | 3,405.14 | 2,320.40 |
| Process Stock | 226.36 | 605.32 |
| Waste | 47.50 | 71.52 |
| | 3,679.00 | 2,997.24 |
| Total changes inventories of work-in-progress, stock in trade and finished goods | (681.77) | (1,080.57) |
| 28 Power and Diesel Consumed | 1,216.89 | 1,841.42 |
| 29 Employee benefit expenses | | |
| Salaries, wages and bonus | 760.09 | 1,229.15 |
| Contribution to Provident and other funds | 35.35 | 46.08 |
| Welfare Expenses | 62.16 | 140.92 |
| Managerial Remuneration | 30.81 | 30.17 |
| | 888.41 | 1,446.32 |



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

Rs. In Lakhs

| Particulars | Rs. In Lakhs | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
| 30 Finance Costs | | |
| Interest Expenses | | |
| On Bank Loans | 109.36 | 150.29 |
| On Loan from Directors | 44.76 | 50.89 |
| On Intercompany Deposits | 103.33 | 117.67 |
| On Others | 43.23 | 58.70 |
| On Preference Shares | 106.23 | 97.19 |
| | 406.91 | 474.74 |
| 31 Depreciation and amortization expense | | |
| Depreciation of Property, Plant and Equipment | 141.88 | 150.96 |
| Depreciation on right to use of asset | - | 26.24 |
| | 141.88 | 177.20 |
| 32 Stores and Spares | | |
| Consumption of stores and spare parts | 378.25 | 1,281.56 |
| Consumption of packing materials | 131.49 | 232.16 |
| | 509.74 | 1,513.72 |
| 33 Other expenses | | |
| Repairs to Buildings | 45.91 | 73.89 |
| Repairs to Machinery | 154.57 | 348.83 |
| Repairs to Others | 118.99 | 192.73 |
| Insurance | 17.65 | 18.84 |
| Rates and taxes, excluding taxes on income | 6.26 | 7.70 |
| Legal and Professional Charges | 16.25 | 26.95 |
| Lease Rent on Machinery and Buildings | 140.00 | 135.00 |
| Filing fees | 0.20 | 0.28 |
| Brokerage & Commission | 109.26 | 173.88 |
| Auditors Remuneration | 3.50 | 2.20 |
| Sitting fees | 0.69 | 0.83 |
| Rent paid | 7.44 | 10.52 |
| Bank charges | 27.98 | 52.68 |
| Conversion Charges | 62.44 | 199.61 |
| CSR Expenditure | 5.10 | |
| Loss on sale of Asset (Including WIP)(Net) | - | 3.33 |
| Bad Debts Written Off | - | 108.33 |
| Expected Credit Loss | 80.61 | |
| Miscellaneous Expenses | 3.40 | 33.06 |
| | 800.25 | 1,388.66 |



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

Rs. In Lakhs

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| 34 Income tax expense | | |
| (a) Income tax expense | | |
| Current tax | | |
| Current tax on profits for the year | - | (122.26) |
| MAT credit entitlement/reversal | - | - |
| Excess Income Tax Provision Reversed | 5.61 | - |
| Adjustments for current tax of prior periods | - | - |
| Total current tax expense | 5.61 | (122.26) |
| Deferred tax | | |
| Deferred tax adjustments | 195.05 | (77.94) |
| Total deferred tax expense/(benefit) | 195.05 | (77.94) |
| Income tax expense | 200.66 | (200.20) |

b) The income tax expense for the year can be reconciled to the accounting profit as follows:

| | | |
|--|-----------------|---------------|
| (Loss)/Profit before tax from continuing operations | (533.28) | 789.13 |
| Income tax expense | - | (122.26) |
| Effect of expenses that are not deductible in determining taxable profit | 119.31 | (77.94) |
| Income tax expense | (413.97) | 588.93 |

c) Income tax recognised in other comprehensive income

Deferred tax

| | | |
|--|---------------|----------------|
| Remeasurement of defined benefit obligation | (2.68) | (46.86) |
| Total income tax recognised in other comprehensive income | (2.68) | (46.86) |

d) Movement of deferred tax expense during the year ended March 31, 2023

| 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 | (40.17) | (32.30) | - | (72.47) |
| Carry forward of Losses | - | 160.01 | - | 160.01 |
| Expenses allowable on payment basis under the Income Tax Act | 57.47 | (14.44) | - | 43.03 |
| Remeasurement of financial instruments under Ind AS | 18.06 | - | 1.04 | 19.10 |
| Other temporary differences | (17.00) | 3.82 | - | (13.18) |
| | 18.36 | 117.09 | 1.04 | 136.49 |
| MAT Credit entitlement | 177.31 | - | - | 177.31 |
| Total | 195.67 | 117.09 | 1.04 | 313.80 |



