

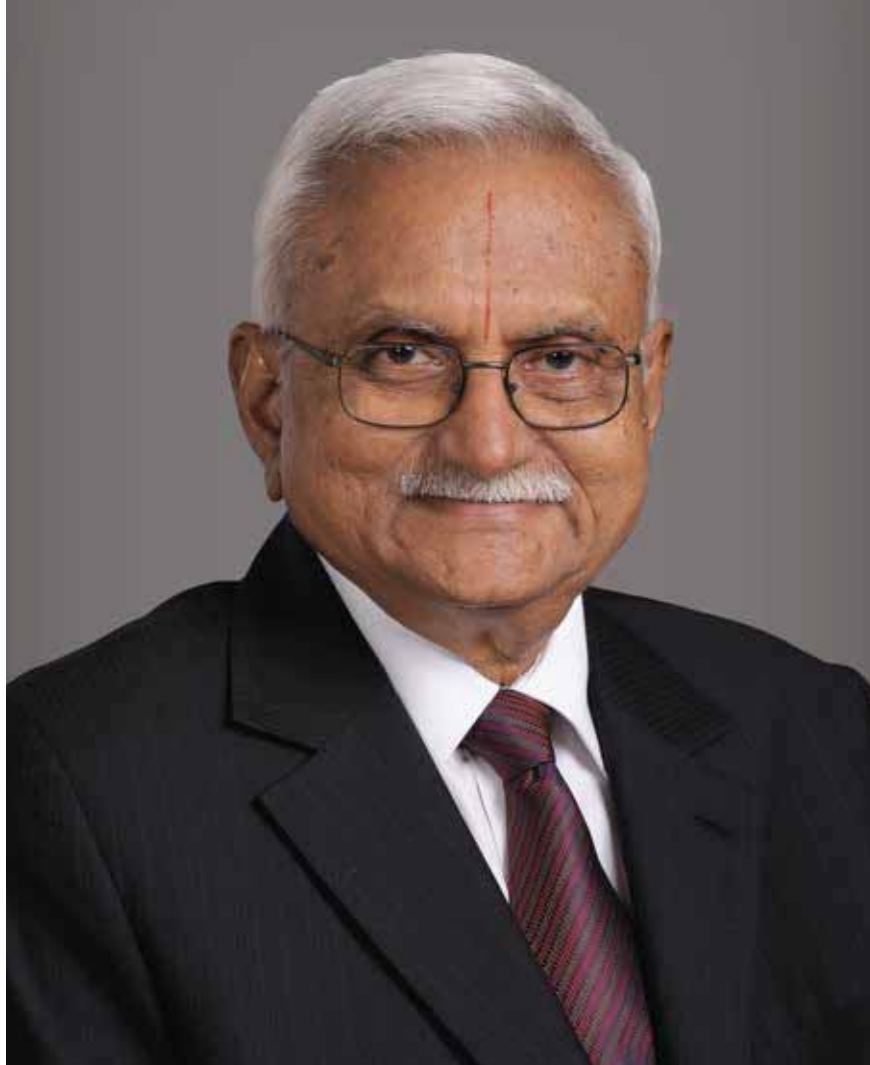
**25<sup>th</sup>**

**ANNUAL  
REPORT  
2019**

**SANDHYA SPINNING MILL LIMITED**  
RAJAPALAIYAM



SHRI P.A.C. RAMASAMY RAJA



**"Gurubakthamani"**  
**SHRI P.R. RAMASUBRAHMANEYA RAJHA**  
**Sridharmarakshakar - Ramco Group**

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

## Board of Directors

Shri P.R. VENKETRAMA RAJA, B.Tech., M.B.A.,  
*Chairman*

Smt. B. SRISANDHYA RAJU  
*Managing Director*

Smt. R. SUDARSANAM

Smt. P.V. NIRMALA RAJU

Shri N.K. SHRIKANTAN RAJA

Shri S. KANTHIMATHINATHAN

Shri P.A.S. KRISHNAMA RAJA

## Secretary

Shri V. GURUSAMY (w.e.f. 19-04-2019)

## Registered Office

Sandhya Spinning Mill Limited,  
No.47, P.S.K. Nagar,  
Rajapalaiyam - 626 108,  
Tamil Nadu.

E-mail : sandhya@ramcotex.com

Phone No. : 04563 - 235009

Fax No. : 04563 - 235405

## Website

[www.sandhyaspinningmill.co.in](http://www.sandhyaspinningmill.co.in)

## Corporate Identification Number

U17111TN1994PLC027037

## Factories

### Unit I

Krishnapuram Road,  
Rajapalaiyam - 626 108,  
Tamil Nadu.

### Unit II

Gopinenipalem Village,  
Jaggayyapet,  
Krishna District - 521 190,  
Andhra Pradesh.

## Bankers

Axis Bank Limited

Canara Bank

DCB Bank Limited

ICICI Bank Limited

IDBI Bank Limited

Indian Bank

Kotak Mahindra Bank Limited

RBL Bank Limited

Tamilnad Mercantile Bank Limited

The Federal Bank Limited

## Auditors

M/s. M.S. Jagannathan & N.Krishnaswami,  
Chartered Accountants,  
Unit - 5, Ground Floor,  
Abirami Apartments, No.14, V.O.C. Road,  
Cantonment,  
Tiruchirappalli – 620 001.

