

SRI MALINI SPINNING MILLS LIMITED

**28th ANNUAL REPORT
2017 - 2018**



SRI MALINI SPINNING MILLS LIMITED

ANNUAL REPORT 2017 - 2018

Board of Directors

Sri. K. Mohammad Yaseen

Ms. N. Jeyanthei

Mr. K. Ramasamy

Mr. C. Thyagarajan

Auditors

CA. K. Indhumathi

Trichy

Regd. Office & Factory

Trichy Main Road,

Sandhiyur,

Mallur (via),

Salem - 636 203.

CIN : L17111TZ1990PLC008370

Email id : srimalini2009@gmail.com

Website : www.maliniltd.com



SRI MALINI SPINNING MILLS LIMITED

Regd. Off. : Trichy Main Road, Sandhiyur, Mallur (via), SALEM - 636 203.

NOTICE :

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Company will be held on Saturday 29th September, 2018, at 9.00 a.m. at the Registered Office of the Company at Sandhiyur, Trichy Main Road, Mallur (Via), Salem-636 203, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited financial Statements of the Company for the financial year ended 31st March 2018 together with the Report of the Board of Directors and the Auditors thereon.
2. To consider and if thought fit, to pass, the following resolution as ordinary resolution :
"RESOLVED THAT the appointment of CA K Indumathi, Chartered Accountant, Trichy having Membership Number 222189 allotted by The Institute of Chartered Accountants of India, as Statutory Auditor of the Company to hold office, from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, as recommended by the Audit Committee and approved by the Board of Directors of the Company, in terms of Section 139, 141 and 142 read with Audit and Auditors Rules, 2014, on such remuneration as may be decided by the Board of Directors of the Company in addition to Service Tax, travelling and out of pocket expenses be and is hereby ratified.

By the order of the Board.

Place : Salem.
Date : 14.08.2018

Mr K Ramasamy
Director.
(DIN 07462459)

Notes:

1. There are no special business. No directors are seeking appointment/reappointment, as the Board is comprised of a Whole Time Director and Independent Directors who have been appointed for a term of 5 years in AGM 2016.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The instrument appointing the proxy and the power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of the power or other authority with the Registered Office at least 48 hours before the meeting.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 20th September, 2018 to 29th September, 2018 (both days inclusive).
4. Shareholders desiring any information as regards the Accounts are required to write to the Company at least seven days in advance of the meeting so that the information, to the extent practicable, can be made available at the meeting.

MEMORANDUM OF INTEREST

None of the directors of the Company is concerned or interested in the resolutions.

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Website : www.maliniltd.com

NOTICE FROM PROMOTERS

Dear Shareholders

We bring to your kind notice that in terms of Securities Exchange Board of India (Delisting of Equity Shares) Regulations, Sri Malini Spinning Mill Ltd's Equity Shares have been delisted by the Bombay Stock Exchange Ltd since 4th July, 2018 via their Delisting Order dated 3rd July, 2018, a copy of which is placed in the website of the company for your ready reference.

Consequent upon the above and as per the instructions given in the Delisting Order your promoters are to provide an Exit Opportunity to the public shareholders at a rate of Re. 1/- per share.

Therefore we request you to furnish your shareholding details and documents, to the following address to enable the promoters to execute the exit opportunity in favour of you effectively –

Thiruvalluvar Textiles Private Limited,
(Unit SMSM)
2-9, Konaeripatty, Singalandapuram Pirivu Road,
Rasipuram - 637408

The Exit Opportunity is open from 15.10.2018 to 14.11.2018. The documents received in this period will be processed within a period of 7 working days from the date of closure of the Exit Opportunity stated above.

Details and documents required are –

1. Original Share Certificate of the Company.
2. A requisition letter to avail the Exit Opportunity signed by the shareholder personally which signature shall be notarised for authentication. In case of joint shareholding, the signatures of all the joint holders shall be notarised
3. If the shareholder is deceased, and the legal heir wants to avail the Exit Opportunity, the documents required are –
 - a. Original Share Certificate of the Company.
 - b. A requisition letter to avail the Exit Opportunity signed by the legal heir personally which signature shall be notarised for authentication
 - c. A copy of the will or legal heir certificate in favour of the legal heir
 - d. No objection certificate from the other legal heirs, if any
 - e. A copy of the Death Certificate of the deceased shareholder
4. A bank mandate with Banks name, applicant's name, account number, IFSC shall be furnished along with the other documents.

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5. A self certified Xerox copy of the PAN of the applicant

Any documents received after 14.11.2018 will be processed with in a period of one month from the date of receipt.

Any queries regarding this can dropped to the following mail.id –

Srimalini2009@gmail.com

The contact person is—

Ms N Jeyanthei

9790078416

Promoters of Sri Malini Spinning Mills

S Boopalan

S Rajendran

R Lakshminarayanan

NOTE: The name of the company has been changed from PA Mills India Ltd to Sri Malini Spinning Mills Ltd. Consequent upon the High Court Order in September 1998 for the Equity Capital Reduction the shareholders holding Equity shares in the name of PA Mills India Ltd are eligible for $\frac{1}{4}$ th of their original holdings. Any shareholder holder holding Equity shares in the name of PA Mills India Ltd are also requested to avail the Exit Opportunity.

A copy of the Delisting Order is placed in the web site of the company.

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DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2017-2018

**To,
The Members**

Your Directors have pleasure in presenting their TWENTY EIGHTH Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2018.

1. Financial highlights for the year ended March 31, 2017

PARTICULARS	2016-2017 Rs.	2017-2018 Rs.
Sales including other income	100	100
Profit / Loss before interest and Depreciation	(1146739)	(969140)
Financial Cost	---	---
Depreciation	---	---
Prior Period Adjustments	---	---
Profit / Loss before Taxation	(1143739)	(969140)
Deferred Tax	---	---
Add : Loss brought forward from the Previous Year	(137126553)	(138273292)
Net Loss carried to Balance Sheet	(138273292)	(139242432)

2. DIVIDEND :

In view of the carry forward losses, of the company, your Board has not recommended dividend for the financial year 2017-18.

3. RESERVES

The Company has not transferred any amount to General reserve during the year.

4. REVIEW OF OPERATIONS AND FUTURE OUTLOOK :

During the period under review the company incurred a net loss of Rs.969140. The only Revenue to the Company is by way of Interest Received on Electricity Deposit.