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

Rs. In Lakhs

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| 35 Earnings per share | | |
| Profit / (Loss) for the year attributable to owners of the Company | (332.62) | 588.93 |
| Weighted average number of ordinary shares outstanding | 42,86,400 | 42,86,400 |
| Basic earnings per share (Rs) | (7.76) | 13.74 |
| Diluted earnings per share (Rs) | (7.76) | 13.74 |
| 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 | 14 | 10.00 |
| Number of shares held by them | 5531 | 3,386.00 |
| On account of dividends | - | - |
| Year to which dividend relates | - | - |
| 38 Earnings in foreign exchange | | |
| Export of goods on FOB Basis | - | - |
| 39 Disclosures required by the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as under | | |
| The information required to disclose 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 overdue to parties on accounts of principal amount and / or interest and accordingly no additional disclosures have been made. | | |
| 40 Commitments and contingent liability | | |
| Contingent Liability | | |
| | 31-Mar-23 | 31-Mar-22 |
| 1. Contingent Liability | | |
| In respect of outstanding export obligation to export goods worth Rs.21,09,23,414/- under EPCG Scheme in respect of various years from 2009 , the company has fulfilled the entire obligation during the year ended 2021-2022 itself. | Nil | Nil |
| Future Lease Payments | 5.00 | 30.00 |
| Capital Commitments | | |
| Particulars | As at March 31, 2023 | As at March 31, 2022 |
| Estimated Value of Contracts remaining to be executed on Capital Account and not provided for | 739.45 | 739.45 |



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

Rs. In Lakhs

| Particulars | As at | | | |
|--|---------------------------|---------------------------|------------------|-----------------------|
| | March 31, 2023 | March 31, 2022 | | |
| 41 Value of Imports : CIF Value | | | | |
| Raw Material | 1,179.85 | - | | |
| Capital Goods | - | - | | |
| Components and Spare Parts | 33.78 | 266.67 | | |
| 42 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 | For the year ended | | |
| | March 31, 2023 | March 31, 2022 | | |
| Raw Materials | Value | Percentage (%) | Value | Percentage (%) |
| Imported | 1,179.85 | 12.94 | - | - |
| Indigenous | 7,939.92 | 87.06 | 14,002.30 | 100.00 |
| | 9,119.77 | 100.00 | 14,002.30 | 100.00 |
| Stores and Packing Materials | | | | |
| Imported | 33.78 | 6.63 | 333.70 | 21.11 |
| Indigenous | 475.96 | 93.37 | 1,247.05 | 78.89 |
| | 509.74 | 100.00 | 1,580.75 | 100.00 |

43 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.

44 Operating lease arrangements

The Company has taken the entire Fixed Assets of Supreme Yarn Spinners Private Limited under cancellable 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 | 140.00 | 162.42 |
|---|---------------|--------|



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

Rs. In Lakhs

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 maximizing the return to stakeholders through the optimization 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.

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Gearing Ratio: | | |
| Debt | 2,293.24 | 2,201.11 |
| Less: Cash and bank balances | 13.56 | 202.33 |
| Net debt | 2,279.68 | 1,998.78 |
| Total equity | 2,406.38 | 2,741.68 |
| Net debt to equity ratio (%) | 94.73% | 72.90% |
| Categories of Financial Instruments | | |
| Financial assets | | |
| a. Measured at amortised cost | | |
| Other non-current financial assets | 81.25 | 87.93 |
| Trade receivables | 766.52 | 1,426.24 |
| Cash and cash equivalents | 4.08 | 2.49 |
| Bank balances other than above | 9.48 | 199.84 |
| b. Mandatorily measured at fair value through profit or loss (FVTPL) | | |
| Investments | 41.56 | 65.29 |
| Financial liabilities | | |
| a. Measured at amortised cost | | |
| Borrowings (non current) | 2,293.24 | 2,201.11 |
| Borrowings (current) | 2,450.19 | 4,585.57 |
| Trade payables | - | - |
| 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.



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

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.