## Cost Auditors

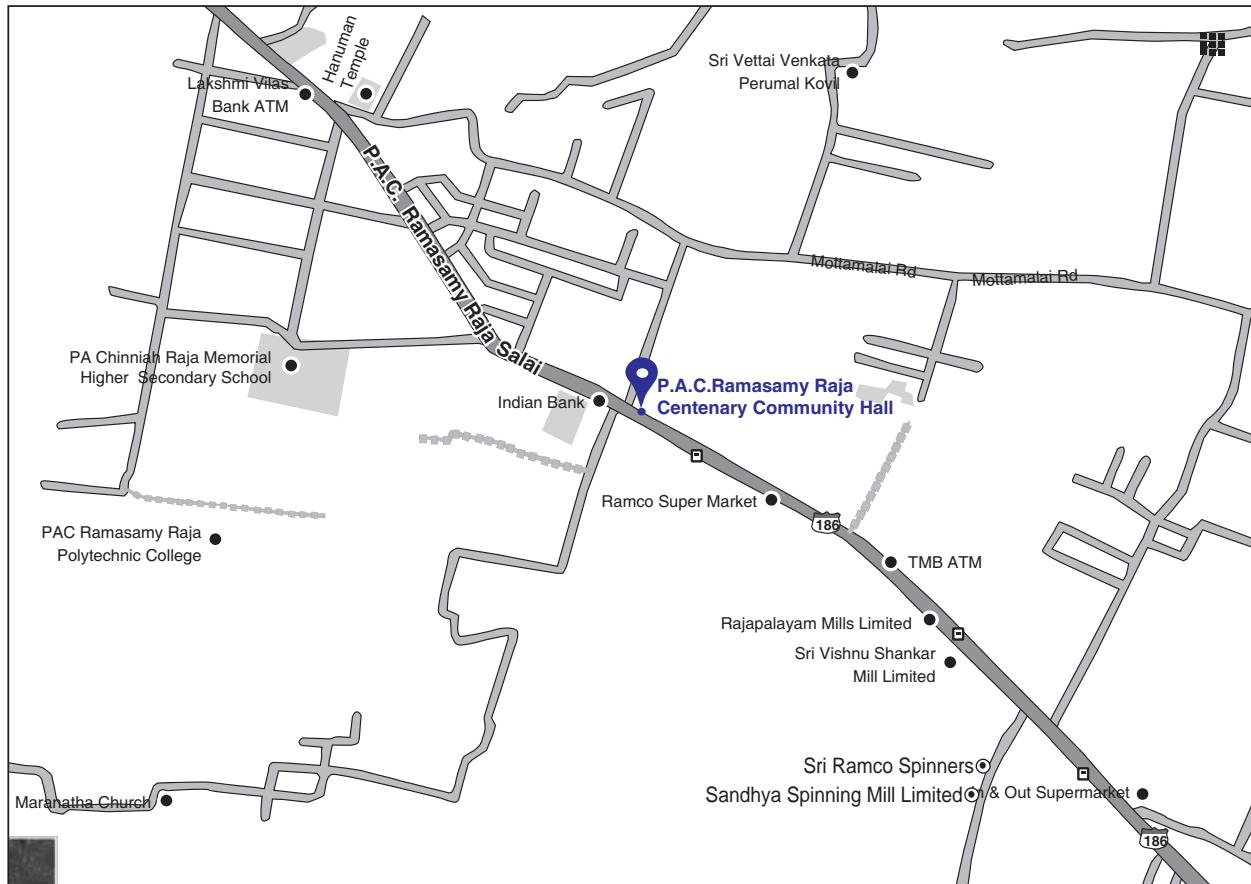
M/s. RKMS & Associates,  
Practising Cost Accountants,  
IV-B, Akshaya Homes,  
9B-20, Barathiyar 4<sup>th</sup> Street,  
Tagore Nagar, S.S. Colony,  
Madurai - 625 016.

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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**Map Showing location of venue of 25<sup>th</sup> Annual General Meeting**  
**Venue Address : P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens,**  
**P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 108, Tamil Nadu.**



Land Mark : Near Indian Bank, P.A.C.R. Polytechnic College Branch

Distance from Rajapalaiyam Bus Stand : 3.5 KM; Distance from Rajapalaiyam Railway Station : 3.9 KM.

## **SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**

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### **NOTICE TO THE MEMBERS**

Notice is hereby given that the 25<sup>th</sup> Annual General Meeting of the Company will be held at 11.00 A.M. on Wednesday, the 14<sup>th</sup> August, 2019 at P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalaiyam – 626 108, Tamil Nadu to transact the following business:

#### **ORDINARY BUSINESS - ORDINARY RESOLUTION:**

1. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:

“RESOLVED that the Company’s Audited Financial Statements for the year ended 31<sup>st</sup> March, 2019 and the Reports of the Board of Directors’ and Auditors’ thereon be and are hereby considered and adopted.”

2. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:

“RESOLVED that Shri. P.R. Venketrama Raja (DIN: 00331406), who retires by rotation, be and is hereby re-appointed as a Director of the Company.”

3. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:

“RESOLVED that Smt P.V. Nirmala Raju (DIN: 00474960), who retires by rotation, be and is hereby re-appointed as a Director of the Company.”

#### **SPECIAL BUSINESS - SPECIAL RESOLUTION:**

4. To consider and pass the following Resolution, as a SPECIAL RESOLUTION:

“RESOLVED that pursuant to Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder, approval of the Company be and is hereby accorded to the appointment of Smt. B. SriSandhya Raju (DIN: 02325596) as Managing Director of the Company for a period of 3 years with effect from 01-04-2020, at a remuneration equivalent to 5% of the net profits of the Company.

RESOLVED FURTHER that where in any financial year during the currency of her tenure, the Company has no profits or where the remuneration computed at 5% of the net profit is less than ` 1,20,00,000/-, the minimum yearly remuneration of the Managing Director shall be ` 1,20,00,000/- along with the following perquisites:

- (i) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax, Act, 1961;
- (ii) Gratuity payable at a rate not exceeding half a month’s salary for each completed year of service and
- (iii) Encashment of leave at the end of the tenure and other perquisites as allowed under Section IV of Schedule V of the Companies Act, 2013.

RESOLVED FURTHER that the Nomination and Remuneration Committee be and is hereby authorized to fix the components, quantum and periodicity of the remuneration payable to the Managing Director subject to the aforementioned limits.

RESOLVED FURTHER that the remuneration aforesaid shall be exclusive of any fee paid for attending Meetings of the Board or any Committee thereof or for any other purpose, whatsoever as may be decided by the Board as provided in Section 197(5) of the Companies Act, 2013.”

5. To consider and pass the following Resolution, as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under including any statutory modification(s) or re-enactments thereof for the time being in force and in accordance with the Memorandum and Articles of Association of the Company and all other applicable statutes, rules, regulations and guidelines and subject

## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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### NOTICE

to such other approvals, permissions and sanctions as may be necessary and upon such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof), consent of the Members be and is hereby accorded to the Board of Directors for sale of Entire Assets of "Sandhya Spinning Mill Limited - Andhra Pradesh Unit".

RESOLVED FURTHER THAT the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things, as may be necessary, including finalising the terms and conditions, methods and modes in respect thereof, and do all such acts, deeds and things as may be considered necessary, expedient, usual, proper to give effect to this Resolution and to settle any question that may arise in this regard and incidental thereto.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred, to any Committee or any Director or any Officer(s) / Authorised Representative(s) of the Company to give effect to the aforesaid resolution."