5. Statement in respect of adequacy of internal financial controls with reference to the Financial Statements

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. There are no operations in the company except the transactions relevant to the maintenance of statutory compliances.

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6. Disclosure of particulars of loans/advances/investments outstanding during the financial as per Clause 32 of Equity Listing Agreement

The Company has not given any loans and advances to other body corporate and associates as specified under Section 186 of the Companies Act, 2013.

7. Deposits

The Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

8. Statutory Auditors

The existing CA K Indumathi, Chartered Accountant, (ICAI Registration No 222189) is recommended by the Board of Directors to be appointed as the Statutory Auditor of the Company for the FY 2019.

9. The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

There are no significant and material orders passed by the regulators or courts or tribunals that may have an impact for the company as a going concern and/or company's operations.

However, via a Delisting Order dated 3rd July, 2018 pursuant to Securities Exchange Board of India (Delisting of Equity Shares) Regulations the Equity shares have been delisted by the Bombay Stock Exchange Ltd since 4th July, 2018. The cited Delisting Order is placed in the website of the company for the ready reference of the shareholders.

Upon the instructions provided in the Delisting Order the promoters of the company are offering the Exit Opportunity to the Public shareholders at Re 1/- per share provided by the BSE. The details, execution and availing of, of the offer are sent separately through each of the shareholders to their registered address with the company.

10. Closure of Register of Members and Share Transfer Books

The Register of Members and Share Transfer Books of the company will be closed with effect from 20th September 2018 to 29th September 2018 (both days inclusive).

11. The Board observed that there are no qualifications or reservations or adverse remarks by the Statutory Auditors excepting the additional information about delisting from their side.**12. Share Capital**

The Company has not issued any equity shares with differential rights, sweat equity shares, employee stock options or employee stock purchase scheme. No shares have been transferred to Suspense account in terms of Clauses 5(A)(I)(g) and 5(A)(II)(h) of the Equity Listing Agreement. As at the end of the financial year the Company's Equity Share Capital stands at Rs 63187650 with the constitution as mentioned in Schedule 1 of the Balance Sheet.

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13. Corporate Governance

Your Company has been complying with the provisions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement. A separate report on Corporate Governance along with Practicing Company Secretary's certificate on compliance of the Corporate Governance norms as stipulated in Clause 49 of the Listing Agreement and Management Discussion & Analysis forming part of this report are provided elsewhere in this Annual Report.

14. Transfer to Investor Education and Protection Fund

As required under the provisions of Section 205A and 205C and other applicable provisions of Companies Act, 1956 (the corresponding provisions in the Companies Act, 2013 have not been notified, and hence the earlier law is still applicable in respect of these provisions), dividends that remain unpaid/unclaimed for a period of seven years, are to be transferred to the account administered by the Central Government viz., Investor Education and Protection Fund ("IEPF"). There are no amounts which remain unpaid/unclaimed for a period of seven years and hence no amount has been transferred to "IEPF".

15. Extract of the Annual Return

The extract of Annual Return as on the Financial Year ended 31st March 2018, as prescribed under Section 92 read with Rule 12 of Companies (Management and Administration) Rules, 2014 is attached to this report as **Annexure 1**.

16. Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The particulars required to be given as per Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are under

i. Conservation of energy-

There are no operations consuming energy.

ii. Technology absorption-

There are no operations attracting technology absorption.

iii. Foreign Exchange Earnings and Outgo:

Sl.No.	Particulars	2017-18	2016-17
1.	Foreign Exchange Earned	NIL	NIL
2.	Foreign Exchange outgo	NIL	NIL

17. Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a new initiative brought in by the Ministry of Company Affairs whereby every company having net worth of rupees 500 crore or more, or turnover of rupees 1000 crore or more or a net profit of rupees 5 crore or more during any financial year are mandated to serve society by contributing at least 2% of average net profits of the Company during three immediately preceding financial year's profit in various CSR activities as defined in Schedule VII of the Companies Act 2013.

Your Company does not fall in any of the above categories and hence CSR rule is not applicable to the Company.



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18. Particulars of Employees

No employee of the Company was in receipt of remuneration during the financial year 2015-16 in excess of the sum prescribed under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

19. Directors and Key Managerial Personnel

The status quo of the constitution of the Board remains the same since 31st March 2017.

Clause 49 VIII E 2 of Equity Listing Agreement is included as a part of Corporate Governance Report and throws light on the other aspects of directors.

None of the Directors are liable to retire by rotation.

The Statement of Declarations from Independent Directors that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act 2013, has been obtained from the Independent Directors and the Board has taken on record the same.

The Company is making continuous efforts to identify a Company Secretary.

20. Declaration given by Independent Directors

All the Independent Directors of the Company have given their declaration under Section 149 (6) of the Companies Act 2013, confirming that they are in compliance with the criteria as laid down in the above said Section for being an Independent Director of the Company. Further, there has been no change in the circumstances which may affect their status as independent director during the year.

21. Policy on Directors' Appointment and Remuneration including criteria for determining qualifications, positive attributes, independence of a director

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy for the selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

22. Particulars of contracts or arrangements with related parties

During the financial year 2017-18 there are no contracts and arrangements entered by the Company with related parties. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

23. Risk Management Policy

There are no operations in the company attracting Risk Management.



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24. Number of meetings of Board

The detail of number of meetings of Board of Directors is included as a part of Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

25. Composition of Audit Committee

The details of the Audit Committee are included as a part of Corporate Governance Report.

26. Details of establishment of vigil mechanism

The Company has formulated and adopted a vigil mechanism for employees to report genuine concerns to the Chairman of the Audit Committee. The policy provides opportunities for employees to access in good faith, the Audit Committee, if they observe unethical and improper practices. The Whistle Blower policy of the Company is available in the website of the Company.

27. Board Evaluation

Pursuant to the provisions of the Companies Act 2013 and Listing Agreement, the Board of Directors of the Company has completed a formal evaluation of their performance and that of its Committees and individual directors.

The independent Directors evaluated the performance of the Executive Director at a meeting of Independent Directors held on March 25th, 2018. The Board of Directors in their meeting held on May 29, 2018 evaluated the Independent Directors individually. Directors were evaluated on various criteria including attendance, participation in Board Meetings and the willingness and commitment to devote the extensive time necessary to fulfil his/her duties.

28. Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013:

There are no operations involving women during FY 2017-2018.

