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# **TMS**

**THAMBI MODERN  
SPINNING MILLS LIMITED**

**38<sup>th</sup>**

**ANNUAL REPORT**

**2015-2016**

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**BOARD OF DIRECTORS**

R. Jagadeesan – Managing Director  
Malathi Jagadeesan – Non Executive Director  
M. Pugazendhi – Independent Director  
Ashok P Shah – Independent Director

**AUDITORS**

M/s. Sankaran & Krishnan  
Chartered Accountants  
Chennai 34

**REGISTERED OFFICE**

Omalur Road  
Jagir Ammapalayam Post  
Salem 636 302  
**CIN : L 17111TZ1977PLC000776**

**REGISTRAR & TRANSFER AGENTS**

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

**BANKER**

**ICICI Home Finance Company Ltd.,**  
Swarnabigai Plaza, Omalur Main Road  
Salem - 9

**NOTICE OF 38<sup>th</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that the Thirty Eighth Annual General Meeting of the Company will be held at the Company's Mill Premises at Unit II, Opp. TNEB Sub Station, Udayapatti By-pass Road, Kamaraj Nagar Colony Post, Salem 636 014 on Monday, the 29th August, 2016 at 10:00 A.M to transact the following business:

**AGENDA****Ordinary Business:**

1. To receive, consider and adopt the audited balance Sheet as at 31st March, 2016 and the profit and loss account for the financial year ended on that date, together with the reports of the board of directors and the auditors thereon.
2. To appoint Mr.R.Jagadeesan, Managing Director (DIN: 01153985) who retires by rotation and being eligible, offers himself for re-appointment and his term would be upto 31st March, 2019.
3. To consider the reappointment of M/s. Sankaran & Krishnan, Chartered Accountants (Firm Regn. No. 003582S) Chennai - 600034 as statutory auditor for the financial year 2016 – 2017.

RESOLVED THAT pursuant to the provisions of section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the company hereby reappoint M/s. Sankaran & Krishnan, Chartered Accountants (Firm Regn. No. 003582S) Chennai - 600034 as auditors of the company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next annual general meeting to be held in the year 2017 to examine and audit the accounts of the company at such remuneration as may be mutually agreed between the board of directors of the company and the auditors.

**NOTES**

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. Corporate Members intending to send their authorized representatives to attend the meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company a certified copy of the relevant Board resolution together with the specimen signatures of their authorized representatives to attend and vote on their behalf at the meeting.
3. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to remote e-voting are given in this Notice under Note No. 19.
4. In terms of Section 152 of the Companies Act, 2013, Mr.R.Jagadeesan, (DIN : 01153985), Managing Director retire by rotation at this Meeting and being eligible, offer himself for re-appointment and his term would be upto 31st March, 2019. The Board of Directors of the Company commends his respective re-appointment. Sri.R.Jagadeesan aged 67 years is a commerce graduate from Madras University.

Details of the Directorship/Member of Committee including M/s Thambbi Modern Spinning Mills Limited held by Mr.R.Jagadeesan.

Directorship	Membership/Chairmanship at Committees of M/s Thambbi Modern Spinning Mills Limited
Managing Director of M/s Thambbi Modern Spinning Mills Limited Director of M/s Sunrise Jewelleries Private Limited Director of M/s Jagdeesh Apartments Private Limited	NIL

5. Members/Proxy are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Sundays, during business hours up to the date of the Meeting.
8. The Company has notified closure of Register of Members and Share Transfer Books from **Tuesday, the 23rd August, 2016 to Monday, the 29th August, 2016** (both days inclusive).
9. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Cameo Corporate Services Limited.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Cameo Corporate Services Limited, Chennai.
11. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be requested from the Company.
12. Non – Resident Indian Members are requested to inform Cameo, immediately of:
  - Change in their residential status on return to India for permanent settlement.
  - Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
13. Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
14. Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').

15. The facility for voting through poll shall be made available at the Meeting and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the AGM through ballot paper.
16. The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.
17. The Board of Directors of the Company has appointed Mr. K.N Subramanian, Proprietor, M/s. K N Subramanian & Co., Company Secretaries in Practice, Coimbatore as Scrutinizer to scrutinize the Poll and remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
18. The Scrutinizer, after scrutinizing the votes cast at the meeting poll and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company [www.thambbimodern.com](http://www.thambbimodern.com). The results shall simultaneously be communicated to the Stock Exchanges.

**19. The instructions for shareholders voting electronically are as under:**

- i) The voting period begins on **Friday, the 26th day of August, 2016 at 9.00 A.M and ends on Sunday, the 28th day of August, 2016 at 5.00 P.M.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off date of Monday, the 22nd August, 2016** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iii) Click on Shareholders.
- iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
<b>PAN</b>	<ul style="list-style-type: none"> <li>• <b>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</b></li> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>

Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.  If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).
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- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi) Click on the EVSN for the relevant Thambbi Modern Spinning Mills Limited on which you choose to vote.
- xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/ NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”; else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote..
- xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system..
- xviii). **Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix). Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

By Order of the Board of Directors

R. Jagadeesan  
Managing Director  
DIN: 01153985

M. Pugazendhi  
Director  
DIN: 01137623

Salem  
12th July, 2016

## Board's Report

### To the Members,

The Directors submit the annual report of M/s Thambbi Modern Spinning Mills Limited along with the audited financial statement for the year ended 31st March, 2016.

### Financial Results

Particulars	2015 – 2016 (In Lakhs)	2014 – 2015 (In Lakhs)
Revenue from Operation	201.99	246.26
Profit / (Loss) before depreciation and taxation	12.98	(62.00)
Depreciation	29.80	40.33
Profit / (Loss) Before Taxation	(16.82)	(102.33)
Net Profit / (Loss)	(16.82)	(102.33)

### Performance

During the year under review, your company's revenue is Rs.201.99 Lakhs compared to the revenue of Rs.141.11 Lakhs achieved in the previous year. The Company has made cash profit of Rs.12.98 Lakhs for the financial year as against cash loss of Rs.62.00 Lakhs in the previous year.

### Prospects

The company has leased out its existing buildings to generate income. Our Company will explore to optimize the operations to improve the revenue.

### Dividend

The Company incurred net loss in the financial year. In view of this and the accumulated loss, your directors are unable to recommend any dividend for the year.

### Compliance under Companies Act, 2013

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

### **Cost Audit**

Our Company is exempted from the requirement to conduct Cost Audit

### **Corporate Social Responsibility - Not Applicable**

### **Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013 - NIL**

### **Auditors**

M/s. Sanakaran & Krishnan, Chartered Accountants (Firm Regn. No.003582S) retire at the end of this Annual General Meeting and are eligible for reappointment. The Company has received confirmation from M/s. Sanakaran & Krishnan, Chartered Accountants regarding their consent and eligibility under Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 for reappointment as the Auditors of the Company.

As required under Regulation 33 (d) of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The audit committee and the Board of Directors have recommended the reappointment of the auditors for the financial year 2016-17. The necessary resolution is being placed before the shareholders for approval.

### **Audit Committee**

The details pertaining to composition of audit committee are included in the corporate Governance Report, which forms part of this report

### **Vigil Mechanism/ Whistle Blower Policy**

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

### **Corporate Governance**

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

### **Management Discussion and Analysis Report**

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

### **Secretarial Audit**

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, your Company engaged the services of Mr. K N Subramanian, Proprietor, M/s K N Subramanian & Co., Company Secretaries in Practice, Coimbatore to conduct the Secretarial Audit of the Company for the financial year ended 31st March, 2016. The Secretarial Audit Report (in Form MR-3) is attached as **ANNEXURE- I** to this Report.

**Directors and Key Managerial Personnel**

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

Mr.R.Jagadeesan, Managing Director is the "Key Managerial Personnel" of the Company pursuant to Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

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

**Remuneration Policy of the Company**

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

**Board Evaluation**

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

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

**Board Meetings held during the year**

During the year, 7 meetings of the Board of Directors were held. The details of the meetings are furnished in the Corporate Governance Report which forms part of this report.

**Extract of Annual Return**

An extract of Annual Return in Form MGT-9 as on 31st March, 2016 is attached as **ANNEXURE – II**, which forms part of this report.

**Fund Raising**

Equity – Nil

Deposits - Nil

**Debt**

During the year, your Company has obtained LRD Loan to the tune of Rs.228.40 Lakhs from M/s ICICI Home Finance Company Limited. The Company has repaid Rs.94.53 Lakhs as on 31st March, 2016.

**Particulars of Employees and related disclosures**

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules,

2014, No employees are drawing remuneration in excess of the limits set out in the said Rules.

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

**Delisting From Ahemadabad Stock Exchange Limited ("ASEL"), Ahemadabad**

The board on its meeting held on 07.03.2016 has passed resolution for voluntary delisting of the Equity shares from the ASEL, pursuant to the provisions of the Companies Act, 1956/2013, Securities Contract (Regulation) Act, 1956 and made an application to the exchange with requisite documents. The said exchange has considered the application and issued the certificate for delisting of equity shares from ASEL on 29.03.2016.