### SPECIAL BUSINESS - ORDINARY RESOLUTION:

6. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:

"RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹ 60,000/- (Rupees Sixty thousand only) plus applicable taxes and Out-of-pocket expenses payable to M/s. RKMS & Associates, Cost Accountants (Firm Registration No. 000335) appointed as the Cost Auditors of the Company by the Board of Directors, for the financial year 2019-20 for auditing the Cost Records relating to manufacture of textile products, be and is hereby ratified and confirmed."

By Order of the Board,  
For SANDHYA SPINNING MILL LIMITED,

P.R. VENKETRAMA RAJA,  
CHAIRMAN

Rajapalaiyam,  
28<sup>th</sup> May, 2019.

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### NOTES:

- 1) Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning each item of Special Business is annexed hereto.
- 2) **A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and that the Proxy need not be a Member.**
- 3) A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. Proxy Form is enclosed. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of the companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable. Attendance Slip is attached. Members, proxies and Authorised Representatives are requested to bring the duly filled-in and signed, attendance slips to the Meeting.
- 4) The cut-off date will be Thursday, the 8<sup>th</sup> August, 2019 for determining the eligibility to vote by remote e-Voting or in General Meeting.
- 5) Under Section 124 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules, 2016'), the amount of dividend

## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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### NOTICE

remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government.

The Company has uploaded the details of unclaimed / unpaid Dividends lying with the Company on the website of the Company, [www.sandhyaspinningmill.co.in](http://www.sandhyaspinningmill.co.in) as also on the website of the Ministry of Corporate Affairs.

Hence, the Members who have not claimed their dividend relating to the earlier years may write to the Company for claiming the amount before it is so transferred to the Fund.

The details of due date for transfer of such unclaimed dividend to the said Fund is:

FINANCIAL YEAR ENDED	DATE OF DECLARATION OF DIVIDEND	LAST DATE FOR CLAIMING UNPAID DIVIDEND	DUE DATE FOR TRANSFER TO IEP FUND
31-03-2014	04-08-2014	03-08-2021	01-09-2021

6. The Notice and the Annual Report are also available on the Company's website [www.sandhyaspinningmill.co.in](http://www.sandhyaspinningmill.co.in) for their download.
7. A Route Map with prominent land mark for easy location of the venue of the meeting is given with this notice as per requirement of Clause No.1.2.4. of the Secretarial Standard - 2 on "General Meetings".
8. Voting through electronic means:
  - A. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing Members facility to exercise their right to vote at the 25<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through such Voting, through e-Voting services provided by Central Depository Services (India) Limited (CDSL).
  - B. The facility for voting, either through electronic voting system or ballot or polling paper shall also be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-Voting shall be able to exercise their right at the meeting.
  - C. The members who have cast their vote by remote e-Voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

The instructions for e-Voting are as under:

- i) To log on to the e-Voting website [www.evotingindia.com](http://www.evotingindia.com).
- ii) To Click on Shareholder tab.
- iii) Now enter your User ID as given below:
  - Members holding Shares in Physical Form should enter Folio Number registered with the Company,
  - For CDSL: 16 Digits beneficiary ID.
- iv) Next enter the Captcha Code as displayed and Click on Login.
- v) PASSWORD  
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.  
If you are first time user follow the steps given below:
  - (a) Member of the Company is requested to use the first two letters of their name and their 8 digits of the Folio No. in the PAN field.



## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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### NOTICE

Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for Demat shareholders)

In case the Folio Number is less than 8 digits, enter the applicable number of 0's before the Folio No. to make it 8 digits after the first two characters of the name in CAPITAL letters. Eg. if your name is SAKTHIVEL with folio number 1, then enter SA00000001 in the PAN Field.

(b) Please enter any one of the following details in order to login:

#### **Dividend Bank details**

- Please enter the Folio Number in the Dividend Bank details field.
- Please enter Dividend Bank Details as recorded in your Demat Account.

#### **Date of Birth**

- Leave Date of Birth column blank (applicable to physical Shareholders)
- Enter the Date of Birth as recorded in your Demat Account or Folio in dd/mm/yyyy format.

If both of the above details are not recorded with the Depository please enter the user ID/ Folio No. (mentioned in the iii above) in the dividend bank details field.

- vi) 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.
- vii) For Members holding shares in Physical Form, the details can be used only for e-Voting on the Resolutions contained in this notice.
- viii) Click on the relevant EVSN for SANDHYA SPINNING MILL LIMITED on which you choose to vote.
- ix) 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.
- x) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolutions.
- xi) 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.
- xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xiii) You can also take print of the voting done by you clicking on "Click here to Print" option on the Voting page. It need not be sent to the Company.
- xiv) 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 e-mailed 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

## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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### NOTICE

the account(s) for which they wish to vote on. The list of accounts linked in the login should be mailed to **helpdesk.evoting@cdslindia.com**. and on approval of the accounts they would be able to cast their vote. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- D. The facility for remote e-Voting shall remain open from 9.00 A.M. on Sunday the 11<sup>th</sup> August, 2019 to 5.00 P.M. on Tuesday the 13<sup>th</sup> August, 2019. During this period, the Members of the Company holding shares either in physical form or in dematerialised form as on the cut-off-date, viz., Thursday the 8<sup>th</sup> August, 2019, may opt for remote e-Voting. e-Voting shall not be allowed beyond 5.00 P.M. on 13<sup>th</sup> August, 2019.
- E. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-Voting manual available at **www.evotingindia.com** under help section or write an email to **helpdesk.evoting@cdslindia.com**.
- F. The voting rights of shareholders shall be in proportion to the shares held by them in the paid up Equity Share Capital of the Company as on Thursday the 8<sup>th</sup> August, 2019.
- G. Shri K. Srinivasan, Chartered Accountant (Membership No: 21510), Partner, M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants has been appointed as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.
- H. The Chairman shall, at the general meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting, with the assistance of scrutinizer, by use of ballot or polling paper or by using an electronic voting system for all those members who are present at the general meeting but have not cast their votes by availing the remote e-Voting facility.
- I. The Scrutinizer shall immediately after conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting thereafter unblock the votes cast through remote e-voting in the presence of atleast two witnesses not in the employment of the Company and make not later than three days of conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or person authorised by him in writing who shall countersign the same and the Chairman or a person authorized by him in writing shall declare the result of the voting forthwith.

Rajapalaiyam,  
28<sup>th</sup> May, 2019.