29. Directors' Responsibility Statement as required under Section 134 (5) of the Companies Act, 2013

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

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period

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(iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities

(iv) the directors had prepared the annual accounts on a going concern basis; and

(v) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

(vi) the directors, had laid down internal financial controls and such internal financial controls are adequate and were operating effectively.

30. Material Changes And Commitments

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

31. Acknowledgements

We thank the various Government Agencies and Banks for their continued support and co-operation to the Company. We place on record our appreciation of the contribution made by our employees, consultants and officers of the Company during the year under report.

For and on behalf of the Board of Directors

Place : Salem.

Date : 14.08.2018

Mr K Ramasamy

Director

(DIN 07462459)

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Annexure 1**Form No. MGT-9****Extract of Annual Return as on the financial year ended on March 31, 2018**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2018
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS :

i	CIN	L17111TZ1990PLC008370
ii	Registration Date	12.10.1990
iii	Name of the Company	Sri Malini Spinning Mills Limited
iv	Category/Sub-category of the Company	Spinning Mills
v	Address of the Registered office & contact details	Sandhiyur, Mallur-via, Salem-636203
vi	Whether listed company	Yes
vii	Name , Address & contact details of the Common Agency for e-voting	Cameo Corporate Services Ltd Subramanian Building, #1, Club House Road, Chennai 600 002.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SI No.	Name & Description of main products/services	NIC Code of the Product / service	% of total turnover of the company
1	Spinning Mills	Spinning	Nil

III. PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES - NIL

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IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF		3977900	3977900	70.06		3977900	3977900	70.06	
b) Central Govt. or State Govt.									
c) Bodies Corporates									
d) Bank/FI									
e) Any other									
SUB TOTAL:(A) (1)		3977900	3977900	70.06		3977900	3977900	70.06	
(2) Foreign									
a) NRI- Individuals									
b) Other Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any other...									
SUB TOTAL (A) (2)									
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)		3977900	3977900	70.06		3977900	3977900	70.06	
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds		28800	28800	0.51		28800	28800	0.51	
b) Banks/FI									
c) Cenntal govt									
d) State Govt.									
e) Venture Capital Fund									
f) Insurance Companies									
g) FIIS									
h) Foreign Venture Capital Funds									
i) Others (specify)									
SUB TOTAL (B)(1):		28800	28800	0.51		28800	28800	0.51	

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(2) Non Institutions								
a) Bodies corporates	13650	13650	0.24		13650	13650	0.24	
i) Indian								
ii) Overseas								
b) Individuals								
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	1657225	1657225	29.19		1657225	1657225	29.19	
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs								
c) Qualified Foreign Investor								
d) Others (specify)								
Clearing Members								
HUF								
NRI								
SUB TOTAL (B)(2):	1670875	1670875	29.43		1670875	1670875	29.43	
Total Public Shareholding (B)= B(1)+(B)(2)	1699675	1699675	29.94		1699675	1699675	29.94	
Shares Held By Custodians And Against Which Depository Receipts has been Issued								
Promoter and Promoter Group								-
Public								-
Total Custodian (C)								-
Grand Total (A+B+C)	5677575	5677575	100		5677575	5677575	100	0

(ii) SHARE HOLDING OF PROMOTERS

SI No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding 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	S Boopalan	1376641	24.25	---	1376641	24.25	---	---
2	S Rajendran	1372592	24.18	---	1372592	24.18	---	---
3	R Lakshmi Narayanan	1228667	21.63	---	1228667	21.63	---	---

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(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No.	Shareholders Name	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	At the beginning of the year	---	---	---	---
2	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	Nil	Nil	Nil	Nil
3	At the end of the year	---	---	---	---

(iv) Shareholding of Directors & KMP - NIL**V INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year		45673509		45673509
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)		45673509		45673509
Change in Indebtedness during the financial year				
Additions				
Reduction				
Net Change				

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Indebtedness at the end of the financial year		45673509		45673509
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)		45673509		45673509

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Whole time director: NIL**

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B. Remuneration to other directors: NIL**REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN DIRECTORS**

Sl. No.	CFO	Remuneration Rs.	Ratio of the remuneration of director to the median employee remuneration
1	KSS PRAKKAASH	3,00,000/- P.A	NA

C.**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made if any (give details)
A. COMPANY - NIL					
Penalty			Nil		
Punishment					
Compounding					
B. DIRECTORS - NIL					
Penalty			Nil		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT - NIL					
Penalty			Nil		
Punishment					
Compounding					



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Annexure 2

Form No AOC-2

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

Details of Related Party Transactions

1. Details of contracts or arrangements or transactions not at Arm's length basis: None
2. Details of material contracts or arrangements or transactions at Arm's length basis.

Sl. No.	Name (s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board	Amount paid as advances, if any
	NIL					

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CORPORATE GOVERNANCE REPORT**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :**

The Company believes in adopting best practices of Corporate Governance. The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and regularly reviewed by the Board or the committees of the members of the Board which endeavors to maintain transparency at all levels through adoption of best Corporate Governance Practices.

2. BOARD OF DIRECTORS :

Composition of the Board and directorships held as on 31st March 2018 :

Name of the Director	Category	No. of meetings attended	Attendance at last AGM held on 30.09.2017	No. of outside Directorship	No. of Chairmanship and Membership in other Committees of the Board	
					Chairman	Member
Mr. K. Mohammad Yaseen	Whole Time Director	4	Present	2	Nil	Nil
Ms. N. Jeyanthei	Independent Director	5	Present	1	1	3
Mr. K. Ramasamy	Independent Director	5	Present	Nil	2	3
Mr. C. Thyagarajan	Independent Director	3	Present	Nil	Nil	3

As required by Clause 49 of the Listing Agreement, the disclosure includes Membership/Chairmanship of the Audit Committee and Stakeholders Relationship Committee in Indian Public Companies.