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, 2023 (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 | - | - | - | - | - | - | - |
| EUR | - | - | - | - | 9,120.00 | (9,120.00) | (9,120.00) |
| In INR | - | - | - | - | - | - | - |

As on March 31, 2022(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 | - | - | - | - | - | - | - |
| EUR | - | - | - | - | - | - | - |
| In INR | - | - | - | - | - | - | - |

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.



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

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 9.77 Lakhs for the year (Previous INR 6.70 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.

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.

Reconciliation of loss allowance Provision

| | |
|-------------------------------------|-------|
| Loss allowance on April 01, 2021 | 11.61 |
| Changes in loss allowance | |
| Loss allowance as on March 31, 2022 | 11.61 |
| Changes in loss allowance | 80.61 |
| Loss allowance on March 31, 2023 | 92.22 |

(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.



SRI NACHAMMAI COTTON MILLS LIMITED

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.

Notes to Financial Statements for the year ended March 31, 2023

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, 2023 | Due in 1st year | Due in 2nd to 5th year | Due after 5th year | Carrying amount |
|---|-----------------|------------------------|--------------------|-----------------|
| Trade payables | 125.71 | - | - | 125.71 |
| Borrowings (including interest accrued thereon upto the reporting date) | 37.17 | 148.68 | - | 2,293.24 |
| | 162.88 | 148.68 | - | 2,418.95 |

| March 31, 2022 | Due in 1st year | Due in 2nd to 5th year | Due after 5th year | Carrying amount |
|---|-----------------|------------------------|--------------------|-----------------|
| Trade payables | 237.86 | - | - | 237.86 |
| Borrowings (including interest accrued thereon upto the reporting date) | 66.37 | 265.48 | - | 2,201.11 |
| | 304.23 | 265.48 | - | 2,438.97 |

March 31, 2023

March 31, 2022

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

Nil

Nil



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

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

Supreme Yarn Spinners Private Ltd
Raja Yarns Private Limited
Shri P.Palaniappan, Managing Director
Smt. P.Umayal, Chairman cum Managing Director
Sri. A.Subramanian (CFO)
CS M.Harish (Company Secretary)
Smt. Geethanjali Ramasamy
Shri MC.Ramasamy
Shri P.Palaniappan (HUF)
Shri MC.Ramasamy (HUF)

Relatives of Key Management Personnel

b) Transactions during the year

| S.No | Nature of transactions | Amount | |
|------|---------------------------------------|---------|----------|
| | | 2022-23 | 2021-22 |
| 1 | Corporate Loan taken | | |
| | Raja Yarns Private Limited | 58.50 | 66.79 |
| | Supreme Yarn Spinners Private Limited | 641.20 | 1,077.70 |
| 2 | Corporate Loan Repaid | | |
| | Raja Yarns Private Limited | 91.65 | 24.26 |
| | Supreme Yarn Spinners Private Limited | 497.50 | 371.00 |
| 3 | Unsecured Loan taken | | |
| | Shri P.Palaniappan | - | 5.00 |
| | Smt.P.Umayal | 223.80 | 36.70 |
| 4 | Unsecured Loan Repaid | | |
| | Shri P.Palaniappan | 54.88 | 139.00 |
| | Smt.P.Umayal | 13.80 | 321.69 |
| 5 | Rendering of Services | | |
| | Supreme Yarn Spinners Private Ltd | 3.11 | 4.14 |
| 6 | Lease Rent Paid | | |
| | Supreme Yarn Spinners Private Ltd | 140.00 | 162.42 |
| 7 | Commission paid | | |
| | Raja Yarns Private Limited | 1.52 | 2.51 |
| 8 | Managerial Remuneration | | |
| | Shri P.Palaniappan | 15.51 | 15.19 |
| | Smt. P.Umayal | 15.30 | 14.98 |
| | Sri. A.Subramanian | 3.78 | 3.74 |
| | Sri.M.Harish | 4.20 | 4.11 |
| 9 | Interest Paid on Unsecured Loans | | |
| | Raja Yarns Private Limited | 40.94 | 66.30 |
| | Supreme Yarn Spinners Private Limited | 62.39 | 51.37 |
| | Shri P.Palaniappan | - | - |
| | Smt. P.Umayal | 44.76 | 50.89 |

c) Balances with related parties

| S No | Nature of transactions | Amount | |
|------|---------------------------------------|----------|----------|
| | | 2022-23 | 2021-22 |
| 1 | Outstanding Payables | | |
| | Raja Yarns Private Limited | 1,220.65 | 1,253.79 |
| | Supreme Yarn Spinners Private Limited | 1,500.61 | 1,356.91 |
| | Shri P.Palaniappan | 1,171.86 | 1,226.73 |
| | Smt. P.Umayal | 772.24 | 562.24 |



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

Rs. In Lakhs

47 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.25.71 lakhs (for the previous year ended : Rs.32.72 lakhs) represents contribution payable to these plans by the Company at rates specified in the rules of the plan.