By Order of the Board,  
For SANDHYA SPINNING MILL LIMITED,  
P.R. VENKETRAMA RAJA,  
CHAIRMAN

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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## NOTICE

### STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

#### Item No. 4

Smt. B. SriSandhya Raju (DIN 02325596) was first appointed as Managing Director of the Company on 25-05-2009. At that time, the net worth of the Company was ` 415 Lakhs and Turnover was ` 6,455 Lakhs. Under her leadership, the Company has expanded its capacity by adding 13,824 Spindles during Financial Year 2008-09, 6,000 Spindles during Financial Year 2010-11, 1,200 Spindles during Financial Year 2013-14. The Company's net worth has increased to ` 1,415 Lakhs as on 31-03-2019 with a Total Revenue of ` 15,120 Lakhs for the financial year 2018-19.

Smt. B. SriSandhya Raju was reappointed as Managing Director of the Company by the Board of Directors at their meeting held on 28-05-2019, subject to the approval of the Shareholders at the Annual General Meeting, for a further period of 3 years from 01-04-2020 to 31-03-2023 in accordance with the provisions of Section 197 of Companies Act, 2013 read with Schedule V and other applicable provisions of the Companies Act, 2013.

#### Terms of Remuneration:

- \* 5% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013.
- \* In any financial year, where the Company has no profits or where the remuneration computed at 5% of the net profits is less than ` 1,20,00,000/-, the minimum yearly remuneration shall be ` 1,20,00,000/- along with the following perquisites:
  - i) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961;
  - ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
  - iii) Encashment of leave at the end of the tenure and other perquisites as allowed under Section IV of Schedule V of the Companies Act, 2013.

The aforesaid remuneration shall be exclusive of any fee paid for attending Meetings of the Board or Committee thereof or for any other purpose, whatsoever as may be decided by the Board as provided in Section 197(5) of the Companies Act, 2013.

The proposed reappointment and the payment of remuneration has also been approved by the Nomination and Remuneration Committee at its meeting held on 27-05-2019.

The reappointment and the remuneration proposed fulfill the conditions stipulated in Schedule V of the Companies Act, 2013. Her reappointment is proposed to be passed as a Special Resolution. Hence approval of the Central Government is not required.

Smt. B. SriSandhya Raju is the Director in the following Companies:

- 1 Barefoot Dance Company India Private Limited
- 2 Bharani Bio-tech Private Limited
- 3 Parimala Chemicals Private Limited
- 4 Pranahita Power Generation Private Limited
- 5 Barefoot Media & Entertainment Private Limited
- 6 Badragiri Agro-Farms Private Limited
- 7 Quaqua Experiences Private Limited
- 8 Dronagiri Agro-Farms Private Limited

## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

### NOTICE

- 9 BRNR Holdings Private Limited
- 10 Rising Star Agro Private Limited
- 11 Ardra Agro Farms Private Limited
- 12 Poorvabhadra Agro-Farms Private Limited
- 13 Vedasmruti Greenlands Private Limited
- 14 Manjeera Greenfields Private Limited
- 15 Tansa Greenlands Private Limited
- 16 Sirumala Greenfields Private Limited
- 17 Kumbi Greenlands Private Limited
- 18 Nallamala Agro-Farms Private Limited

None of the Directors and Key Managerial Personnel except Smt. B. SriSandhya Raju as an appointee and Shri P.R. Venketrama Raja, Chairman, Smt. R. Sudarsanam and Smt. P.V. Nirmala Raju, Directors as relatives to the Managing Director may be deemed to be concerned or interested in the Resolution.

#### I. General Information:

1	Nature of Industry	Textiles		
2	Date of Commencement of Business	20-07-1994		
3	Financial performance based on given indicators			
	Year	Total Revenue in Crores	Profit after Tax in Crores	Dividend per Share in `
	2018-19	158.81	(1.42)	-
	2017-18	175.16	(0.77)	-
	2016-17	171.06	3.48	-
4	Foreign investments or collaborations, if any	NIL		

#### II. Information about the appointee:

1	Background Details	Smt. B. SriSandhya Raju, is a Promoter & Managing Director and has been on the Board of the Company since 2009. No. of Shares held in the Company : 35,45,780
2	Past Remuneration	She has been paid a remuneration @ 5% of the net profits of the Company and in case of inadequacy of profits, she has been paid maximum permissible remuneration as per Schedule V of the Companies Act, 2013.
3	Recognition or awards	-
4	Job profile and her suitability	Overall in-charge for Management of the affairs of the Company.

## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

### NOTICE

5	Remuneration proposed	<p>i) 5% of the net profits of the Company</p> <p>ii) In case of no profits or where the remuneration computed at 5% of the net profits is less than ` 1,20,00,000/-, the minimum yearly remuneration shall be ` 1,20,00,000/- along with the perquisites prescribed under Schedule V of the Companies Act, 2013.</p> <p>She will also be entitled for sitting fees for meetings of the Board or its Committees attended by her.</p>
6	Comparative Remuneration profile	Remuneration is comparable with respect to industry, size of the Company, profile of the position and person.
7	Relationship with managerial personnel / Pecuniary relationship directly or indirectly with the Company.	She is related to Shri P.R. Venketrama Raja, Chairman, Smt. R. Sudarsanam and Smt. P.V. Nirmala Raju, Directors of the Company. She has no pecuniary relationship other than the remuneration, she is entitled to receive. Her transactions with the Company are disclosed under related party transactions under Note No. 27(13)(d).

#### III. Other Information:

1	Reasons of loss or inadequate profits	The Government of India has increased the Minimum Support Price (MSP) for cotton by more than 25% during the year under review. The lower production coupled with increased MSP has resulted in spike in cotton prices and Mills were forced to buy good quality cotton at higher prices. The depreciation of Rupee against US-Dollar has made the import of cotton very expensive. The yarn prices in domestic yarn markets were stagnant inspite of higher cotton prices. Reduced consumption of yarn in India, due to import of fabric which was grown by 20% during the year 2018-19 coupled with excess spinning capacity has created over supply situation for yarn and hence the Mills were not able to pass on the increased cost of production in the yarn prices. The above factors attributed to the loss for the financial year 2018-19.
2	Steps taken or proposed to be taken for improvement.	The Company is now focusing on production of customized, fine / super fine yarn to get better contribution. The Company was able to attract more customers from overseas market and continues to have a good demand from International customers on account of supply of consistent and superior quality of yarn. Due to good demand for our cotton yarn in export markets, yarn prices in exports in dollar terms have improved during the financial year 2018-19 and 2019-20.
3	Expected increase in productivity and profits in measurable terms.	The turnover of the Company is expected to increase from the last year level of ` 148.65 Crores, during the current financial year 2019-20. The Profitability of the Company is also expected to increase from last year reported loss of ` 1.96 Crores.