**Director's Responsibility Statement**

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

- a) in the preparation of the annual financial statements for the year ended March 31, 2016, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- b) for the financial year ended 31st March, 2016, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the Profit and Loss of the Company for the year ended 31st March, 2016.
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the annual financial statements have been prepared on a going concern basis.
- e) that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

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

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

**Internal Control Systems and their Adequacy**

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

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

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

By Order of the Board of Directors

R.Jagadeesan  
Managing Director  
DIN: 01153985

M.Pugazendhi  
Director  
DIN: 01137623

Place: Salem

Date: 12th July, 2016

**ADDENDUM TO BOARD OF DIRECTOR'S REPORT****Comments of Secretarial Auditor**

1. The Company has not appointed Company Secretary as per Sec.203 of the Companies Act, 2013 during the financial year 2015 - 2016.
2. Two instances of non-intimation of notice and the outcome of the board meeting to the Bombay stock exchange held on 28.05.2015 and 07.11.2015
3. On 12.05.2015, the Company had received a notice for late/non submission of financial results under clause 41 of the listing agreement for the quarters ended from December 2013 to September, 2014 and the stock exchange had levied a fine for Rs.33708/-.
4. On 12.02.2016, the Company had received a notice from Bombay Stock Exchange for non-submission of corporate governance report under Regulation 27 (2) of the SEBI (Listing obligation and disclosure requirement) Regulations, 2015 for the quarter ended 31st December, 2015 with a fine of Rs.19465/-.
5. On 31.03.2016, the company has received a notice from Bombay Stock Exchange for non compliance under clause 35, 41 and 49 of the listing agreement from December, 2013 to September 2014 and a non compliance under Regulation 27 (2) of the SEBI (Listing obligation and disclosure requirement) Regulations, 2015 for the quarter ended 31st December, 2015 and the stock exchange had levied fine for Rs.89297/-.

**Reply by the Board of Directors to secretarial auditor comments**

1. The Company has neither received any application nor found any candidate suitable for the pay scale of the Company.
2. The notice and outcome of board meetings held on 28.05.2015 and 07.11.2015 were not intimated to stock exchange by oversight.

3. The Company has appealed the Bombay Stock Exchange to condone the inadvertent delay in submission of documents within the stipulated time and requested to waive the penalty.
4. The Company has replied the Bombay Stock Exchange that the company is exempted under Regulation 15(2) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 to send the corporate governance report to the exchange periodically.
5. The Company had appealed the Bombay Stock Exchange to condone the inadvertent delay in submission of documents within the stipulated time and requested to waive the penalty for non compliance of clause 35, 41 and 49 of the listing agreement. Further the Company had intimated the Bombay Stock Exchange that the company is exempted under Regulation 15(2) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 to send the corporate governance report to the exchange periodically.

By Order of the Board of Directors

R.Jagadeesan  
Managing Director  
DIN: 01153985

M.Pugazendhi  
Director  
DIN: 01137623

Place: Salem

Date: 12th July, 2016

## **ANNEXURES TO BOARD'S REPORT**

### **REPORT ON CORPORATE GOVERNANCE**

Pursuant to Schedule V(C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a report on Corporate Governance is given below

#### **1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The Company believes in abiding by the Code of Governance so as to be a responsible corporate citizen and to serve the best interests of all the stakeholders, viz., the employees, customers, vendors and the society at large. The Company seeks to achieve this goal by being transparent in its business dealings, by disclosure of all relevant information in an easily understood manner, and by being fair to all stakeholders, by ensuring that the Company's activities are managed by a professionally competent and independent Board of Directors

#### **2. BOARD OF DIRECTORS**

As on 31st March, 2016, Your Company's Board comprised of four Directors. The board is comprised with One Executive Director, One Non-Executive Director and two Independent Directors (50% of the board is composed with Independent Directors). As per Regulation 17(1) (a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the board is composed with a woman director

#### **Composition of Board**

<b>Name and category of the Directors</b>	<b>% to the total number of Directors</b>
Mr.R.Jagadeesan, Managing Director (Promoter)	25.00 %
Ms.Malathi Jagadeesan, Non Executive Director (Promoter)	25.00 %
Mr.Ashok P shah, Independent Director (Non Promoter)	50.00 %
Mr.Muthu Udayar Pugazendhi, Independent Director (Non Promoter)	

### Number of meetings of the Board of Directors and dates on which held and Director's attendance at board meetings during the financial year 2015 – 2016 and last Annual General Meeting (AGM)

Seven board meetings were held during the year ended 31st March, 2016. They were i.e on 28.05.2015, 22.06.2015, 15.07.2015, 05.08.2015, 07.11.2015, 12.02.2016 and 07.03.2016.

Names of the Director	No. of Board Meetings attended during the year 2015-2016	Whether attended last AGM held on 31.08.2015
Mr.R.Jagadeesan	7	Yes
Ms.Malathi Jagadeesan	7	Yes
Mr.Ashok P Shah	7	Yes
Mr.M. Pugazendhi	7	Yes

Every director has personally attended all the board meetings. Certificates have also been obtained from the Independent Directors confirming their position as Independent Directors on the Board of the Company in accordance with Section 149 of the Companies Act, 2013 read with Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Number of Board of Directors or Board Committees including Thambbi Modern Spinning Mills Limited in which the Director is a Chairman / Member is as follows

Name of the Director	No. of Director ship	No. of committees in which Chairman / Member	
		Chairman	Member
Mr.R.Jagadeesan	3	NIL	NIL
Ms.Malathi Jagadeesan	4	1	3
Mr.Ashok P Shah	NIL	NIL	3
Mr.M. Pugazendhi	NIL	2	3

### Disclosure of relationship between Directors Inter-Se

Our board consists of four directors. Out of the four, two directors i.e Mr.R.Jagadeesan, Managing Director and Ms.Malathi Jagadeesan, Non-Executive Director has spouse relationship. And other two are independent directors, Mr.Ashok P Shah and Mr.M. Pugazendhi who do not have any relationship with other members of the board

### The details of shares held by the Directors of the Company in their individual names as on 31st March, 2016 are furnished below:

Name of the Directors	No. of Equity Shares Held	Designation
Mr.R.Jagadeesan	3140995	Managing Director
Ms.Malathi Jagadeesan	424530	Non Executive Director
Mr.Ashok P Shah	0	Independent Director
Mr.M.Pugazendhi	200	Independent Director

**Number of shares and convertible instruments held by non-executive directors** - None of the members of the board hold non convertible instruments.

**Web link where details of familiarization programmes imparted to independent directors is disclosed** – Our Company is exempted under regulation 15(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### 3. AUDIT COMMITTEE

#### Brief description of terms of reference

The Audit Committee acts in accordance with the terms of reference specified by the Board which includes the recommendation for appointment, remuneration and terms of appointment of auditors of the Company, review and monitor the auditor's independence and performance and effectiveness of the audit process, examination of the financial statements and the auditor's report thereon, evaluation of internal financial controls and risk management systems, monitoring the end use of funds raised through public offers and related matters.

#### Composition, name of members and chairperson

The Audit Committee comprises of Mr.M.Pugazendhi, Independent Director as Chairman, Mr.Ashok P Shah, Independent Director as Member and Ms.Malathi Jagadeesan, Non-executive Director as Member.

All the members of the Audit Committee are financially literate and one-half of the members have expertise in accounting/financial management. Mr.M.Pugazendhi, Chairman, Audit Committee was present at the Annual General Meeting held on 31.08.2015.

Mr. P.Rajasekaran, Compliance Officer is the Secretary to the Committee.

#### Meetings and attendance during the year

The Audit Committee met Five times during the year and the time gap between any two meetings did not exceed more than four months.

Date of Meetings	Total No. of Members	No. of Members Present
28.05.2015	3	3
06.07.2015	3	3
05.08.2015	3	3
07.11.2015	3	3
12.02.2016	3	3

Besides this, another meeting of the Audit Committee was held on 19th May, 2016 at which meeting the Audited Annual Accounts for the year ended 31st March, 2016, were placed before the Committee for consideration. The Internal Auditor and the representatives of the Statutory Auditors also attended the Audit Committee meetings, besides the executives invited by the Audit Committee to be present thereat. The Internal Auditors report directly to the Audit Committee.

### 4. NOMINATION AND REMUNERATION COMMITTEE

#### Brief description of terms of reference

- ⇒ Formulate Remuneration Policy and a policy on Board Diversity.
- ⇒ Formulate criteria for evaluation of Directors and the Board.

- ⇒ To ensure that the Remuneration Policy shall also include the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- ⇒ Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.
- ⇒ To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully; relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- ⇒ Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

### Composition, Name of Members and Chairperson

The Nomination and Remuneration Committee comprises of Mr. Muthu Udayar Pugazendhi, Independent Director as Chairman, Mr. Ashok Pukhraj Shah, Independent Director as Member, Ms. Malathi Jagadeesan, Non-executive Director as Members of the Committee.

### Meetings and attendance during the year

Date of Meeting	Total No. of Members	No. of Members Present
30.03.2016	3	3

### Performance evaluation criteria for Independent Directors

The performance evaluation criteria for independent directors is determined by the Nomination and Remuneration committee. An indicative list of factors that may be evaluated include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behaviour and judgement.

## 5. REMUNERATION TO DIRECTORS

### Details of the remuneration for the year ended 31st March, 2016

Name of the Director	Category	Salary	Commission	Sitting fees	Perquisites and allowances	ESPS
Mr.R.Jagadeesan	Managing Director	125000/- P.M	NIL	NIL	NIL	NIL
Ms.Malathi Jagadeesan	Non Executive Director	NIL	NIL	7000	NIL	NIL
Mr.M.Pugazendhi	Independent Director	NIL	NIL	7000	NIL	NIL
Mr.Ashok P Shah	Independent Director	NIL	NIL	7000	NIL	NIL

Tenure of office of the Managing Director and Independent directors are for a term of Five years from the date of appointment or as long as they wish. There is no separate provision for payment of severance fees.