The Total strength of the Board as on the date of the Report is - 4

DISCLOSURE OF INTER-SE RELATIONSHIP OF DIRECTORS UNDER CLAUSE 49 VIII E 2 :

NIL

DATES OF BOARD MEETINGS :

Board Meetings were held during the financial year 2017 – 2018 on the following dates –

Name / Date	29.05.2017	14.08.2017	14.11.2017	14.02.2018
Mr. K.Mohammad Yaseen	Present	Present	Present	Present
Ms. N. Jeyanthei	Present	Present	Present	Present
Mr. K. Ramasamy	Present	Present	Present	Present
Mr. C. Thyagarajan	NA	NA	Present	Present

SRI MALINI SPINNING MILLS LIMITED, SALEM**3. AUDIT COMMITTEE**

The Audit Committee of the Company is constituted on 20th July, 2016 in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 177 of the Companies Act, 2013

Currently the Audit Committee consists of the following Independent Directors –

Mr. K. Ramasamy	Chairman
Ms. N. Jeyanthei	Member
Mr. C. Thyagarajan	Member

During the financial year 2017 - 2018 the Audit Committee met as per the details given hereunder –

Name of the Director	Audit Committee Meetings			
	29.05.2017	14.08.2017	14.11.2017	14.02.2018
Mr.K.Ramasamy	Present	Present	Present	Present
Mr.N.Jeyanthei	Present	Present	Present	Present
Mr.C.Thyagarajan	Present	Present	Present	Present

The terms of reference of the Audit Committee are broadly as under

- i. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ii. Recommendation for appointment, remuneration and terms of appointment of auditors of the company
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors
- iv. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
 - v. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter

SRI MALINI SPINNING MILLS LIMITED, SALEM

- vii. Review and monitor the auditor's independence and performance, and effectiveness of audit process
- viii. Approval or any subsequent modification of transactions of the company with related parties
- ix. Scrutiny of inter-corporate loans and investments
- x. Valuation of undertakings or assets of the company, wherever it is necessary
- xi. Evaluation of internal financial controls and risk management systems
- xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems
- xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- xiv. Discussion with internal auditors of any significant findings and follow up there on
- xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board
- xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern
- xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors
- xviii. To review the functioning of the Whistle Blower mechanism
- xix. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate
- xx. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

4. NOMINATION AND REMUNERATION COMMITTEE

The constitution of the Nomination and Remuneration Committee is as follows :

Mr. K. Ramasamy	Chairman
Ms. N. Jeyanthei	Member
Mr. C. Thyagarajan	Member

There was no necessity for the meeting the Nomination and Remuneration Committee in FY 2017-2018.

Brief description of terms of reference

The terms of reference of the Remuneration Committee are broadly as under:

- I. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees
- II. Formulation of criteria for evaluation of Independent Directors and the Board
- III. Devising a policy on Board diversity

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- IV. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal

Remuneration policy

As required under Clause 49 (IVB) of the Listing Agreement and Section 178 (3) of the Companies Act, 2013 the Nomination and Remuneration Committee of the Company has formulated a policy, relating to the remuneration of the directors, Key Managerial Personnel and other employees.

Remuneration to the Whole time director

Sl.No.	Particulars of Remuneration	Name of the MD/WTD/Manager	Total Amount
1.			
	Salary as per provisions contained in section 17(1) of the income Tax, 1961.		NIL
2.	Stock option		Nil
3.	Sweat Equity		Nil
4.	Commission as % of profit		Nil
5.	Others, please specify		Nil
Total (A)			NIL

B. Remuneration to other directors: NIL

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

The constitution of the Stakeholders Relationship Committee is as follows:

Ms. N. Jeyanthei	Chairman
Mr. K. Ramasamy	Member
Mr. C. Thyagarajan	Member

The Stakeholders Relationship Committee oversees redressal of Shareholders and investor complaints on matters such as transfer of shares, non-receipt of share certificates, and non-receipt of Annual Reports, ensures expeditious transfer of shares and issue of duplicate share certificates, and approves sub-division/consolidation/transmission of shares.

The total number of complaints received during the financial year 2017 - 2018 is categorized as under

Number of shareholders' complaints received during the year	Nil
Number of Complaints resolved during the year	Nil
Number of Complaints not resolved during the year	Nil
Number of Complaints pending as on March 31, 2018	Nil

Due to huge capital erosion the company has been denied the facilities of dematerialization. Share transfers are done in-house.

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The Share Transfer Committee meeting held during the financial year 2017-2018 ensured that all valid transfer deeds and transmission applications were acted upon and share certificates sent to the transferees promptly within 30 days of receipt of the Documents as required under the provisions of the Listing Agreement entered with Stock Exchange.

8. ANNUAL GENERAL MEETINGS

i. Location, date and time for the last three Annual General Meetings held :

YEAR	DATE	VENUE	TIME
2016-2017	30.09.2017	Sri Malini Spinning Mills Limited, Sandhiyur, Mallur Via, Salem-636 203.	9 AM
2015-2016	30.09.2016	Sri Malini Spinning Mills Limited, Sandhiyur, Mallur Via, Salem-636 203.	9 AM
2014-2015	30.12.2015	Sri Malini Spinning Mills Limited, Sandhiyur, Mallur Via, Salem-636 203.	9 AM

ii. Extraordinary General Meeting

No Extraordinary General Meeting of the members was held during the year.

iii. Postal Ballot

No Resolution has been passed through Postal Ballot during the year 2017-18

iv. Special Resolutions passed in the last three Annual General Meetings

27th Annual General Meeting held for the year 2016-17 on 30th September 2017

No Special Resolution was passed in the Meeting

26th Annual General Meeting was held for the year 2015-16 on 30th September 2016

No Special Resolution was passed in the Meeting

25th Annual General Meeting held for the year 2014-15 on 30th December 2015

No Special Resolution was passed in the Meeting

v. Whether any special resolution u/s 110 of the Companies Act 2013 proposed to be conducted through Postal ballot
Nil

9. DISCLOSURES

A. RELATED-PARTY TRANSACTIONS

There have been no materially significant related-party transactions, pecuniary transactions or relationships between your Company and the Directors, the Management or related parties except for those disclosed in the financial statements for the year ended March 31, 2018.

B. DETAILS OF NON-COMPLIANCE

In spite of the existing non-operational conditions, the Company has made / is making, its fullest efforts to comply with the qualifications mentioned in the above cited report. Further, no strictures or penalties have been imposed by any Stock Exchange or Securities and Exchange Board of India (SEBI) or any statutory authority on any matter related to the capital markets during the last three years excepting the Delisting Order dated 3rd July 2018 issued by the BSE, a copy of which is annexed to this annual report.

C. VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Company has formulated adopted a Vigil Mechanism as per Section 177 of the Companies Act, 2013 and Revised Clause 49(IV) of the Listing Agreement and has established the necessary mechanism for employees to express to the management, their concerns and suggestions about the deficiencies in the systems and procedures or violation of any code of conduct or general ethics.

The detail of establishment of Whistle Blower Policy is posted in the Company's website.