#### IV. Disclosures:

Corporate Governance	Not applicable
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## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

### NOTICE

#### Item No. 5

Sandhya Spinning Mill Limited (SSML) has 57,552 Spindles and 2,464 Rotors and the details of various units in which the above spindle capacities installed are given below:

Name of the Unit	No. of Ring Spindles	No. of Open End Rotors
Sandhya Spinning Mill Limited	51,552	1,024
Sandhya Spinning Mill Limited – AP Unit	6,000	1,440
<b>Total</b>	<b>57,552</b>	<b>2,464</b>

During the year 2008, the Company has established Open End Spinning Mill at Gopinenipalem Village in Krishna District, Andhra Pradesh with 4 OE Spinning Machines having capacity of 1,440 Rotors. The OE Machines are capable of producing count range from 6s OE to 30s OE. Subsequently, the Company has installed 5 Ring frames having capacity of 6,000 Spindles to produce 40s / 50s Combed and Carded Ring Yarn.

Capacity and turnover contribution by Sandhya Spinning Mill Limited – AP Unit for the FY 2018-19 is given below:

Particulars	Total Income (` in Crores)	Production Capacity	
		No. of Ring Spindles	No of Open End Rotors
Total Income / Capacity of the Company	148.66	57,552	2,464
Sandhya Spinning Mill Limited – AP Unit	12.79	6,000	1,440
Percentage	8.60%	10.43%	58.44%

Due to increase in cotton price, power cost, administrative overheads, absence of skilled labour and adverse market conditions, SSML -AP Unit has incurred Cash Losses and Financial performance of Sandhya Spinning Mill Limited – AP Unit for the last four years are given below:

(` in Lakhs)

Particulars	2015-16	2016-17	2017-18	2018-19
Turnover	2,991	3,260	2,841	1,279
Operating profit	401	(5)	(155)	(202)
Interest	419	429	461	314
Depreciation	208	200	203	135
Net Profit / (Loss)	(226)	(634)	(819)	(651)
Cash Profit / (Loss)	(19)	(434)	(616)	(516)

Despite our continuous efforts to improve operational efficiency by way of exercising effective cost control measures and optimizing production, the Unit has incurred cash loss. Considering the market situation, the possibility of turning around the Unit is very remote and hence it is decided to sell the entire Assets of "Sandhya Spinning Mill Limited Andhra Pradesh Unit".

## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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### NOTICE

As per Section 180(1)(a) of the Companies Act, 2013, the approval of the Shareholders by way of Special Resolution is required for sale of whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings.

#### **Explanation for the purpose of this clause**

- (i) "Undertaking" shall mean an undertaking in which the investment of the Company exceeds twenty per cent of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates twenty per cent of the total income of the company during the previous financial year;
- (ii) the expression "substantially the whole of the undertaking" in any financial year shall mean twenty per cent or more of the value of the undertaking as per the audited balance sheet of the preceding financial year;

Investments made by the Company in Sandhya Spinning Mill Limited– AP Unit is more than 20% of the total net worth of the Company and the total income generated by Sandhya Spinning Mill Limited – AP Unit is less than 20% of the total income of the Company as per the Audited Balance Sheet of the Company for the FY 2018-19. The details are given below:

Particulars	Net worth as on 31-03-2019 (` in Crores)	Total Income as on 31-03-2019 (` in Crores)
Sandhya Spinning Mill Limited	14.15	148.66
Investments made by the Company in SAN – AP Unit	23.19	--
Total income of SAN – AP Unit	--	12.79
% contributed by SAN – AP Unit	163.88%	8.60%

The transaction is part of the strategic plan of the Company to consolidate and focus on its profitable operating units at Rajapalayam. The sale proceeds realized by the Company would help the Company to reduce its debt, which would improve its debt equity ratio. This would help the Company to keep its gearing at a lower level.

The Company is accordingly proposing this resolution for the consideration and approval of the Members by way of special resolution as per the applicable provisions of the Companies Act, 2013. The Board is of the opinion that the aforesaid Resolution is in the best interest of the Company and its shareholders and hence, recommends the same for your approval.

None of the Directors and/or any Key Managerial Personnel of the Company and / or their relatives are concerned or interested in the Resolution except to the extent of their respective shareholdings, if any, in the Company.

#### **Item No. 6**

In accordance with the provisions of Section 148 of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Company is required to appoint a Cost Auditor to audit the Cost Records of Company, relating to manufacture Textile Products for the financial year 2019-20.

## **SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**

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### **NOTICE**

On the recommendation of the Audit Committee at its meeting held on 27-05-2019, the Board had approved the appointment of M/s. RKMS & Associates, Cost Accountant as the Cost Auditors of the Company to audit the Company's Cost Records relating to manufacture of Textile products at a remuneration of ` 60,000/- (Rupees Sixty thousand only) plus applicable taxes and out-of-pocket expenses for the financial year 2019-20.

The remuneration of the Cost Auditor is required to be ratified by the Members in accordance with the provisions of Section 148(3) of the Act and Rule 14 of the Rules.

The Directors recommend the Resolution to the Members for their approval.

None of the Directors, Key Managerial Personnel or their relatives are deemed to be interested in this Resolution.

Rajapalayam,  
28<sup>th</sup> May, 2019.

By Order of the Board,  
For SANDHYA SPINNING MILL LIMITED,  
P.R. VENKETRAMA RAJA,  
CHAIRMAN



**DIRECTORS' REPORT**

**TO THE MEMBERS**

Your Directors have pleasure in presenting their 25<sup>th</sup> Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2019.

**1. FINANCIAL RESULTS**

The financial results for the year ended 31<sup>st</sup> March, 2019 after charging all expenses but before deducting finance cost and depreciation have resulted in operating profit of ` 2,054.49 Lakhs against ` 2,412.41 Lakhs for the previous financial year 2017-18.

After deducting ` 1,352.88 Lakhs towards finance cost and providing ` 897.69 Lakhs towards Depreciation, the Net Loss for the year is ` (-)196.08 Lakhs, as compared to ` (-)260.69 Lakhs for the previous financial year 2017-18. Taking into account Deferred Tax Asset of ` 53.96 Lakhs, the Net loss for the year is ` (-)142.12 Lakhs. Adding the surplus of ` 95.20 Lakhs brought forward from the previous year, the Profit and Loss account shows the debit balance of ` 46.92 Lakhs which is carried forward to next year.