**6. STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The Committee consists of Ms. Malathi Jagadeesan, Non Executive Director as Chairman, Mr. M. Pugazendhi, Independent Director as Member and Mr. Ashok P Shah, Independent Director as Member. The Committee considers and resolves the grievances of the security holders.

The Committee also reviews the manner and time-lines of dealing with complaint letters received from Stock Exchanges/ SEBI/ Ministry of Corporate Affairs etc., and the responses thereto. Based on the delegated powers of the Compliance Officer, Mr.P.Rajasekaran, approves the transfers, transmissions and transposition of securities on a regular basis and the same is reported at the next meeting of the Committee, normally held periodically.

Mr. P. Rajasekaran, Compliance Officer is the Secretary to the Committee and the Compliance Officer appointed for the compliance of capital market related laws.

**Meetings and Attendance**

Date of Meeting	Total No. of Members	No. of Members Present
15.04.2015	3	3
02.05.2015	3	3
15.09.2015	3	3
29.10.2015	3	3
19.01.2016	3	3
28.03.2016	3	3

During the year, the Company has not received any grievance/Complaint letter from investors. No Compliant/Share transfer was pending as on 31.03.2016.

**7. GENERAL BODY MEETINGS****Location and time, where last three annual general meetings held**

Directors	Date	Time	Location	Special Resolution
2014 to 2015	31.08.2015	10.00 A.M	Unit II, TNEB Sub Station, Udayapatti By-pass road, Kamaraj Nagar Colony Post, Salem - 636014	NIL
2013 to 2014	08.09.2014	10.00 A.M	Unit II, TNEB Sub Station, Udayapatti By-pass road, Kamaraj Nagar Colony Post, Salem - 636014	Appointment of Mr.R.Jagadeesan as Chairman cum Managing Director for the period of Five years from 01.04.2014 to 31.03.2019 with a remuneration of Rs. 1,25,000/- p.m.
2012 to 2013	16.09.2013	10.00 A.M	Unit II, TNEB Sub Station, Udayapatti By-pass road, Kamaraj Nagar Colony Post, Salem - 636014	NIL

Whether any special resolution passed last year through postal ballot/e-voting and Voting Pattern - NIL

Whether any Special Resolution is proposed to be conducted through postal ballot – NIL

**8. Means of Communication**

The Company's quarterly results are published in 'Makkal Kural' and 'Trinity Mirror', and are displayed on its website [www.thambbimodern.com](http://www.thambbimodern.com). Official news releases are sent to Stock Exchanges. Your Company has not been requested by any institutional investors / analysts for any detailed presentations on the Company's unaudited quarterly as well as audited annual financial results. The Company's website [www.thambbimodern.com](http://www.thambbimodern.com) contains a separate dedicated section 'Investor Relations' where shareholders' information is available.

**9. General Shareholder Information**

<b>38th Annual General Meeting for the financial year ended 31st March, 2016</b>		
a)	Day, Date and Time	Monday, 29th August, 2016 at 10.00 A.M
	Venue	Unit II, Opp. TNEB Sub Station, Udayapatti By-pass Road, Kamaraj Nagar Colony Post, Salem 636 014
b)	Dividend payment date	NIL
c)	Date of Book Closure	Tuesday, the 23rd August, 2016 to Monday, the 29th August, 2016 (both days inclusive).
d)	Listing on stock exchange	Bombay Stock Exchange
	Payment of listing fees	Listing fees as applicable has been paid.
e)	Stock Code	514484

**Market Price Data - high, low during each month in last Financial year**

<b>Month</b>	<b>High</b>	<b>Low</b>
APRIL, 2015	5.18	4.49
MAY, 2015	4.27	3.72
JUNE, 2015	4.70	3.90
JULY, 2015	4.11	3.28
AUGUST, 2015	6.00	3.97
SEPTEMBER, 2015	6.00	3.97
OCTOBER, 2015	6.51	5.60
NOVEMBER, 2015	6.51	5.60
DECEMBER, 2015	5.60	5.60
JANUARY, 2016	5.60	5.60
FEBRUARY, 2016	5.60	5.60
MARCH, 2016	5.32	5.32

[Source: This information is compiled from the data available from the websites of BSE]

**Share Price Performance in comparison to broad based indices – BSE Sensex as on 31st March, 2016**

<b>FINANCIAL YEAR 2015 - 2016</b>	<b>TMSML</b>	<b>BSE SENSEX</b>
APRIL, 2015	5.18	29094.61
MAY, 2015	4.27	28071.16
JUNE, 2015	4.70	27968.75
JULY, 2015	4.11	28578.33
AUGUST, 2015	6.00	28417.59
SEPTEMBER, 2015	6.00	26471.82
OCTOBER, 2015	6.51	27618.14
NOVEMBER, 2015	6.51	26824.3
DECEMBER, 2015	5.60	26256.42
JANUARY, 2016	5.60	26197.27
FEBRUARY, 2016	5.60	25002.32
MARCH, 2016	5.32	25479.62

The securities of the Company have never been suspended from trading during the financial year 2015 – 2016.

**Registrar to an issue and share transfer agent**

Cameo Corporate Services Limited  
 Subramanian Building, V Floor, No.1, Club House Road  
 Chennai – 600 002  
 Contact No. 044 - 28461073  
 Ph : 044 - 28461073  
 email : cameo@cameoindia.com.

**Share Transfer System**

The Board has authorised Mr.P.Rajasekaran, CFO Cum Compliance Officer to approve all transfer, transmission and transposition of securities.

**Distribution of Shareholding as on 31.03.2016**

Category Code	Category of Shareholders	Number of Shareholders	Total Number of Shares	As a % of A+B+C
A	Shareholding of Promoter and Promoter Group			
1	Indian	4	4032295	69.97
2	Foreign	0	0	0
Total Shareholding of Promoter and Promoter Group		4	4032295	69.97
B	Public Shareholding	4655	1716275	29.78
1	Institutions	3	14200	00.25
2	Non-institutions	0	0	0
Total Public Shareholding		4658	1730475	30.03
C	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0
<b>TOTAL (A+B+C)</b>		<b>4662</b>	<b>5762770</b>	<b>100.00</b>

**Dematerialization of shares and liquidity**

Shares of the Company can be held and traded in electronic form. As stipulated by SEBI, the shares of the Company are accepted in the Stock Exchanges for delivery only in dematerialization form.

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity – NIL

Disclosure of commodity price risks or foreign exchange risk and commodity hedging activities – NIL

**Plant Location - Nil****Address for Communication**

Registrar & Share Transfer Agents (R&TA) (matters relating to Shares, Dividends, Annual Reports)	Cameo Corporate Services Limited Subramanian Building, V Floor, No.1, Club House Road, Chennai – 600 002 Contact No. 044 - 28461073
For any other general matters or in case of any difficulties/ grievances	Mr.P.Rajasekaran CFO Cum Compliance Officer Omalur Road, Jagir Ammapalayam, Salem – 636302 T : +91 0427 2345425
Website address	www.thambbimodern.com
Email ID of Investor Grievances Section	tmsml@thambbimodern.com
Name of the Compliance Officer	Mr.P.Rajasekaran

**Other disclosures**

- a. Disclosure on materially significant related party transactions that may have potential conflict with the interest of Company at large – Nil.
- b. Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

**2013-2014** - **NIL**

**2014-2015**

1. There have been no instances of non-compliance by the Company on any matters related to the capital markets except two instances of non-intimation of notice and the outcome of the board meetings held on 02.05.2014 and 28.09.2014.
2. There have been no penalty/strictures imposed on the Company by the SEBI or any other statutory authority on such matters during the year. However the Company had received two notices from Bombay Stock Exchange during the financial year 2014-2015. Those are
  - ✓ On 29.01.2015, the Company had received a notice for non submission of annual report within the prescribed period as per clause 31 of the listing agreement and the stock exchange had made a fine for Rs.25843/-. The Company had requested the Bombay Stock Exchange to condone the inadvertent delay for non submission within the stipulated time and requested to waive the penalty.
  - ✓ On 30.04.2015, the Company had received a notice from Bombay Stock Exchange for late/non-submission of financial results under clause 41 of the listing agreement for the quarter ended 31st December, 2013 to 30th September, 2014 with a fine of Rs.33708/-. The Company had sent a reply to stock exchange that it has sent all its quarterly periodicals within the prescribed time as per clause 41 of the listing agreement.

**2015-2016**

1. There have been no instances of non-compliance by the Company on any matters related to the capital markets except two instances of non-intimation of notice and the outcome of the board meetings held on 28.05.2015 and 07.11.2015.
2. There have been no penalty/strictures imposed on the Company by the SEBI or any other statutory authority on such matters during the last three years. However the Company had received three notices from Bombay Stock Exchange during the financial year 2015-2016. Those are
  - ✓ On 12.05.2015, the Company had received a notice for late/non submission of financial results under clause 41 of the listing agreement for quarters ended from December 2013 to September 2014 and the stock exchange had made a fine for Rs.33708/-.
  - ✓ On 12.02.2016, the Company had received a notice from Bombay Stock Exchange for non-submission of corporate governance report under Regulation 27 (2) of the SEBI (Listing obligation and disclosure requirement) Regulations, 2015 for the quarter ended 31st December, 2015 with a fine of Rs.19465/-.
  - ✓ On 31.03.2016, the company has received a notice from Bombay Stock Exchange for non compliance under clause 35, 41 and 49 of the listing agreement from December, 2013 to September 2014 and a non compliance under Regulation 27 (2) of the SEBI (Listing obligation and disclosure requirement) Regulations, 2015 for the quarter ended 31st December, 2015.