Defined benefit plans

a) 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 31,2023 | March 31,2022 |
|--|--|--|
| Mortality Table | 1.00% p.a. | 1.00% p.a. |
| Attrition Rate | Indian assured lives Mortality (2006 - 2008) | Indian assured lives Mortality (2006 - 2008) |
| Discount Rate | 7.30% p.a. | 6.45% 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.



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| | Rs. In Lakhs | Rs. In Lakhs |
| 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 | 5.96 | 7.96 |
| Net interest expense | 13.72 | 7.41 |
| Return on plan assets (excluding amounts included in net interest expense) | - | - |
| Components of defined benefit costs recognised in profit or loss | <u>19.68</u> | <u>15.37</u> |
| Amount recognised in Other Comprehensive Income (OCI) for the Year | | |
| Remeasurement on the net defined benefit liability comprising: | | |
| Actuarial (gains)/losses recognised during the period | 26.37 | 25.00 |
| Components of defined benefit costs recognised in other comprehensive income | <u>26.37</u> | <u>25.00</u> |
| | <u>46.05</u> | <u>40.37</u> |
| 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 | 160.93 | 201.88 |
| Fair value of plan assets | (14.59) | (49.65) |
| Net liability arising from defined benefit obligation | <u>146.34</u> | <u>152.23</u> |
| Funded | 146.34 | 152.23 |
| Unfunded | - | - |
| | <u>146.34</u> | <u>152.23</u> |
| 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 | 201.88 | 155.27 |
| Current service cost | 5.96 | 7.96 |
| Interest cost | 13.72 | 10.01 |
| Changes in demographic assumptions | - | - |
| Changes in financial assumptions | -3.37 | -3.49 |
| Actuarial (gains)/losses | 6.40 | 49.49 |
| Benefits paid | (63.65) | (17.36) |
| Closing defined benefit obligation | <u>160.94</u> | <u>201.88</u> |
| Movements in the fair value of the plan assets in the current year were as follows: | | |
| Opening fair value of plan assets | 49.65 | 40.27 |
| Interest Income | 3.37 | 2.60 |
| Expected return on plan assets (excluding amounts included in net interest expense) | (1.15) | (0.86) |
| Contributions | 26.37 | 25.00 |
| Benefits paid | (63.65) | (17.36) |
| Actuarial gains/(loss) | - | - |
| Others | - | - |
| Closing fair value of plan assets | <u>14.59</u> | <u>49.65</u> |



SRI NACHAMMAI COTTON MILLS LIMITED

Notes to Financial Statements for the year ended March 31, 2023

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 result of sensitivity analysis is given below:

| Particulars | March 31,2023 | | March 31,2022 | |
|--|---------------|---------------|---------------|----------|
| | Decrease | Increase | Decrease | Increase |
| Defined Benefit Obligation (Base) | | 160.94 | | 201.88 |
| Discount Rate (-/+1%) | 167.94 | 154.45 | 212.32 | 192.31 |
| (% change compared to base due to sensitivity) | 4.40% | -4.00% | 5.20% | -4.70% |
| Salary Growth Rate (1/+1%) | 154.06 | 168.24 | 191.79 | 212.72 |
| (% change compared to base due to sensitivity) | -4.30% | 4.50% | -5.00% | 5.40% |
| Attrition Rate (-/+10% of mortality rates) | 160.29 | 161.57 | 200.82 | 202.90 |
| (% change compared to base due to sensitivity) | -0.40% | 0.40% | -0.50% | 0.50% |
| Mortality Rate (-/+10% of mortality rates) | 160.87 | 161.01 | 201.77 | 201.98 |
| (% change compared to base due to sensitivity) | 0.00% | 0.00% | -0.10% | 0.10% |

Risk Exposure

The Company's Gratuity 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 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 151.45

Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cash flows) 4 Years

Expected cash flows over the next (valued on undiscounted basis) Indian Rupees (INR)

| | |
|--------------------|-------|
| 1 Year | 34.14 |
| 2 to 5 Years | 88.59 |
| 6 to 10 Years | 77.97 |
| More than 10 Years | 25.16 |

(b) 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 liabilities towards compensated absences are recognised in these financial statements.