SRI MALINI SPINNING MILLS LIMITED, SALEM

Regd. Off. : Trichy Main Road, Sandhiyur, Mallur (via), SALEM-636 203.

D. DETAILS OF COMPLIANCE WITH MANDATORY REQUIREMENTS AND ADOPTION OF THE NON-MANDATORY REQUIREMENTS OF THIS CLAUSE

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement including CEO/CFO certification. As required under Clause 49, a certificate signed by the CEO and CFO of the Company has been placed before the Board of Directors and the same has been provided elsewhere in this report.

E. Means of Communications

The company has published Unaudited quarterly /Audited annual results in English and Tamil Newspapers promptly besides mailing the same to the BSE Limited (BSE) where the shares of the company were listed till 3rd July, 2018, immediately after each of the Board Meetings in which resolutions for adopting the accounts are passed. Besides, such financial results were also published in the company's website.

In the following website of the company the Annual Report, shareholding pattern and other corporate information are published for the information of the shareholders – www.malinitd.com

F. The Distribution pattern of the shareholdings as on 31.03.2018 is as follows –

The Distribution pattern of the shareholdings as on 31.03.2018 is as follows –

Pattern of Holding - No. of Shares	No. of Share holders	No. of Shares	% of Holding to Total No. of Shares
1 - 250	25580	1261400	22.22
251 - 500	285	108925	1.91
501 - 1000	83	56800	1.00
1001 - 2000	30	40975	0.72
2001 - 3000	5	12875	0.23
3001 - 4000	5	17600	0.31
4001 - 5000	22	109475	1.93
5001 - 10000	4	32150	0.57
Above 10000	6	4037975	71.11
TOTAL	26020	5677575	100.00

G. GENERAL SHAREHOLDER INFORMATION**(i) Annual General Meeting Date, Time and Venue****28th Annual General Meeting:**Date and Time: 29th September 2018 at 9 amVenue : Sri Malini Spinning Mills Limited, Sandhiyur
Mallur Via, Salem – 636203.**(ii) Date of book closure**20th September 2018 to 29th September 2018 (both days inclusive)**(iii) Market Price data**

Not Applicable.

Monthly share price movement during the financial year 2017-18 — NA

SRI MALINI SPINNING MILLS LIMITED, SALEM

(vi) Address of Registrar and Transfer Agents — NA

It is brought to the kind notice of the shareholders that the Ministry of Corporate Affairs has taken a Green Initiative as part of the Corporate Governance by allowing paperless compliances and communications not overruling the other relevant statutory Enactments. The MCA clarified that the Company would have complied with the required Regulations, if the service of document has been made through electronic mode provided the Company has obtained e-mail addresses of its members for sending the notice / documents through e-mail by giving an advance opportunity to every shareholder to register their e-mail address and changes therein from time to time with the company.

In view of the above the shareholders are requested to provide their e-mail id to srimalini2009@gmail.com besides sending the duly filled in form annexed at the end of this book to the Share Registrars and Transfer Agents, to enable the company to avail the benefits of reduction of paperwork and cost, assured / timely / quality services to the investors, contributing to global sustainability etc.

The shareholders are requested to contact through the above cited mail id for any queries regarding the procedures for issue of new share certificates, dematerialization, transfers, nominations and address updations.

H. CODE OF CONDUCT

The Code of Conduct for the Management/Directors of the company has been adopted as required under Clause 49(II)(E) of the Listing Agreement with Stock Exchange which applies to all the Board Members and Senior Management of the Company. The Board Members and Senior Management personnel have affirmed their compliance on an annual basis and their confirmations have been received in this regard. A declaration to this effect signed by the Whole Time Director is provided elsewhere in the annual report. The Code of Conduct is available on the Company's website : www.maliniltd.com

I. ADDRESS FOR CORRESPONDENCE

Registered Office	Sri Malini Spinning Mills Limited, Sandhiyur, Mallur - via, Salem-636 203. - 620 001 Phone : 0427-2422936
Website address	www.maliniltd.com
Email id	Srimalini2009@gmail.com

For and on behalf of the Board

Place: Salem

Date : 14.08.2018

Mr K Ramasamy
Director
(DIN 07462459)

SRI MALINI SPINNING MILLS LIMITED, SALEM**DECLARATION AS TO THE COMPLIANCE OF CODE OF CONDUCT OF THE BOARD MEMBERS AND THE SENIOR MANAGEMENT PERSONNEL**

This is to confirm that the Company has adopted the Code of Conduct. The Code of Conduct is posted on the Company's website.

I confirm that the Company has in respect of the financial year ended March 31, 2018, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them for the year ended March 31, 2018.

Place: Salem
Date : 14.08.2018

Mr K Ramasamy
Director
(DIN 07462459)

CEO & CFO CERTIFICATION AS PER CLAUSE 49 IX OF THE LISTING AGREEMENT

We certify to the Board that:

- A) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2018 and that to the best of our knowledge and belief:
1. these statements do not contain materially untrue statement or omit any material fact or contain statement that might be misleading
 2. these statements together present a true and fair view 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 violate of the Company's code of conduct.
- C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to the financial reporting and we have disclosed to auditors and 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 the deficiencies.
- D) We have indicated to auditors and the Audit Committee
1. Significant changes in internal control over financial reporting during year : NIL
 2. Significant changes in accounting policies during the year and same have been disclosed in the notes to the financial statements: NIL
 3. Instance 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: NIL

Place: Salem
Date: 14.08.2018

Mr KSS PRAKKAASH
Chief Financial Officer

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This Management Discussion and Analysis Report is a “forward looking statement” and forms part of the Annual Report of the Company. It Indicates the Company’s movement in the external environment Vis-à-vis its own strengths and resources detailing the Company’s objectives and expectations

1. INDUSTRY STRUCTURE AND DEVELOPMENT :

The local industry is taking all initiative to improvise in all areas to compete with foreign companies in terms of quality and price for which Government support required in all areas of operation especially in terms of funding by banks at reasonable interest rates and other import subsidies for importing machineries and additional incentives and action to contain rupee fall against dollar.

2. OPPORTUNITIES AND THREATS:

There are no operations facing opportunities and threats of the industry.

3. RISKS AND CONCERNS

Concern: The Company has been delisted from BSE since 4th July 2018. The detailed relevant information is provided elsewhere in this Annual Report.

Risks: There are no operations in the company attracting any risks.