**c. Details of establishment of vigil mechanism whistle blower policy, and affirmation that no personnel have been denied access to the audit committee. The Board evaluates the Company's strategic direction, management policies, performance objectives and effectiveness of Corporate Governance practices.**

Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 15 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors had approved the Policy on Vigil Mechanism/ Whistle Blower and the same was hosted on the website of the Company.

This Policy 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. The Protected Disclosures, if any reported under this Policy will be appropriately and expeditiously investigated by the chairman of the audit committee.

Your company hereby affirms that no director/ employee have been denied access to the chairman of the audit committee and that no complaints were received during the year.

d. Details of compliance with mandatory requirements and adoption of the non- mandatory requirements of this clause.

The company has adopted all the mandatory requirements as per the listing agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The company has not adopted non-mandatory requirements as stipulated in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations.

e. Web link where policy for determining 'material' subsidiaries is disclosed – Nil

f. Web link where policy on dealing with related party transactions – Nil.

g. Disclosure of commodity price risks and commodity hedging activities - Nil.

h. Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) above, with reasons thereof shall be disclosed.

Every requirement has been complied except non applicable/mandatory requirement. Hence there is no Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) above.

i. Subsidiary Companies - Nil

j. Material Subsidiary - Nil

k. Disclosure with respect to demat suspense account/unclaimed suspense account - Nil

l. Risk Management

Your Company has not constituted Risk Management Committee, Since it is non mandatory. However the Company is keep on assessing and minimizing risk and monitors it continuously.

m. Independent Directors

Pursuant to the provisions of Section 149 of the Companies Act, 2013, the Independent Directors of the Company have been appointed for a period of 5 years. Pursuant to Schedule IV of the Companies Act, 2013,

every Independent Director has been issued a letter of appointment containing the terms and conditions of his/her appointment. The terms and conditions of appointment have been posted on the website of the Company at [www.thambbimodern.com](http://www.thambbimodern.com).

n. Separate meeting of independent directors

In accordance with the provisions of Schedule IV of the Companies Act, 2013, a separate meeting of the Independent Directors was held during the year on March 10, 2016 without the attendance of Non-Independent Directors and members of management, inter alia to:

- Review the performance of the Non-Independent Directors and the Board as a whole;
- Review the performance of the Managing Director of the Company, taking into account the views of the executive directors and non-executive directors;
- Assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Mr.M.Pugazendhi and Mr. Ashok P Shah, Independent directors of the company convened a meeting of independent directors and discussed matters pertaining to the Company's affairs and functioning of the Board and presented their views to the Managing Director for appropriate action.

#### **DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

This is to confirm that the company has adopted a code of conduct for its employees including the Managing Director and Executive Directors. In addition, the company has adopted a code of conduct for its Non-Executive Directors and Independent Directors. These codes are available on the company's website.

I confirm that the company has in respect of the year ended 31st March, 2016, received from the senior management team of the company and the member of the board a declaration of compliance with the code of conduct as applicable to them.

For the purpose of this declaration, senior management team means the chief financial officer cum Compliance Officer as on 31st March, 2016.

For Thambbi Modern Spinning Mills Limited

R.Jagadeesan  
Managing Director  
DIN: 01153985

M.Pugazendhi  
Director  
DIN: 01137623

Place: Salem

Date: 12th July, 2016

#### **INDEPENDENT AUDITOR'S COMPLIANCE CERTIFICATE**

##### **To the Members of Thambbi Modern Spinning Mills Limited**

1. We have examined the compliance of conditions of corporate governance by Thambbi Modern Spinning Mills Limited ("the Company") for the year ended on 31st March, 2016 as stipulated in :

- a) Clause 49 of the Listing Agreements with stock exchange for the period 01.04.2015 to 30.11.2015

b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period 01.12.2015 to 31.03.2016.

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

3. In our opinion, and to the best of our information and explanation given to us, we certify that the company has complied with the conditions of corporate Governance as stipulated in the above mentioned listing Agreement.

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

For SANKARAN & KRISHNAN  
CHARTERED ACCOUNTANTS  
Firm Registration No: 003582S

S.Chandran  
Senior partner  
Membership No.008646

Place: Salem

Date: 19th May, 2016

**CERTIFICATION BY MANAGING DIRECTOR (CHIEF EXECUTIVE OFFICER) AND CHIEF FINANCIAL OFFICER TO THE BOARD PURSUANT TO REGULATION 17(8) AND PART B OF SCHEDULE II OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

We, R.Jagadeesan, Managing Director (Chief Executive Officer) and P.Rajasekaran, Chief Financial Officer cum Compliance Officer of M/s Thambbi Modern Spinning Mills Limited, certify that:

- A. we have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2016 and that to the best of our knowledge and belief:
  1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls system for financial reporting and that we have evaluated the effectiveness of Internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and to the Audit Committee that no:
  1. significant changes in internal control over financial reporting during the year;

2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and;
3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Thambbi Modern Spinning Mills Limited

R.Jagadeesan  
Managing Director  
DIN: 01153985

P. Rajasekaran  
CFO Cum Compliance Officer  
PAN: ADDPR3091C

Place: Salem

Date: 12th July, 2016

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### a. Industry structure and developments

**Structure:** - The Company has not involved in manufacturing activities. However it has obtained Rs.201.99 lacs of Rental Receipts

Due to increase in finance cost and repairs of buildings, the Company has attained net loss of Rs. 12.78 Lacs.

**Developments:** - The existing buildings of the Company have been leased out to generate income. Your Company will explore to optimize the operations to improve the revenue.

### b. Opportunities and Threats

**Opportunity:** - The Company has started concentrating on leasing its existing land & building.

**Threats :-** The company has not involved in textile manufacturing.

### c. Segment-wise or product-wise performance - Nil

### d. Outlook

During the financial year 2015 – 2016, the Company has achieved revenue from operations of Rs. 201.99 Lacs as against Rs. 141.11 Lacs in the financial year 2014 - 2015.

### e. Risks and concerns

The Company is keep on assessing and minimizing risk and monitors it continuously

### f. Internal control systems and their adequacy

The Company is keep on reviewing internal audit function, discussion on internal audit reports, reviewing of vigil mechanism, internal control systems and review of risk management policies especially enterprise level risk management.

### g. Discussion on financial performance with respect to operational performance

**Financial Statement for the financial year 2015 - 2016**

<b>Particulars</b>	<b>2015 – 2016</b> (In Lacs)	2014 – 2015 (In Lacs)
Income		
Revenue from operations	201.99	246.26
Other Income	27.22	1.74
<b>Total</b>	<b>229.21</b>	<b>248.00</b>
Cost of Material Consumed	0.00	84.09
Change in inventories of finished goods	0.00	13.08
Employee benefit expenses	33.94	33.50
Finance costs	43.05	43.49
Depreciation	29.80	40.33
Other Expenses	139.24	135.84
<b>Total</b>	<b>246.03</b>	<b>350.33</b>
Profit before exceptional and extraordinary items and tax	-16.82	-102.33
Previous Year Adjustments	4.04	11.26
Profit before tax	-12.78	-91.07
<b>Profit (Loss) for the period from continuing operations</b>	<b>-12.78</b>	<b>-91.07</b>

**Results in Operations:-**

During the financial year 2015 – 2016, the Company has achieved revenue from operations of Rs. 201.99 Lacs as against Rs. 141.11 Lacs in the financial year 2014 - 2015.

The Company Finance cost and repairs to buildings exceeds high, which results in increase in expenses. In future the Company will take measures to reduce expenses.

**h. Material developments in Human Resources / Industrial Relations front, including number of people employed**

The Company does not have any manufacturing / commercial activities. Hence there are no permanent workers/ employees at the end of the year.

**ANNEXURE I****FORM MR - 3  
SECRETARIAL AUDIT REPORT****For the Financial year ended 31st March, 2016****[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To

The Members  
 M/s Thambbi Modern Spinning Mills Limited  
 Omalur Road, Jagir Ammapalayam  
 Salem – 636 302

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Thambbi Modern Spinning 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 **M/s Thambbi Modern Spinning Mills Limited's** 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 2016 ('Audit Period') 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 Thambbi Modern Spinning Mills Limited** for the financial year ended on 31st March, 2016 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 (Not applicable to the Company during the Audit Period);
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder **(Not applicable to the Company during the Audit Period);**
- 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 **(Not applicable to the Company during the Audit Period);**
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') **(Not applicable to the Company during the Audit Period):** —
  - 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, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,

2009 **(Not applicable to the Company during the Audit Period);**

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October 2014; **(Not applicable to the Company during the Audit Period);**

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period);**

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 Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period);** and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit Period).**

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with Stock Exchanges and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

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**, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, no specific law is applicable to the Company.

**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 are 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. The Company has a system exist for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**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.

**I further report that** during the audit period:

1. The Company has not appointed Company Secretary as per Sec.203 of the Companies Act, 2013 during the financial year 2015 - 2016.
2. Two instances of non-intimation of notice and the outcome of the board meeting to the Bombay stock exchange held on 28.05.2015 and 07.11.2015
3. On 12.05.2015, the Company had received a notice for late/non submission of financial results under clause 41 of the listing agreement for the quarters ended from December 2013 to September 2014 and the stock exchange had levied a fine for Rs.33708/-.
4. On 12.02.2016, the Company had received a notice from Bombay Stock Exchange for non-submission of corporate governance report under Regulation 27 (2) of the SEBI (Listing obligation and disclosure requirement) Regulations, 2015 for the quarter ended 31st December, 2015 with a fine of Rs.19465/-.
5. On 31.03.2016, the company has received a notice from Bombay Stock Exchange for non compliance under clause 35, 41 and 49 of the listing agreement from December, 2013 to September 2014 and a non compliance under Regulation 27 (2) of the SEBI (Listing obligation and disclosure requirement) Regulations, 2015 for the quarter ended 31st December, 2015 and the stock exchange had levied fine for Rs. 89297/-.