**2. SHARE CAPITAL**

The Paid-up Capital of the Company is ` 760 Lakhs (Previous Year: ` 760 Lakhs) consisting of the following:

- 1) 46,00,000 Nos. Equity Shares of ` 10/- each and
- 2) 30,00,000 Nos. 7.50% Cumulative Redeemable Preference Shares of ` 10/- each.

**3. DIVIDEND**

In view of losses as at 31-03-2019, your Directors are unable to recommend any dividend for the current year on the Preference as well as Equity Shares and also your Directors have not made any provisions for payment of Dividend for the Preference Share Capital.

**4. TAXATION**

The Company is not liable to pay Income Tax under regular Income Tax provisions and Minimum Alternate Tax. An amount of ` 53.96 Lakhs has been withdrawn from Deferred Tax Liability provided in the earlier years which is in accordance with the Accounting Standards.

**5. MANAGEMENT DISCUSSION AND ANALYSIS**

**TRADE CONDITIONS**

❖ **COTTON**

In India, cotton production was estimated at 325 Lakhs bales during cotton season 2018-19 (October to September) as against 365 Lakhs bales during the previous year, a drop in production of 11% due to erratic monsoon in cotton growing area and reduced yield. The cotton production in India is continuously declining from the peak production of 400 Lakhs bales produced during the cotton season 2013-14. The current year's cotton crop is the lowest production in the last 10 years. The Government of India has increased the Minimum Support Price (MSP) for cotton by more than 25% during the year under review. The lower production coupled with increased MSP has resulted in spike in cotton prices and Mills were forced to buy good quality cotton at higher prices. The depreciation of Rupee against US-Dollar has made the import of cotton very expensive. The waste cotton prices (raw material for Open End Spinning) has prevailed at reasonable level. The Company has judiciously procured high quality cotton by closely monitoring the demand and supply situation and also the price movements in domestic and international cotton markets.

**DIRECTORS' REPORT**

❖ **YARN PRODUCTION**

The Company is now focusing on production of customized, fine / super fine yarn to get better contribution. Some of the ring frames and open end frames have been stopped for few days for shifting of machines and modernization. Due to this, the production volume has decreased to 44.84 Lakhs Kgs during the financial year 2018-19 as against 62.64 Lakhs Kgs of last year. The reason for decrease in the Production was due to stoppage of production at Andhra Pradesh unit.

❖ **SALE OF YARN**

The sale volume has decreased in line with production during the financial year 2018-19 and it was 46.93 Lakh Kgs as compared to 61.22 Lakh Kgs of last year and the sale value of yarn has decreased from ₹ 172.04 crores [FY2017-18] to ₹ 148.65 Crores [FY 2018-19].

The Company was able to attract more customers from overseas market and continues to have a good demand from International customers on account of supply of consistent and superior quality of yarn. Due to good demand for our cotton yarn in export markets, yarn prices in exports in dollar terms have improved during the financial year 2018-19. However, yarn prices in domestic yarn markets were stagnant inspite of higher cotton prices. Reduced consumption of yarn in India, due to import of fabric which was grown by 20% during the year 2018-19 coupled with excess spinning capacity has created over supply situation for yarn and hence the Mills were not able to pass on the increased cost of production in the yarn prices. The Company's focus on value added customized yarn counts viz. Mercerized Yarn, Gassed Yarn, Slub Yarn, Core spun Yarn etc., has helped to mitigate the impact to some extent.

❖ **POWER COST**

During the financial year 2018-19, the Company was able to consume electricity from its own wind power to the extent of 59% of total power requirement as compared to 59% consumed from wind mills during the last year. Because of consistent power generation from wind mills as like previous financial year, the Company was able to maintain the substantial power cost reduction as like previous financial year.

❖ **FINANCE COST**

The Finance cost has decreased from Rs.1,631.30 to Rs.1,352.88 Lakhs, a decline of 17.07% mainly due to repayment and closure of higher ROI loans during the year and reduction of working capital interest rate.

**6. EXPORTS**

On the export front during the year, we have made export of Cotton Yarn (including merchant exports) for a value of Rs.76.34 Crores as against Rs.63.57 Crores of the previous year.

**7. MODERNISATION**

As a part of continuous thrust on modernization programme, the Company has invested about ₹ 1.87 Crores for investment in textile machinery & equipments like Double Apron Conversion, Top Arm conversion, Compact conversion, Carding machines etc.,

**8. PROSPECTS FOR THE CURRENT YEAR**

Indian cotton prices are likely to remain firm on account of a tight supply situation, less availability of good quality cotton, crop damages etc. The Company is focusing on sourcing the raw materials across the globe at a competitive price and production of more value added yarn with contamination free cotton. The Company has developed strong customer base and also strengthened its infrastructure to manufacture any kind of yarn demanded by the customers to mitigate the risk of fluctuating yarn and cotton prices. The consistent growth of import volume of fabric into India is a major concern for spinning mills in India as it reduces the domestic demand for yarn.

**DIRECTORS' REPORT**

The Company is concentrating on modernizing the machineries to further improve quality and cost effective production. Efforts are being taken continuously to scale up the production of value added counts like Linen Yarn, Gassed Yarn, Slub Yarn, Mercerized yarn, Core Spun Yarn etc., which will fetch higher margin and will replace commodity counts in the forthcoming years. With the flexibility to produce value added super fine counts, the Company will continue to make efforts in expanding the marketing activities across the globe to increase the profitability.

**9. SALE / TRANSFER OF ASSETS FROM ANDHRA PRADESH UNIT**

The Company has decided to sell / shift majority of the machines installed at Andhra Pradesh unit. After selling / shifting majority of the machineries, the Company will initiate the process of selling the residual machines, land and building of AP unit.

**10. WIND MILL**

The Company has wind mills with installed capacity of 10.95 MW for its captive power consumption. The wind farm has generated 187 Lakhs Kwh as compared to 209 Lakhs Kwh of the previous year. The wind availability / velocity during the financial year 2018-19 was low as compared to the financial year 2017-18. All the Units generated by wind mills were adjusted for captive consumption at our Mills in Tamil Nadu. The income during the year from the Wind Mill Division was ` 12.50 Crores as against ` 12.75 Crores of previous year.