4. FINANCIAL AND OPERATIONAL PERFORMANCE**A. Results of Operations**

- a. Income – NIL
- b. Expenses – Due to non-operational conditions, only expenses related to statutory compliances are incurred and met.
- c. Profit / Loss – The Company shows a Loss of Rs 9.69 lakhs after adjusting expenses from the only revenue from lease rentals.

B. Financial Condition

- a. Source of Funds – There is no change in the share capital, reserves and surplus, unsecured loans and secured loans.

5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The internal control systems are adequate for size of operations of the company.

6. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NO OF PEOPLE EMPLOYED

As there are no operations, there is no material development in human resources front.

Independent Auditors' Report

To the Members of Sri Malini Spinning Mills Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of **Sri Malini Spinning Mills Limited**, which comprise the Balance Sheet as at 31st March 2018, 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 standalone 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 standalone 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 principals 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial 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 thereunder.

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 the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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;

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2018;
- (b) in the case of the Statement of Profit and Loss, of the **Loss** for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2017 (the Order) as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that :
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, 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 the written representations received from the directors as on 31st March 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which required to be transferred towards the investor protection fund by the company.
1. However, a Delisting Order dated 3rd July, 2018 pursuant to Securities Exchange Board of India (Delisting of Equity Shares) Regulations the Equity shares have been delisted by the Bombay Stock Exchange Ltd since 4th July, 2018. The cited Delisting Order is placed in the website of the company for the ready reference of the shareholders.

Upon the instructions provided in the Delisting Order the promoters of the company are offering the Exit Opportunity to the Public shareholders at Re 1/- per share provided by the BSE. The details, execution and availing of, of the offer are to be sent separately through each of the shareholders to their registered address with the company. The promoters are contemplating to execute the Exit Opportunity within two months of the date of AGM

Place : Salem
 Date : 30.05.2018

K.INDHUMATHI
 Chartered Accountant.
 Membership No. 222189

Annexure A to the Auditor's report

The annexure referred to in our independent Auditor's report to the members of the company on the standalone financial statements for the year ending 31st March 2018. We report that;

1. Fixed Assets -

The company does not own any fixed assets.

2. Inventories -

The Company did not carry any inventories during the year under report and hence the Physical verification of the same does not arise.

3. Loans and advances -

The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act during the year under report.

4. Loans, Investments, Guarantees and Other Securities -

The company has not granted any loans, made any Investments, given guarantee or other security contravening the provisions of section 185 or section 186 of the Act.

5. Public deposits -

The company has not accepted any deposit from public during the year under report.

6. Cost Records -

The company has not done any manufacturing activity during the year under report and therefore the maintenance of records for this year does not arise.

7. Statutory dues

The company is regular in depositing the undisputed statutory dues including, income-tax, sales-tax, service tax, and other statutory dues with the appropriate authorities.

8. Borrowings from Financial Institutions - The Company does not have any loans or borrowings from any financial institutions, banks, government or debenture holders during the year. Accordingly, paragraph 3(Viii) of the order is not applicable.

9. IPO and Further public offer - The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

10. Frauds - No such instances have been noticed on or by the company during the course of our audit.

11. Managerial Remuneration - According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

- 12. Provisions Applicable to Nidhi Companies** - In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
- 13. Related Party transactions** - According to the information and explanations given to us and based on our examination of the records of the Company, there are no transactions with the related parties during the year under report.
- 14. Preferential allotment of shares** - According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- 15. Non Cash Transactions with Directors**
- According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable
- 16. Registration with RBI.**
- The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.
- 17. Specified Bank Note**
- The Company did not deal in with the Specified Bank Note during the year under report and hence the details required to be furnished are NIL.

Place : Salem
Date : 30.05.2018

K INDHUMATHI
Chartered Accountant.
Membership No. 222189



SRI MALINI SPINNING MILLS LIMITED, SALEM
Regd. Off. : Trichy Main Road, Sandhiyur, Mallur (via), SALEM-636 203.

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 Sri Malini Spinning Mills Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone 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 2018, 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 : 30.05.2018

K. INDHUMATHI
Chartered Accountant.
Membership No. 222189

SRI MALINI SPINNING MILLS LIMITED, SALEM

Regd. Off. : Trichy Main Road, Sandhiyur, Mallur (via), SALEM-636 203.

BALANCE SHEET AS AT 31st MARCH, 2018

A. EQUITY AND LIABILITIES	Note	As at	As at
I. SHAREHOLDERS' FUND	No.	31.03.2018	31.03.2017
(a) Share Capital	1	63,187,650	63,187,650
(b) Reserves and Surplus	2	-139,242,485	-138,273,445
(c) Money received against share warrants			
Total (I)		-76,054,835	-75,085,795
II. Share application money pending allotment			
Total (I) + (II)		-76,054,835	-75,085,795
III. NON-CURRENT LIABILITIES			
(a) Long-term borrowings	3	45,673,509	45,673,509
(b) Deferred tax liabilities (Net)		---	---
(c) Other Long-term liabilities		---	---
(d) Long-term provisions		---	---
Total (III)		45,673,509	45,673,509
IV. CURRENT LIABILITIES			
(a) Short-term borrowings		---	---
(b) Trade payables	4	35,739,889	34,771,014
(c) Other current liabilities		---	---
(d) Short-term provisions		---	---
Total (IV)		35,739,889	34,771,014
Total of Equities and Liabilities		5,358,563	5,358,728
B. ASSETS			
I Non-current assets			
(a) Fixed assets			
(i) Tangible assets		---	---
(ii) Intangible assets		---	---
(iii) Capital work-in-progress		---	---
(iv) Intangible assets under development		---	---
(v) Fixed assets held for sale		---	---
Total (I)		---	---
(b) Non-current investments		---	---
(c) Deferred tax assets (net)		---	---
(d) Long-term loans and advances		---	---
(e) Other non-current assets		---	---
II Current assets			
(a) Current investments		---	---
(b) Inventories		---	---
(c) Trade receivables		---	---
(d) Cash and cash equivalents	5	7,599	7,599
(e) Short-term loans and advances	6	5,350,964	5,351,129
(f) Other current assets		---	---
Total Current Assets and Non Current Assets		5,358,563	5,358,728

For and on behalf of the Board of Directors

As per my report of even date,

Whole time Director

Director

K. INDHUMATHI

Place : Salem.