For K N Subramanian & Co.  
Company Secretaries

K N Subramanian  
Proprietor  
M.No. 15218  
CP. No.11388

Place : Salem

Date : 12th July, 2016

## ANNEXURE II

**FORM MGT – 9**  
**EXTRACT OF ANNUAL RETURN**  
**As on the financial year ended on 31.03.2016**

### I. REGISTRATION AND OTHER DETAILS

i.	CIN	L17111TZ1977PLC000776
ii.	Registration Date	07.03.1977
iii.	Name of the Company	THAMBBI MODERN SPINNING MILLS LIMITED
iv.	Category / Sub – Category of the Company	Company limited by shares/Indian Non Govt. Company
v.	Address of the Registered Office of the Company	OMALUR ROAD, JAGIR AMMAPALAYAM, SALEM - 636302
vi.	Whether listed Company	Yes
vii.	Name, Address and contact details of Registrar and Transfer Agent, if any	Cameo Corporate Services Limited Subramanian Building, V Floor, No.1, Club House Road, Chennai – 600 002 Contact No.044-28461073

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

S.No.	Name and Description of main Products / Services	NIC Code of the Product/ service	% to total turnover of the Company
1	Rent receipts	681	88.12%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATION COMPANIES - NIL****IV. SHARE HOLDING PATTERN (equity share capital breakup as % of total equity)**

Category-wise share holding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A. PROMOTERS</b>									
<b>(1) INDIAN</b>									
Individual/HUF	3963375	1800	3965175	68.8067	4032295		4032295	69.97	+ 1.164
Central Govt.	-	-	-	-	-	-	-	-	-
State Govt.(s)	-	-	-	-	-	-	-	-	-
Bodies Corp.	-	-	-	-	-	-	-	-	-
Banks/FI	-	-	-	-	-	-	-	-	-
Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (a) (1)</b>	3963375	1800	3965175	68.8067	4032295	-	4032295	69.97	+ 1.164
<b>(2) Foreign</b>									
NRIs – Individual	-	-	-	-	-	-	-	-	-
Other – Individual	-	-	-	-	-	-	-	-	-
Bodies Corp.	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-
Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	-	-	-	-	-	-	-	-	-
<b>Total shareholding of promoter (A) = (A) (1) + (A) (2)</b>	3963375	1800	3965175	68.8067	4032295	-	4032295	69.97	+ 1.164

<b>B. Public Shareholding of promoter</b>									
Institution									
Mutual Funds	-	-	-	-	-	-	-	-	-
Banks / FI	13800	400	14200	.2464	13800	400	14200	00.25	0
Central Govt.	-	-	-	-	-	-	-	-	-
State Govt.(s)	-	-	-	-	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies	-	-	-	-	-	-	-	-	-
FIs	-	-	-	-	-	-	-	-	-
Foreign Venture Capital	-	-	-	-	-	-	-	-	-
Funds other (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (1)</b>	13800	400	14200	.2464	13800	400	14200	00.25	0
Non-Institutions									
a. Bodies Corp.	-	-	-	-	-	-	-	-	-
Indian	35584	36000	71584	1.2421	33943	36000	69943	1.21	-0.032
Overseas	-	-	-	-	-	-	-	-	-
b. Individuals	475938	354009	829947	14.4018	553884	377384	931268	16.16	+1.758
Individual shareholders holding nominal share capital into Rs.1.00 Lakh	809942	53500	863442	14.9831	698741	0	698741	12.13	-2.853
Individual shareholders holding nominal share capital in excess of Rs.1.00 Lakh									

c) other Specify									
1.Clearing Member	2420	0	2420	0.0419	0	0	0	0	0
2.Hindu Undivided Family	15121	0	15121	0.2623	15422	0	15422	00.27	+0.007
3.Non Resident Indians	881	0	881	0.0152	901	0	901	00.02	+0.004
<b>Sub-total (B) (2)</b>	1339886	443509	1783395	30.9468	1302891	413384	1716275	30.04	-0.906
Total Public Shareholding (B) = (B) (1) + (B) (2)	1353686	443909	1797595	31.1932	1316691	413784	1730475	30.29	-0.903
C. Shares held by custodians for GDRs and ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	5317061	445709	5762770	100.00	5348986	413784	5762770	100.00	0

## (ii) Shareholding of Promoters

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1	R.JAGADEESAN	3072075	53.31	0	3140995	54.50	0	+1.19
2	MALATHI JAGADEESAN	424530	7.37	0	424530	7.37	0	0
3	J.RAJALAKSHMI	256820	4.46	0	256820	4.46	0	0
4	J.RAMKUMAR	209950	3.64	0	209950	3.64	0	0

**MALATHI JAGADEESAN****NO CHANGE****J. RAJALAKSHMI****NO CHANGE****J. RAMKUMAR****NO CHANGE**

**(iii) Change in promoters' shareholding**

S.No		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	<b>R. JAGADEESAN</b>				
	At the beginning of the year	3072075	53.308	3072075	53.308
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus / sweat equity etc.,)	24/08/2015 - 4000 Shares	0.069	3076075	53.377
		25/05/2015 - 27500 Shares	0.478	3103575	53.855
		23/10/2015 7983 shares	0.138	3111558	53.993
		05/11/2015 21119 shares	0.366	3132677	54.359
		10/11/2015 6518 Shares	0.113	3139195	54.472
		09/03/2016 1800 Shares	0.031	3140995	54.503
	At the end of the year	3140995	54.503	3140995	54.503

**(IV). Shareholding pattern of TOP TEN shareholders**

Sl.No	Name	No.of.Shares at the Beginning (01.04.15)		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding at the year end 31.03.16	
		No.of. Shares	% of total shares of the company				No.of. Shares	% of total shares of the company
1	S.R.MURALI MANOHAR	580000	10.0644	01.04.2015	0	Nil movement during the year	580000	10.0644
2	RAJU BHANDARI	89414	1.5515	25.09.2015	+ 27597	Purchase of Shares	117011	2.0303
3	FATEMA HUSSAINI BHARMAL	18100	0.3141	01.04.2015	0	Nil movement during the year	18100	0.3141
4	K.RAJENDRAN	17677	0.3067	01.04.2015	0	Nil movement during the year	17677	0.3067
5	SUBODH RAJARAM MANJREKAR	15608	0.2620	01.04.2015	0	Nil movement during the year	15608	0.2620
6	ORIENTAL BANK OF COMMERCE	13700	0.2377	01.04.2015	0	Nil movement during the year	13700	0.2377
7	NAYAN S MANJREKAR	13700	0.2377	01.04.2015	0	Nil movement during the year	13700	0.2377
8	BAJAJ AUTO LTD	12700	0.2203	01.04.2015	0	Nil movement during the year	12700	0.2203
9	SAURAV GUPTA	0	0	18.03.2016	12300	Purchase of Shares	12300	0.2134
10	SUHAS S.KULKARNI	12300	0.2134	01.04.2015	0	Nil movement during the year	12300	0.2134

**V. Shareholding of Directors and Key Managerial Personnel:**

S.No.	R. JAGADEESAN MANAGING DIRECTOR	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
	At the beginning of the year	3072075	53.308	3072075	53.308
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus / sweat equity etc..)	24/08/2015 -4000 Shares	0.069	3076075	53.377
		25/05/2015 -27500 Shares	0.478	3103575	53.855
		23/10/2015 7983 shares	0.138	3111558	53.993
		05/11/2015 21119 shares	0.366	3132677	54.359
		10/11/2015 6518 shares	0.113	3139195	54.472
		09/03/2016 1800 shares	0.031	3140995	54.503
	At the end of the year	3140995	54.503	3140995	54.503

S.No.	MALATHI JAGADEESAN NON-EXECUTIVE DIRECTOR	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
	At the beginning of the year	424530	7.37	424530	7.37
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus / sweat equity etc..)				
	At the end of the year	424530	7.37	424530	7.37

S.No.	M.PUGAZHENDHI INDEPENDENT DIRECTOR	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
	At the beginning of the year	200	0.003	200	0.003
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus / sweat equity etc..)	0	0	0	0
	At the end of the year	200	0.003	200	0.003

S.No. 4	ASHOK P SHAH INDEPENDENT DIRECTOR	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
	At the beginning of the year	0	0	0	0
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus / sweat equity etc.,)	0	0	0	0
	At the end of the year	0	0	0	0

**V. INDEBTEDNESS**

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

Particulars	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
Principal amount	283.25	0	0	283.25
Interest due but not paid	0	0	0	0
interest accrued but not due	0	0	0	0
Total (i+ii+iii)	283.25	0	0	283.25
<b>Change in Indebtedness during the financial year</b>				
Addition	228.40	0	0	228.40
Reduction	94.53	0		94.53
<b>Net change</b>	133.87	0	0	133.87
<b>Indebtedness at the end of the financial year</b>				
Principal amount	417.12	0	0	417.12
Interest due but not paid	0	0	0	0
interest accrued but not due	0	0	0	0
Total (i+ii+iii)	417.12	0	0	417.12