SRI NACHAMMAI COTTON MILLS LIMITED

Note – 48 : Additional Information to the Financial Statements

1. Disclosure of ratios as per Schedule III of the Companies Act, 2013

| Ratio | Numerator | Denominator | FY 2022-23 | | | FY 2021-22 | | | % of variance | Reasons for variance |
|--------------------------------------|--|-----------------------------------|------------|-------------|---------|------------|-------------|-------|---------------|--|
| | | | Numerator | Denominator | Ratio | Numerator | Denominator | Ratio | | |
| (a) Current Ratio | Current Assets | Current Liabilities | 6,110.54 | 2,861.12 | 2.14 | 9,522.97 | 5369.36 | 1.77 | 20% | |
| (b) Debt-Equity Ratio | Total Debt (Including lease liabilities) | Shareholders Equity | 5,204.33 | 2,406.38 | 2.16 | 5093.18 | 2741.68 | 1.86 | 16% | |
| (c) Debt Service Coverage Ratio | Earnings available for debt service | Debt Service | (116.09) | 1,179.51 | (0.10) | 844.18 | 601.55 | 1.40 | -107% | On account of significant loss incurred due to decrease in sales |
| (d) Return on Equity Ratio | Net Profit after taxes-Preference dividend | average Shareholder's equity | (332.62) | 2,574.03 | (12.92) | 588.93 | 2464.02 | 23.90 | -154% | On account of significant loss incurred due to decrease in sales |
| (e) Inventory turnover Ratio | Sales of goods | Average Inventory | 11,721.04 | 6,153.80 | 1.90 | 20447.86 | 7357.02 | 2.78 | -31% | On account of decrease in Sales |
| (f) Trade Receivables turnover Ratio | Credit Sales | Average Trade Receivables | 11,721.04 | 1,096.38 | 10.69 | 20447.86 | 1200.69 | 17.03 | -37% | On account of decrease in Sales |
| (g) Trade Payables turnover Ratio | Credit Purchase | Average Trade Payables | 7,129.34 | 181.79 | 39.22 | 14,488.74 | 684.52 | 21.17 | 85% | On account of decrease in purchase |
| (h) Net capital turnover Ratio | Net Sales | Working Capital | 11,721.04 | 3,249.42 | 3.61 | 20447.86 | 3609.70 | 5.66 | -36% | On account of decrease in Sales |
| (i) Net profit Ratio | Net profit after taxes | Net Sales | (335.30) | 11,721.04 | (2.86) | 555.32 | 20447.86 | 2.72 | -205% | On account of significant loss incurred due to decrease in sales |
| (j) Return on capital employed | Earnings before Interest & Tax | Capital Employed | (125.24) | 7,218.95 | (1.73) | 1263.87 | 7639.19 | 16.54 | -110% | On account of significant loss incurred due to decrease in sales |
| (k) Return on investment | Income generated from investments | Time Weighted average investments | 0.46 | 53.30 | 0.86 | 0.24 | 64.55 | 0.37 | 132% | On account of increase in the fair value of shares |



SRI NACHAMMAI COTTON MILLS LIMITED

Note- 49: OTHER STATUTORY INFORMATION

1. The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
 2. The Company has not traded or invested in Crypto currency or virtual currency during the financial year.
 3. The Company has not advanced or loaned or invested funds to any persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
 4. The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 5. The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
 6. The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond statutory period.
 7. The Company does not have any transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the financial year.
 8. The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
50. Previous year's figures have been regrouped and reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date attached

For and on behalf of the Board of Directors

For **M/s. Gopaliyer and Subramanian.,**
Chartered Accountants
(FRN No. 000960S)

SD/-
P.UMAYAL
Chairman cum Managing Director
DIN: 00110260

SD/-
P.PALANIAPPAN
Managing Director
DIN: 01577805

SD/-
S.Kasi Viswanathan
Partner (M.No. 026975)
Salem
May 22, 2023

SD/-
A.SUBRAMANIAN
Chief Financial Officer

SD/-
M.HARISH
Company Secretary