**11. INTERNAL FINANCIAL CONTROLS**

In accordance with Section 134(5)(e) of the Companies Act, 2013, the Company has Internal Financial Controls Policy by means of Policies and Procedures commensurate with the size & nature of its operations and pertaining to financial reporting. In accordance with Rule 8(5)(viii) of Companies (Accounts) Rules, 2014, it is hereby confirmed that the Internal Financial Controls are adequate with reference to the financial statements. ERP System developed by Ramco Systems Limited has been installed for online monitoring of all functions and management information reports are being used to have better internal control system and to take decisions in time.

**12. VIGIL MECHANISM / WHISTLE BLOWER POLICY**

In accordance with Section 177(9) and (10) of the Companies Act, 2013 the Company has established a Vigil Mechanism and has a Whistle Blower Policy.

**13. DIRECTORS**

Smt. B. SriSandhya Raju, was reappointed as Managing Director of the Company for a period of three years starting from 01-04-2017 to 31-03-2020 at the AGM held on 10-08-2016. Based on the recommendation of the Nomination and Remuneration Committee made at its meeting held on 27-05-2019, the Board of Directors at their meeting held on 28-05-2019 have reappointed her as Managing Director for a further period of 3 years starting from 01-04-2020. Approval of the Members has been sought for her reappointment in the Notice convening the AGM.

In accordance with the provision of the Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the Company, the following Directors retire by rotation at the ensuing Annual General Meeting and they are eligible for re-appointment.

1. Shri. P.R.Venketrama Raja (DIN: 00331406)
2. Smt. P.V.Nirmala Raju (DIN: 00474960)

The Independent Directors hold office for a fixed term of 5 years and not liable to retire by rotation. No independent Directors retired during the year.

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

## DIRECTORS' REPORT

Shri V. Gurusamy has been appointed as Secretary of the Company with effect from 19-04-2019.

Pursuant to Rule 8(5)(iii) of Companies (Accounts) Rules, 2014, it is reported that, other than the above, there have been no changes in the Directors or Key Managerial Personnel during the year.

The Company has received necessary declarations from all the Independent Directors under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

The Audit Committee has three members, out of which two are Independent Directors. Pursuant to Section 177(8) of the Companies Act, 2013, it is reported that there has not been an occasion, where the Board had not accepted any recommendation of the Audit Committee.

In accordance with Section 178(3) of the Companies Act, 2013 and based upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors have approved a policy relating to appointment and remuneration of Directors, Key Managerial Personnel and Other Employees.

### 14. EVALUATION OF BOARD

Pursuant to Section 134(3)(p) of the Companies Act, 2013, Independent Directors have evaluated the quality, quantity and timeliness of the flow of information between the Management and the Board, performance of the Board as a whole and its Members and other required matters. Nomination and Remuneration committee laid down evaluation criteria for performance evaluation of Independent Directors which will be based on attendance, expertise and contribution brought in by the Independent Director at the Board and Committee Meetings, which shall be taken into account at the time of re-appointment Independent Director.

### 15. MEETINGS

#### MEETINGS OF THE BOARD

Details of attendance of each Director at the Board Meetings held during the year are as follows:

S. No.	Name of the Director, Director Identification Number (DIN) & Directorship	Board Meetings held on					Attendance at Last AGM 10-08-2018
		03-04-2018	29-05-2018	09-08-2018	10-11-2018	09-02-2019	
1	Shri. P.R. Venketrama Raja Chairman DIN:00331406, Directorship: P & NE	Yes	Yes	Yes	Yes	Yes	Yes
2	Smt. B. SriSandhya Raju Managing Director , DIN:02325596, Directorship: P & E	No	Yes	No	No	Yes	No
3	Smt. R. Sudarsanam DIN:00433926, Directorship: P & NE	Yes	Yes	Yes	Yes	Yes	Yes
4	Smt. P.V. Nirmala Raju DIN:00474960, Directorship: P & NE	No	Yes	No	No	Yes	No
5	Shri N.K. Shrikantan Raja DIN:00350693, Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes	Yes
6	Shri. S. Kathimathinathan DIN: 01124581, Directorship: NE	Yes	Yes	Yes	Yes	Yes	No
7	Shri P.A.S. Krishnama Raja DIN:00487322, Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes	Yes

P-Promoter; E-Executive; NE-Non Executive; ID - Independent Director.

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

## DIRECTORS' REPORT

During the year a separate meeting of the Independent Directors was held on 08-02-2019 and all the Independent Directors were present at the meetings.

### 16. MEETINGS OF THE COMMITTEE:

#### AUDIT COMMITTEE

The Composition of the Audit Committee and the details of its Members are as follows:

S. No.	Name of the Director	Audit Committee Meetings held on				
		03-04-2018	28-05-2018	09-08-2018	10-11-2018	08-02-2019
1.	Shri N.K. Shrikantan Raja Chairman of the Committee	Yes	Yes	Yes	Yes	Yes
2.	Shri S. Kathimathinathan	Yes	Yes	Yes	Yes	Yes
3.	Shri P.A.S. Krishnama Raja	Yes	Yes	Yes	Yes	Yes

#### NOMINATION AND REMUNERATION COMMITTEE

The Composition of the Nomination and Remuneration Committee and the details of its Members are as follows:

S. No.	Name of the Director	NRC Meeting held on 28-05-2018
1.	Shri N.K. Shrikantan Raja Chairman of the Committee	Yes
2.	Shri S. Kathimathinathan	Yes
3.	Shri P.A.S. Krishnama Raja	Yes

#### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Composition of the Corporate Social Responsibility Committee and the details of its Members are as follows:

S.No.	Name of the Director	CSR Meeting held on 29-05-2018
1.	Shri P.R. Venketrama Raja Chairman of the Committee	Yes
2.	Shri. N.K. Shrikantan Raja	Yes

#### STAKEHOLDERS RELATIONSHIP COMMITTEE

The Composition of the Stakeholders Relationship Committee and the details of its Members are as follows:

S. No.	Name of the Director	SRC Meeting held on 30-03-2019
1.	Shri N.K. Shrikantan Raja Chairman of the Committee	Yes
2.	Shri.S.Kathimathinathan	Yes

**DIRECTORS' REPORT**

**17. SECRETARIAL STANDARD**

As required under Clause 9 of Secretarial Standard 1, the Board of Directors confirms that the Company has complied with applicable Secretarial Standards.