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director:**

S.No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total amount
1	Gross Salary	R. JAGADEESAN, MANAGING DIRECTOR				
	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs.125000	0	0	0	Rs.125000
	(b) Value of perquisites u/s 17(2) of the Income Tax act, 1961	----	----	----	----	----

	(C) profits in lieu of salary under section 17 (3) Income tax act, 1961	----	----	----	----	----
2	Stock option	----	----	----	----	----
3	Sweat equity	----	----	----	----	----
4	Commission as % of profit others, specify	----	----	----	----	----
5	Others, please specify	----	----	----	----	----
	Total (A)	Rs.125000	0	0	0	Rs.125000
	Ceiling as per the act	Eligible to provide Rs.42.00 Lacs P.A as per Section II of Part II of Schedule V of the Companies Act, 2013				

**B. Remuneration to other director**

S.No.	PARTICULARS OF REMUNERATION	NAME OF DIRECTORS		TOTAL AMOUNT
		M.PUGAZHENDHI	ASHOK P SHAH	
	<b>Independent Director</b>			
	Fee for attending board committee meetings	7000	7000	14000
	commission	0	0	0
	others, please specify	0	0	0
	<b>Total (1)</b>	7000	7000	14000
	<b>Other Non – Executive Directors</b>			
	Fee for attending board committee meetings	7000	0	7000
	commission	0	0	0
	others, please specify	0	0	0
	<b>Total (2)</b>	7000	0	7000
	<b>Total (B) = (1+2)</b>	14000	7000	21000
	<b>Total Managerial Remuneration</b>	14000	7000	21000
	<b>Overall ceiling as per the Act</b>	Rs.1.00 Lac per meeting as per Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014		

**C.REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD - NA****VII . PENALTIES / PUNISHMENTS / COMPOUNDING OF OFFENCES – Nil during the FY 31st March 2016**

## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
Thambbi Modern Spinning Mills Ltd.,  
Salem 636 302

### Report on the Financial Statements

We have audited the accompanying financial statements of **THAMBBI MODERN SPINNING MILLS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair

view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016 and its Loss and its cash flows for the year ended on that date.

### **Emphasis of Matters**

In our opinion there are no matters in the Financial Statement of the Company which are required to be mentioned under this clause.

### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

As required by section 143(3) of the Act, we report that:

- (a) a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, and in our opinion and to our best of our information and according to the explanations given to us:
  - i. The Company has no pending litigations which will have impact on its financial position in its financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts to the financial statements;

There were no amounts required to be transferred, to the Investor Education and Protection Fund by the Company

Place : Salem

Date : 19.05.2016

For Sankaran & Krishnan  
Chartered Accountants  
FRN 003582S

S CHANDRAN  
(Senior Partner)  
(Membership No. 008646)

## Annexure to the Auditors' Report

### **CARO 2016 Report on the financial statement of THAMBBI MODERN SPINNING MILLS LIMITED for the year ended 31st March, 2016.**

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company does not have any Fixed Asset excepting buildings and hence this provision regarding verification of Fixed Asset does not apply.
- (c) Whether title deeds of immovable property are held in the name of the company.
- II. In respect of its inventories:  
Since the company does not have any inventory at the end of the year and hence this clause shall not apply.
- III. The company has not given or granted any loan, Secured or Unsecured to companies, Firms or other parties covered in the register maintained under Section 189 of the Companies Act.
- IV. The Company has not granted loan to its directors and other body corporate, hence this clause is not applicable.
- V. According to the information and explanations given to us, the Company has not accepted any deposit from the public.
- VI. According to the information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under Sub-Section 1 of Section 148 of The Companies Act,2013.
- VII. (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2016 for a period of more than six months from the date of became payable.
- (b) According to the information and explanation given to us and as per the records of the company examined by us, the following amount are not paid on account of pending dispute:
  1. Entry Tax on purchase of car amounting to Rs. 4.65 lakhs pending before the high court of Chennai.
  2. Sales Tax dues amounting to Rs. 7.12 lakhs pending before sales tax tribunal.
- VIII. The Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
- IX. The Company has not raised any funds by way initial public offer or further public offer (including debt instruments) during the year. Further the company has not raised any term loan during the year.
- X. During the course of our examination of books of account and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have not come across any fraud on the company by its officers or by the company, noticed or reported during the year, nor have been informed of such case by the management.
- XI. The Company has paid/ provided for Managerial Remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act.
- XII. The Company is not a Nidhi company and hence this provision does not apply.

- XIII. As per the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- XV. The Company has not entered into any non-cash transactions with directors or persons connected with him.
- XVI. According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Place : Salem

Date : 19.05.2016

For Sankaran& Krishnan  
Chartered Accountants  
FRN 003582S

S CHANDRAN  
(Senior Partner)  
(Membership No. 008646)

## **Annexure - B to the Auditors' Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of M/s. THAMBBI MODERN SPINNING MILLS LIMITED ("the Company") as of 31 March 2016 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 is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) 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, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, 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.

Place : Salem

Date : 19.05.2016

For Sankaran & Krishnan  
Chartered Accountants  
FRN 003582S

S CHANDRAN  
(Senior Partner)  
(Membership No. 008646)

<b>Balance Sheet as at 31<sup>st</sup> March 2016</b>		<b>(Rs. In. Lakhs)</b>		
	<b>Particulars</b>	<b>Note No.</b>	<b>31<sup>st</sup> March 2016</b>	<b>31<sup>st</sup> March 2015</b>
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>			
(1)	Shareholders' funds			
	(a) Share capital	1	576.28	576.28
	(b) Reserves and surplus	2	734.17	746.95
			<b>1310.45</b>	<b>1323.23</b>
(2)	Non-current liabilities			
	(a) Long-term borrowings	3	361.90	253.08
	(b) Other Long term liabilities	4	95.83	140.93
			<b>457.73</b>	<b>394.01</b>
(3)	Current liabilities			
	(a) Short Term Borrowings	5	0.00	0.00
	(a) Trade Payables	6	14.43	45.38
	(b) Other current liabilities	7	70.81	51.21
	(c) Short-term provisions	8	0.00	0.00
			<b>85.24</b>	<b>96.59</b>
	<b>TOTAL</b>		<b>1853.42</b>	<b>1813.83</b>
<b>II.</b>	<b>ASSETS</b>			
(1)	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	9	376.02	327.66
	(b) Deferred tax assets (net)	10	1015.97	1015.97
			<b>1391.99</b>	<b>1343.63</b>
(2)	Current assets			
	(a) Inventories	11	0.00	0.00
	(b) Trade receivables	12	250.37	285.84
	(c) Cash and cash equivalents	13	50.04	15.50
	(d) Short-term loans and advances	14	161.02	168.86
			<b>461.43</b>	<b>470.20</b>
	<b>TOTAL</b>		<b>1853.42</b>	<b>1813.83</b>

See accompanying notes to the financial statements per our report of even date

For Sankaran & Krishnan,  
Chartered Accountants,  
Firm Registration No:003582S  
S.Chandran.

**Partner**

Membership No:008646  
Salem  
19th May 2016

For and on behalf of the Board,

R.Jagadeesan  
Managing Director  
DIN 01153985

M.Pugazendhi  
Director  
DIN: 01137623

**THAMBBI MODERN SPINNING MILLS LIMITED., SALEM****Statement of Profit and loss for the year ended March 2016**

(Rs. In. Lakhs)

	Particulars	Note No.	31st March 2016	31st March 2015
I.	Revenue from operations	15	201.99	246.26
II.	Other income	16	27.22	1.74
III.	Total Revenue	(A)	<b>229.21</b>	<b>248.00</b>
IV.	Expenses:			
	Cost of materials consumed	17	0.00	84.09
	Changes in inventories of finished goods		0.00	13.08
	Employee benefits expenses	18	33.94	33.50
	Finance costs	19	43.05	43.49
	Depreciation		29.80	40.33
	Other expenses	20	139.24	135.84
	Total expenses	(B)	<b>246.03</b>	350.33
V.	Profit before exceptional and extraordinary items and tax	(A-B)	-16.82	-102.33
VI.	Previous Year Adjustments		4.04	11.26
VII.	Profit before tax		-12.78	-91.07
VIII	Tax expense:			
	(1) Deferred Tax Asset		-----	-----
	(2) Income Tax Paid		-----	-----
IX	Profit (Loss) for the period from continuing operations		-12.78	-91.07
X	Earnings per equity share:			
	(1) Basic	Rs.	-0.29	-1.78
	(2) Diluted	Rs.	-0.29	-1.78

See accompanying notes to the financial statements per our report of even date

For Sankaran &amp; Krishnan,

Chartered Accountants, Firm Registration No:003582S

For and on behalf of the Board,

S.Chandran.

R.Jagadeesan

M.Pugazendhi

**Partner**, Membership No:008646

Managing Director

Director

Salem, 19th May 2016

DIN 01153985

DIN: 01137623

**SIGNIFICANT ACCOUNTING POLICIES****a) General**

The accounts have been prepared under historical cost convention and conform to the statutory provisions and prevailing practices.

**b) Fixed Assets**

Expenditure, which results in the creation of new independent assets with an economic life of a sizeable period and considering the nature of the assets is capitalized. Fixed assets are depreciated on Straight Line Method (SLM) by taking useful life of Assets prescribed under Schedule II of the Companies Act 2013

**C) Employee Benefits**

The company does not have any manufacturing /commercial activity .Hence there are no permanent workers /employees at the end of the year. Accordingly there are no liabilities regarding Bonus, Gratuity and Leave Encashment.