Chartered Accountant

Date :

Member ship No : 222189

SRI MALINI SPINNING MILLS LIMITED, SALEM

Regd. Off. : Trichy Main Road, Sandhiyur, Mallur (via), SALEM-636 203.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2017

	Note No.	As at 31.03.2017	As at 31.03.2016
I. Revenue from operations (gross)	7	100	---
Total (I)		<u>100</u>	<u>---</u>
II. Expenses :			
(a) Cost of materials consumed		---	---
(b) Changes in inventories		---	---
(c) Employee benefit expense	8	300,000	503,179
(d) Financial costs	9	265	858
(e) Depreciation and amortization expense		---	---
(f) Other expenses	10	668,875	642,702
Total (II)		<u>969,140</u>	<u>1,146,739</u>
III. Earnings before exceptional items, extraordinary items, interest, tax, depreciation and amortisation (EBITDA)		-969,040	-1,146,739
Total (I - II)			
IV. Exceptional items		---	---
V. Profit / (Loss) before extraordinary items and tax (III ± IV)		-969,040	-1,146,739
VI. Extraordinary items		---	---
VII. Profit / (Loss) before tax (V ± VI)		-969,040	-1,146,739
VIII. Tax expense :			
(a) Current tax expense for current year		---	---
(b) (Less) : MAT credit (where applicable)		---	---
(c) Current tax expense relating to prior years		---	---
(d) Net current tax expense		---	---
(e) Deferred tax		---	---
XI. Profit / (Loss) from discontinuing operations		---	---
XII. Tax expense of Discounting operations		---	---
XIII. Profit/(Loss) from Discontinuing operations		---	---
XIV. Profit/(Loss) for the year (VII ± XIII)		<u>-969,040</u>	<u>-1,146,739</u>
XV. Earnings per share (of Rs.100/- each) :			
(a) Basic		---	---
(b) Diluted		---	---

For and on behalf of the Board of Directors

As per my report of even date,

Whole Time Director

Director

K. INDHUMATHI

Place : Salem.

Chartered Accountant

Date :

Member ship No : 222189

SRI MALINI SPINNING MILLS LIMITED, SALEM
Regd. Off. : Trichy Main Road, Sandhiyur, Mallur (via), SALEM-636 203.

SCHEDULES TO BALANCE SHEET

	As at 31.3.2018 Rs.	As at 31.3.2017 Rs.
1. SHARE CAPITAL		
Authorised		
10,00,000 - 10% Cumulative Redeemable Preference Shares of Rs.10/- each.	10,000,000	10,000,000
90,00,000 Equity Shares of Rs.10/- each	90,000,000	90,000,000
Total	<u>100,000,000</u>	<u>100,000,000</u>
Issued		
7,75,000 - 10% Cumulative Redeemable Preference Shares of Rs.10/- each.	7,750,000	7,750,000
56,77,575 Equity Shares of Rs.10/- each	56,775,750	56,775,750
Total	<u>64,525,750</u>	<u>64,525,750</u>
Subscribed, called and paid-up		
7,75,000 - 10% Cumulative Redeemable Preference Shares of Rs.10/- each.	7,750,000	7,750,000
Issued subscribed and paid up		
56,77,575 Equity Shares of Rs.10/- each	56,775,750	56,775,750
Less : Calls in arrears	1,338,100	1,338,100
Total	<u>63,187,650</u>	<u>63,187,650</u>
SCHEDULE - 2		
RESERVES AND SURPLUS		
Opening balance	-138,273,445	-137,126,706
Add: Transferred from surplus in Statement of Profit and Loss	-969,040	-1,146,739
Less: Utilised / transferred during the year for : Others (Investment allowance Reserve)	---	---
Closing balance	---	---
Total	<u>-139,242,485</u>	<u>-138,273,445</u>
SCHEDULE - 3		
LONG-TERM BORROWINGS		
From Erstwhile Directors	26,083,597	26,083,597
Others	19,589,912	19,589,912
Total	<u>45,673,509</u>	<u>45,673,509</u>
SCHEDULE - 4		
TRADE PAYABLES		
Sundry Creditors	35,739,889	34,771,014
Total	<u>35,739,889</u>	<u>34,771,014</u>

SRI MALINI SPINNING MILLS LIMITED, SALEM

	For the year ended 31.3.2018 Rs.	For the year ended 31.3.2017 Rs.
SCHEDULE - 5		
CASH AND CASH EQUIVALENTS		
(a) Cash on hand	---	---
(b) Cheques, drafts on hand	---	---
(c) Balances with banks	---	---
(d) In current accounts	7,599	7,599
Total	<u>7,599</u>	<u>7,599</u>
SCHEDULE - 6		
SHORT-TERM LOANS AND ADVANCES		
(advances recoverable in cash or in kind or for the value to be received)		
	---	---
Deposits	4,186,000	4,186,000
Advances	1,164,964	1,165,129
Total	<u>5,350,964</u>	<u>5,351,129</u>
SCHEDULE - 7		
REVENUE FROM OPERATIONS		
Interest Receipts	---	---
Others	100	---
Total	<u>100</u>	<u>---</u>
SCHEDULE - 8		
EMPLOYEE BENEFIT EXPENSE		
Salary and Bonus	300,000	309,622
Gratuity	---	193,557
Total	<u>300,000</u>	<u>503,179</u>
SCHEDULE - 9		
FINANCIAL COSTS		
Bank Charges	265	858
Total	<u>265</u>	<u>858</u>
SCHEDULE - 10		
OTHER EXPENSES		
Advertisement	52,825	19,696
AGM Expenses	54,407	11,000
Auditor's Remuneration	25,000	28,750
Insurance	---	17,924
Miscellaneous expenses	8,050	293,422
Professional Charges	528,593	271,910
Total	<u>668,875</u>	<u>642,702</u>

NOTES ON ACCOUNTS FOR THE YEAR ENDING 31-03-2018**Significant Accounting Policies**

The accounts are prepared on a historical cost and materially comply with the mandatory accounting standards issued by the institute of Chartered Accountants of India. The significant accounting policies followed by the company are as follows.