Note No.	Notes on Financial Statement	(Rs. In. Lakhs)	
		31.03.2016	31.03.2015
<b>1</b>	<b>Share Capital</b>		
(a)	the number and amount of shares authorized;	No. of Shares <b>14000000</b>	14000000
		Rs. <b>140,000,000</b>	140,000,000
(b)	the number of shares issued, subscribed and fully paid, and subscribed but not fully paid;	No. of Shares <b>5762770</b>	5762770
		Rs. <b>576.28</b>	576.28
(c)	par value per share;	<b>10</b>	10
(d)	a reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period;	<b>Nil</b>	Nil
(e)	shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held;		
		% <b>No. of Shares</b>	No. of Shares
	R.Jagadeesan	54.50 <b>3140995</b>	3072075
	Malathi Jagadeesan	7.37 <b>424530</b>	424530
	Salem Ramamurthy Murali Manohar	10.06 <b>580000</b>	580000
(f)	shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment, including the terms and amounts;	<b>Nil</b>	Nil
(g)	For the period of five years immediately preceding the date as at which the Balance Sheet is prepared:	<b>Nil</b>	Nil
	Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash.	<b>Nil</b>	Nil
	Aggregate number and class of shares allotted as fully paid up by way of bonus shares.	<b>Nil</b>	Nil
	Aggregate number and class of shares bought back.	<b>Nil</b>	Nil
(h)	Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date.	<b>Nil</b>	Nil
(i)	Calls unpaid (showing aggregate value of calls unpaid by directors and officers)	<b>Nil</b>	Nil
(j)	Forfeited shares (amount originally paid up)	<b>Nil</b>	Nil
<b>2</b>	<b>Reserves and Surplus</b>		
(a)	Capital Reserves ;		
	As per Last Balance Sheet	<b>3495.62</b>	3495.62
	Add/Less:Profit /Loss for the year	<b>0.00</b>	0.00
	Balance as at the end of the year	<b>3495.62</b>	3495.62
(b)	Investment Allowance Utilisation Reserve	<b>71.39</b>	71.39
	Less:Transferred to General Reserve	<b>71.39</b>	0.00
	Balance as at the end of the year	<b>0.00</b>	71.39
(c)	Share Premium Account	<b>745.79</b>	745.79
(d)	General Reserve	<b>516.28</b>	516.73
	Add/Less:Adjustments of Investment Utilisation Reserve	<b>71.39</b>	0.45
	Balance as at the end of the year	<b>587.67</b>	516.28
(e)	Surplus in Profit and Loss Account		
	As per Last Balance Sheet	<b>-4082.13</b>	-3991.06
	Add/Less:Profit /Loss for the year	<b>-12.78</b>	-91.07
	Balance as at the end of the year	<b>-4094.91</b>	-4082.13
		<b>734.17</b>	746.95

Note No.	Notes on Financial Statement	(Rs. In. Lakhs)	
		31.03.2016	31.03.2015
<b>3</b>	<b>Long-Term Borrowings</b>		
	<b>Secured</b>		
	(a) Term loans from ICICI Bank Limited.,Salem		
	ICICI Term Loan-I	0	50.32
	ICICI Term Loan-II	182.18	202.76
	ICICI Term Loan-III	61.71	0.00
	ICICI Term Loan-IV	118.01	0.00
		<b>361.90</b>	253.08
	Term Loans from ICICI are secured by Simple Mortgage of Land and Building of Unit-II and Title Deeds of Land and Building of Unit-I Lease Rental Agreements.Term Loan -II repayable in 100 EMIs @13% interest and Term Loan-III repayable in 44 EMIs @ 12% Interest & Term Loan IV repayable in 96 EMIs @ 11.50% interest.		
<b>4</b>	<b>Other Long Term Liabilities</b>		
	<b>Unsecured</b>		
	From Directors	0.00	0.69
	Rental Advances	95.83	140.24
		<b>95.83</b>	140.93
<b>5</b>	<b>Short Term Borrowings</b>		
	Others	0.00	0.00
<b>6</b>	<b>Current Liabilities</b>		
	(a) Trade payables	14.43	45.38
<b>7</b>	<b>Other current liabilities</b>		
	(a) Other current liabilities	15.59	21.04
	(b) Term Loan from ICICI Bank (Repayable within 1 year)	55.22	30.17
		<b>70.81</b>	51.21
<b>8</b>	<b>Short-term provisions</b>		
	Provision for employee benefits.	0.00	0.00
<b>10</b>	<b>Deferred Tax Asset</b>	<b>1015.97</b>	1015.97
	10.1. Deferred Tax Assets has not been recognised on losses/unabsorbed depreciation as envisaged in AS 22 issued by ICAI in view of virtual uncertainty that there will not be sufficient future taxable income available to realise such assets.		
	10.2. Provision for Taxation is not considered necessary both under provisions of Section 115JB and conventional method, in view of the brought forward book depreciation as well as losses under Income Tax Act, 1961 available for set off.		
<b>11</b>	<b>Inventories</b>	<b>0.00</b>	0.00
<b>12</b>	<b>Trade Receivables</b>		
	(a) Out Standing for a period exceeding six months from the date they are due for payment Unsecured, Considered Good (A)	250.37	0.00
	(b) Other Recivables (Unsecured, Considered Good) (B)	0.00	285.84
	Total (A+B)	<b>250.37</b>	285.84

Note No.	Notes on Financial Statement	(Rs. In. Lakhs)	
		31.03.2016	31.03.2015
<b>13</b>	<b>Cash and cash equivalents</b>		
	(a) Balances with banks in current a/c	<b>38.61</b>	1.57
	(b) Cash on hand;	<b>1.46</b>	3.96
	(c) Fixed Deposits in Banks	<b>9.97</b>	9.97
		<b>50.04</b>	15.50
	(Fixed Deposits includes Deposit of Rs.9.97 lakhs under lien to Union Bank of India for the guarantee to DGFT.)		
<b>14</b>	<b>Short-term loans and advances</b>		
	(a) Loans and advances to related parties:		
	Advances Recoverable in cash or in kind for value to be received	<b>24.16</b>	24.91
	Deposits with Government Departments	<b>17.61</b>	12.54
	Prepaid Expenses	<b>0.00</b>	0.21
	Tax Deducted at Source	<b>52.08</b>	31.33
	(b) Others	<b>67.17</b>	99.87
		<b>161.02</b>	168.86

Advances recoverable Includes Rs.23.56 being amount receivable from Income Tax department vide their letter dt 07.03.2016 after giving effect to the ITAT Order for A.Y 2011-12

For Sankaran & Krishnan,

For and on behalf of the Board,

Chartered Accountants,  
Firm Registration No:003582S

S.Chandran  
**Partner**  
Membership No:008646  
Salem  
19th May 2016

R.Jagadeesan  
Managing Director  
DIN 01153985

M.Pugazendhi  
Director  
DIN: 01137623

9. Tangible Assets									
DESCRIPTION OF ASSETS	COST			DEPRECIATION			WRITTEN DOWN VALUE		
	AS ON 31.03.2015	ADDITIONS (DEDUCTIONS)	AS ON 31.03.2016	AS ON 31.03.2015	ADDITIONS (DEDUCTIONS)	AS ON 31.03.2016	AS ON 31.03.2016	AS ON 31.03.2015	AS ON 31.03.2015
Land	28.05	0.00	28.05	0.00	0.00	0.00	28.05	28.05	28.05
Buildings	682.74	77.14 -57.51	702.37	397.90	29.74 -54.64	373.00	329.37	284.84	284.84
Generator Sets	3.02	0.00	3.02	5.03	0.06 -4.04	1.05	1.97	-2.01	-2.01
Vehicles	52.42	-2.88	49.54	36.12	-2.73	33.39	16.15	16.30	16.30
Furniture & Fixtures	1.16	0.00	1.16	1.12	0.00	1.12	0.04	0.04	0.04
Office Equipments	2.03	0.00	2.03	1.59	0.00	1.59	0.44	0.44	0.44
<b>Total</b>	<b>769.42</b>	<b>77.14</b>	<b>786.17</b>	<b>441.76</b>	<b>29.80</b>	<b>410.15</b>	<b>376.02</b>	<b>327.66</b>	<b>327.66</b>
		-60.39			-61.41				
<b>PREVIOUS YEAR</b>	<b>1055.60</b>	<b>-288.18</b>	<b>769.42</b>	<b>698.74</b>	<b>-256.98</b>	<b>441.76</b>	<b>327.66</b>	<b>357.30</b>	<b>357.30</b>

Note No.	Notes on Financial Statement	(Rs. In. Lakhs)	
		31.03.2016	31.03.2015
<b>15</b>	<b>Revenue from Operations</b>		
	(a) sale of products - Yarn	0.00	105.15
	(b) other operating revenues -Rent Receipts	201.99	141.11
		<b>201.99</b>	<b>246.26</b>
<b>16</b>	<b>Other income</b>		
	(a) Interest Income	2.63	1.74
	(b) Other non-operating income-Conversion Charges Recd	24.59	0.00
		<b>27.22</b>	<b>1.74</b>
	16-b Other Operating Income includes Rs.23.60 lacs received from TANGEDCO towards refund of paid already pursued to court direction vide W.P No.139 of 2015		
<b>17</b>	<b>(ii) (a) Cost of Materials consumed :-</b>	<b>N.A</b>	<b>N.A</b>
<b>18</b>	<b>Employee Benefits</b>		
	(i) salaries and wages,	29.46	24.87
	(ii) contribution to provident and other funds,	2.93	7.74
	(iii) staff welfare expenses	1.55	0.89
		<b>33.94</b>	<b>33.50</b>
	18.1. Depreciation	29.80	40.33
<b>19</b>	<b>Finance Costs</b>		
	Interest expenses	43.05	43.49
		<b>43.05</b>	<b>43.49</b>
<b>20</b>	<b>Other Expenses</b>		
	(a) Consumption of stores and spare parts.	0.00	0.00
	(b) Power and fuel.	2.87	2.29
	(c) Repairs to buildings.	84.52	84.86
	(d) Repairs to machinery.	0.00	0.00
	(e) Insurance .	0.76	0.89
	(f) Rent,Rates and taxes, excluding, taxes on income.	11.96	7.45
	(g) Miscellaneous expenses,	30.40	17.37
	(h)Loss on building W.off /Sale of Machinery	2.87	15.89
	(i)Audit fees & others	5.86	7.09
	Payment to Auditors	31.03.2016	31.03.2015
	(a) As Auditor - Statutory Audit	0.42	0.42
	(b) For Taxation Matters	0.09	0.09
		<b>139.24</b>	<b>135.84</b>

Note No.	Notes on Financial Statement	(Rs. In. Lakhs)	
		31.03.2016	31.03.2015
<b>21</b>	<b>OTHER NOTES</b> <b>Related Party Disclosures</b> I. List of related parties with whom no transactions have taken place; M/S.Sunrise Jewellers P Ltd.,Chennai II. List of related parties with whom transaction has taken place : a) Transaction with key management personel: i.Mr.R.Jagadeesan-Managing Director Remuneration Rs.15,00,000/-		
<b>22</b>	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for ( after adjusting advances made thereof) (b) Claims against the company which are contested/proposed to be contested before various juducial forums are given as under: (i)The Cotton Corporation of India Limited.,Coimbatore (ii) Sales Tax (iii) Income Tax Department (iv)Corporation Tax ( c) On account of Bank Guarntee issued by UBI favouring to DGFT	<b>0.00</b>   <b>62.59</b> <b>13.37</b> <b>0.00</b> <b>14.76</b> <b>9.97</b>	0.00   62.59 13.37 98.76 0.00 9.97
<b>23</b>	<b>Previous year figures have been re-grouped, re-arranged wherever considered necessary.</b>		
<b>24</b>	<b>Quantity Particulars</b> Since the company has no manufacturing activity during the year,quantity particulars information on consumption etc..are not furnished.		

For Sankaran &amp; Krishnan,

Chartered Accountants,  
Firm Registration No:003582S

S.Chandran

**Partner**

Membership No:008646

Selam

19th May 2016

For and on behalf of the Board,

R.Jagadeesan  
Managing Director  
DIN 01153985M.Pugazendhi  
Director  
DIN: 01137623

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2016**

	31st March 2016 Rs. in lacs (12 months)		31st March 2015 Rs. in lacs (12 months)	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit/Loss before tax and extra-ordinary items		-16.82		-102.33
Adjustments for-				
Depreciation	29.80		40.33	
Preliminary expenses	0.00		0.00	
Interest and other income	27.22		-1.74	
Provision for tax & prior year adjustments	4.04		11.26	
		61.06		49.85
Operating profit before working capital		44.24		-52.48
Adjustments for-				
Trade and other receivables	35.47		3.14	
Inventories	0.00		21.23	
Interest on Working capital & Term loan	43.05		32.26	
Trade payable	-11.35		-14.72	
		67.17		41.91
<b>CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>111.41</b>		<b>-10.57</b>
Interest on working capital	0.00		0.00	
Loans & Advances	7.84		-48.67	
		7.84		-48.67
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>		<b>103.57</b>		<b>-59.24</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Proceeds from Fixed Assets	0.00		10.69	
Interest and other income received	27.22		1.74	
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>		<b>27.22</b>		<b>12.43</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from borrowing	135.35		66.22	
Reserves & Surplus	3.95		-7.11	
Interest on term borrowing	-43.05		-32.26	
<b>NET CASH IN FINANCE ACTIVITIES (C)</b>		<b>96.25</b>		<b>26.85</b>
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS A+B-C</b>		<b>34.54</b>		<b>-19.96</b>
CASH & CASH EQUIVALENT AS AT 31.03.2015(Opening balance)		15.50		35.46
CASH & CASH EQUIVALENT AS AT 31.03.2016(Closing balance)		50.04		15.50
<i>Note:</i>				
Net Profit Before Tax		-16.82		-102.33
add: Interest on Working Capital		0.00		0.00
Net (Loss) / Profit Before Tax and Extra-Ordinary Items		-16.82		-102.33

For Sankaran & Krishnan  
CHARTERED ACCOUNTANTS

S.Chandran  
Partner  
Membership No:008646  
Salem  
19 th May 2016

For and on behalf of the Board

R.Jagadeesan - Managing Director  
DIN 01153985

M.Pugazhendhi-Director  
DIN 01137623

**Balance sheet Abstract and Company's General Business Profile**

Additional information under part IV to schedule VI of the Companies Act, 1956

## I. REGISTRATION DETAILS

Registration Number	000776	1977	State Code	18
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Balance Sheet as at	31032016
	DDMM Y Y Y Y

## II. CAPITAL RAISED DURING THE YEAR (Amount in R Thousands)

Public issue	NIL	Right issue	NIL
--------------	-----	-------------	-----

Bonus issue	NIL	Private Placement	NIL
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## III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs Thousands)

TOTAL LIABILITIES	176818	Total Assets	176818
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## SOURCES OF FUNDS

Paid up capital	57628	Reserves & Surplus	73417
-----------------	-------	--------------------	-------

Secured Loans	36190	Unsecured Loans	9583
---------------	-------	-----------------	------

## APPLICATION OF FUNDS

Net Fixed Assets	37602	Deferred Tax Asset	101597
------------------	-------	--------------------	--------

Net Current Assets	37619	Misc. expenditure	NIL
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## IV. PERFORMANCE OF THE COMPANY (Amount in Rs Thousands)

Turnover (including other income)	22921	Total Expenditure	24603
--------------------------------------	-------	-------------------	-------

Loss before tax (-)	1682	Loss after tax (-)	1682
---------------------	------	--------------------	------

Earnings per share (-) (in R)	-0.29	Divided Rate %	NIL
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## V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (as per monetary terms)

Item code number	681
------------------	-----

Product Description	RENTRECEIPT
---------------------	-------------

**THAMBBI MODERN SPINNING MILLS LIMITED**

CIN: - L17111TZ1977PLC000776

Reg. Off. Omalur Road, Jagir Ammapalayam, Salem – 636302

E Mail: - tmsml@thambbimodern.com / Website: - www.thambbimodern.com / Phone 0427 - 2345425

**ADMISSION SLIP**

Please fill the slip and hand it over at the entrance of the meeting hall. Joint shareholders may obtain additional slip at the venue of the meeting

DP ID.....	Folio No.....
Client ID.....	No. of shares.....

Name and Address of the Shareholder

.....  
 .....

I hereby record my presence at the 38th Annual General Meeting of the Company held on Monday, the 29th August, 2016 at 10.00 A.M at Unit II, Opp. TNEB Sub Station, Udayapatti By-pass Road, Kamaraj Nagar Colony Post, Salem 636 014.

Signature of shareholder/proxy

..... cut here .....

**THAMBBI MODERN SPINNING MILLS LIMITED**

CIN: - L17111TZ1977PLC000776

Reg. Off. Omalur Road, Jagir Ammapalayam, Salem – 636302

E Mail: - tmsml@thambbimodern.com / Website: - www.thambbimodern.com / Phone 0427 - 2345425

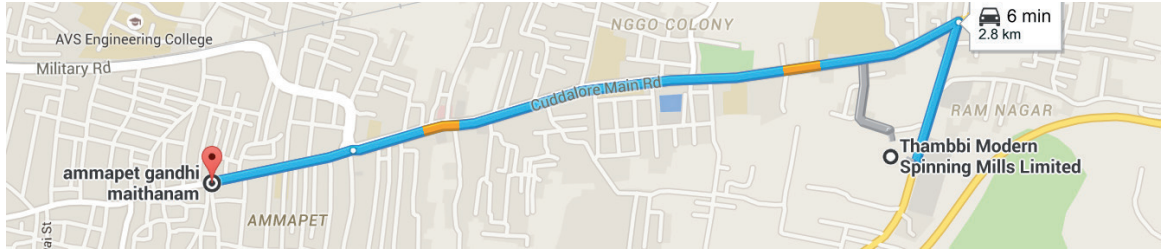
**FORM MGT – 11**

**PROXY FORM**

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

Name of the Member	
Registered Address	
E-Mail ID	
Folio No./Client ID	
DP ID	

I / We being the member(s) of ..... Shares of Thambbi Modern Spinning Mills Limited, hereby appoint:



1. Name	2. Name	3. Name
Address	Address	Address
e-mail id	e-mail id	e-mail id
Signature.....or failing him	Signature.....or failing him	Signature.....or failing him

Signed this .....day of .....2016

.....  
Signature of the shareholder



.....  
Signature of the first proxy holder

.....  
Signature of the second proxy holder

.....  
Signature of the Third

**Notes**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
2. A proxy need not be a member of the Company
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting Rights. A member holding more than 10% of the total share capital of the Company carrying voting Rights may appoint a single person a proxy and such person shall not act a proxy for any other person or shareholder.
4. Your proxy will be entitled to vote in the manner as he / she thinks appropriate.
5. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
6. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.