1. **Fixed Assets and Depreciation:** The Company does not have any fixed assets.
2. **Valuation of stocks.** The company did not carry any inventory during the year under report.
3. **Revenue Recognition.** Revenue is recognized on accrual basis. In respect of the Interest from TNEB the company yet to receive the interest certificate and hence not provided
4. **Retirement Benefits.** Retirement benefits will be accounted in the profit and loss account as and when paid.
5. **Segment Reporting:** As per management's perception the company has only one business segment and hence disclosures as required by AS-17 Segment Reporting is not required.
6. **Foreign Currency Transactions:** NIL
7. **Deferred Revenue Expenditure:** NIL
8. **Investments :** NIL
9. **Related Parties Transactions :** NIL
10. **Deferred Tax:** NIL
11. **Research and Development :** NIL

Notes on accounts

1. **Long term borrowings in the balance sheet represents;**
 - a. Erstwhile Directors : Rs.260.83 lacs
 - b. Others : 195.90 lacs.
2. **Deferred Tax :** The Company does not have any fixed assets or other items which will have an impact of providing for Deferred tax.
3. **Trade payables** are as per the books of accounts of the company and subject to reconciliation.
4. **Loans and advances** Both Long term and short term are recoverable and hence no provision is required to be made in the accounts.

SRI MALINI SPINNING MILLS LIMITED, SALEM

5. **Debts due by Directors or relatives : NIL**
6. **Auditors Remuneration**
 - a. For audit – Rs.25,000/-
7. **Commitments on account of capital contracts – NIL**
8. **Contingent Liabilities – NIL**
9. **Earnings in Foreign Exchange – NIL**
10. **Expenditure in Foreign Currency – NIL**
11. Balances are as per the General Ledger and subject to confirmation.
12. Previous year figures have been regrouped wherever necessary to confirm to current year classification.
13. The amount due to Small Scale and Ancillary industries as at the close of the financial year is NIL.

As Per My Report of Even Date

K. INDHUMATHI
Chartered Accountant
Membership Number : 222189

Place : Trichy
Date : 30.05.2018

SRI MALINI SPINNING MILLS LIMITED, SALEM
Regd. Off. : Trichy Main Road, Sandhiyur, Mallur (via), SALEM-636 203.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2018

A. CASH FLOW STATEMENT

Net Profit before Tax and Extraordinary items (969040)

Adjustment for :

Depreciation 0

Deferred Revenue 0

Extra ordinary items 0

Interest Charges & Other financial charges 0

Operating Profit before Working capital changes (969040)

Adjustments for :

Trade and other Receivables 0

Inventories 0

Trade Payables 968875

Loans and Advances 165

Taxes 0

Cash Generated from Operations 969040

Net Cash From Operating Activities - A 0

B. CASH FLOW FROM INVESTING ACTIVITIES :

Sale of Assets (net) 0

Adjustments for Depreciation withdrawals 0

Net Cash used in Investing Activities - B 0

C. CASH FLOW FROM FINANCING ACTIVITIES

Long term borrowings 0

Interest paid 0

Net Cash from Financing activities - C 0

Net Increase / Decrease in Cash and Cash Equivalents 0

Cash and Cash equivalents as at 01.04.2017 7599

Cash and Cash equivalents as at 31.03.2018 7599

K. MOHAMMAD YASEEN
Whole Time Director

K. RAMASAMY
Director

As per my report of even date.,

K. INDHUMATHI

Chartered Accountant

Member ship No : 222189

Place: Salem.

Date : 30.05.2018

AUDITOR'S CERTIFICATE

I have examined the Cash Flow Statement of Sri Malini Spinning Mills Limited for the year ended 31st March 2018. The Statement has been prepared by the company in accordance with the requirements of the listing agreement with the Stock exchange and is based on and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the company covered by our report dated 30th May' 2018 to the members of the company.

As per my Report of Even date

K. INDHUMATHI

Membership No. 222189

Place : Salem

Date : 30.05.2018

ACCEPTANCE FOR SENDING COMMUNICATION IN ELECTRONIC MODE

From :

Date

To:

M/s. Sri Malini Spinning Mills Limited
Trichy Main Road, Sandhiyur (P.O),
Mallur - via, Salem-636 203.

Dear Sir(s),

Ref : COMMUNICATIONS IN ELECTRONIC FORM

Name of First Holder (In Block Letter)	
Folio No.	
No. of Shares	
E-mail id	
Phone No.	
PAN	
Latest Address for Communication	

I agree / do not agree, to receive the Annual Report and other communications from Sri Malini Spinning Mills Limited in my above cited e-mail id.

I hereby declare that the particulars given above are correct and complete.

(Signature of the First / Sole shareholder)

SMSM

SRI MALINI SPINNING MILLS LIMITED, SALEM

(CIN: L17111TZ1990PLC008370)

Regd. Office : Trichy Main Road, Sandhiyur, Mallur (Via), Salem-636 203.

ATTENDANCE SLIP

Folio No.

Shares

S.No.

A G M 2 0 1 8

I hereby record my present at the Twenty Eighth Annual General Meeting to be held on 29th September 2018.

Venue : Sri Malini Spinning Mills Limited, Registered Office.

Time : 9.00 a.m.

Please ✓ in the box MEMBER PROXY

Member's Signature

Name of the Proxy in **BLOCK LETTERS**

Proxy's Signature

- Notes :
- Share holders / Proxy holders must bring the Attendance Slip to the meeting and hand over the same at the entrance duly signed.
 - Shareholders are requested to advise their change in address as well as request, if any, to the Registered Office of the Company quoting their folio numbers.

SRI MALINI SPINNING MILLS LIMITED, SALEM

(CIN: L17111TZ1990PLC008370)

Regd. Office : Trichy Main Road, Sandhiyur, Mallur (Via), Salem-636 203.

PROXY FORM

I/We.....Folio No.....
 residing in the district of
 being Member(s) of Sri Malini Spinning Mills Limited hereby appoint
residing in the district of
, as my/our Proxy in my/our absence to attend and vote for me/us and on
 my/our behalf at the Twenty Eighth Annual General Meeting of the Company to be held on the 29th
 September 2018.

Venue : Sri Malini Spinning Mills Limited, Registered Office.

Signed the day of 2018.

SIGNATURE OF PROXY(IES) 1. _____
 2. _____

Affix
revenue
stamp

- Notes :
- The proxy to be valid should be deposited at the Registered Office of the Company, not later than 48 hours before the meeting. The Proxy need not be a member of the Company.
 - The Proxy should be executed on 1 Rupee revenue stamp.
 - Please Mark the envelop "SMSM PROXY".
 - Proxy cannot speak at the meeting or vote on a show of hands.

BOOK-POST

To



If undelivered, please return to
SRI MALINI SPINNING MILLS LIMITED
Trichy Main Road, Sandhiyur (Post),
Mallur (Via), SALEM - 636 203.