**18. PUBLIC DEPOSITS**

Pursuant to Rule 8(5)(v)& (vi) of Companies (Accounts) Rules, 2014, it is reported that the Company has not accepted any deposit from public during the financial year under review. There was no outstanding of deposits as on 31-03-2019 (Previous year : Nil). The Company has no deposit, which is not in compliance with the Chapter V of the Companies Act, 2013.

**19. ORDERS PASSED BY REGULATORS**

Pursuant to Rule 8(5)(vii) of Companies (Accounts) Rules, 2014, it is reported that, no significant and material orders have been passed by the Regulators or Courts or Tribunals, impacting the going concern status and Company's operations in future.

**20. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

Pursuant to Section 186(4) of the Companies Act, 2013, it is reported that:

- (a) the Company has not given any loans or guarantee during the year 2018-19 under Section 186 of the Companies Act, 2013.
- (b) the particulars of the investments and Guarantees are provided under Note No. 11 and 27 (13)(g) respectively of Notes forming part of financial statements.

**21. CORPORATE SOCIAL RESPONSIBILITY**

In terms of Section 135 and Schedule VII of the Companies Act, 2013, the Board of Directors have constituted a Corporate Social Responsibility (CSR) Committee and adopted a CSR Policy which is based on the philosophy that "As the Organization grows, the Society and Community around it also grows."

Your Directors are pleased to inform that the amount required to be spent on CSR for the year 2018-19 is ` 3.01 Lakhs. As against this requirement of ` 3.01 Lakhs, the Company has spent ` 2.14 Lakhs on CSR. The Company proposes to identify suitable project in the coming year and meet its requirements. Accordingly, the Company has a phased plan for meeting the CSR objective as required by the Companies Act, 2013.

**22. AUDIT**

**STATUTORY AUDIT**

M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants, who have been appointed as the Statutory Auditors of the Company at the 23<sup>rd</sup> Annual General Meeting would be the Auditors of the Company till the conclusion of the 28<sup>th</sup> Annual General Meeting to be held in the year 2022.

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 report of the Statutory Auditors for the year ended 31<sup>st</sup> March, 2019 does not contain any qualification, reservation or adverse remark and no instance of fraud has been reported by Auditors under Section 143(12) of Companies Act, 2013.

**COST AUDIT**

The Company is required to maintain the accounts and records which have been specified by the Central Government under Section 148(1) of the Act as cost records and accordingly such accounts and records are made and maintained by the Company.



**DIRECTORS' REPORT**

The Board of Directors had approved the appointment of M/s. RKMS & Associates, Cost Accountants as the Cost Auditors of the Company to audit the Company's Cost Records relating to manufacture of textile products for the year 2019-20 at a remuneration of ` 0.60 Lakhs, plus applicable taxes and out-of-pocket expenses.

The remuneration of the cost auditor is required to be ratified by the Members in accordance with the provisions of Section 148(3) of the Companies Act, 2013 and Rule 14 of Companies (Audit and Auditors) Rules, 2014. Accordingly, the matter is being placed before the Members for ratification at the ensuing Annual General Meeting.

The Cost Audit Report for the financial year 2017-18 due to be filed with Ministry of Corporate Affairs by 30-09-2018 had been filed on 06-09-2018. The Cost Audit Report for the financial year 2018-19 is due to be filed within 180 days from the closure of the financial year and will be filed within the stipulated period.

**23. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Pursuant to Section 134(3)(m) of the Companies Act, 2013 and Rule 8(3) of Companies (Accounts) Rules, 2014, the information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is attached as Annexure – I.

**24. EXTRACT OF ANNUAL RETURN**

In Accordance with Section 92(3) of the Companies Act, 2013, read with Rule 12(1) of Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT-9 is attached herewith as Annexure – II.

In accordance with Section 134(3)(a) of the Companies Act, 2013 the Company placed a copy of the annual return on its website at [www.sandhyaspinningmill.co.in](http://www.sandhyaspinningmill.co.in).

**25. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

The disclosures in terms of provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(1), (2) and (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, relating to remuneration are provided in Annexure- III.

**26. INDUSTRIAL RELATIONS AND PERSONNEL**

The Company has 880 employees as on 31-03-2019. Industrial relations with employees remained cordial during the year. Human Resources Development activities received considerable focus. The emphasis was on imparting training and development of the skill-set of the employees to enable them to face the challenges in the work environment.

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**27. RELATED PARTY TRANSACTION**

Prior approval / Omnibus approval is obtained from the Audit Committee for all related party transactions and the transactions are periodically before the Audit Committee for its approval.

The transaction with related party entered into by the Company are periodically placed before the Audit Committee for its approval. In accordance with Accounting Standard - 18 (Related Party Disclosure), the details of transactions with the related parties are set out in Note No:27(13) of disclosures forming part of Financial Statements.

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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## DIRECTORS' REPORT

### 28. RISK MANAGEMENT POLICY

Pursuant to Section 134(3)(n) of the Companies Act, 2013, the Company has developed and implemented a Risk Management Policy. The Policy envisages identification of risk and procedures for assessment and minimization of risk thereof.

### 29. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors confirm that:

- (a) they had followed the applicable accounting standards along with proper explanation relating to material departures, if any, in the preparation of the Annual accounts for the year ended 31<sup>st</sup> March, 2019;
- (b) they 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 as on 31<sup>st</sup> March, 2019 and of the profit and loss of the Company for the year ended on that date;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the Annual Accounts on a going concern basis;
- (e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### ACKNOWLEDGEMENT

The Directors are grateful to the various Departments and agencies of the Central and State Governments for their help and co-operation. They are thankful to the Financial Institutions and Banks for their continued help, assistance and guidance. The Directors wish to place on record their appreciation of employees at all levels for their commitment and their contribution.

Rajapalaiyam,  
28<sup>th</sup> May, 2019.

On behalf of the Board of Directors,  
For SANDHYA SPINNING MILL LIMITED,  
P.R. VENKETRAMA RAJA,  
CHAIRMAN



# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

## ANNEXURE I TO DIRECTORS' REPORT

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

[Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with  
Rule 8(3) of Companies (Accounts) Rules 2014 ]

#### A) CONSERVATION OF ENERGY:

The Company pays attention at all levels to reduce energy consumption, by continuous monitoring maintenances and improvements.

- |  |  |
|--|--|
| (i) the steps taken on conservation of energy;                                 | Removed 6 Nos. of C1/3 Carding fan motors and connected to existing continuous suction system pressure is optimized.<br>Carding machines cylinder motors automatically stopped during cleaning and count changing time to provided timer and relay.<br>E75 Comber VXL make WCS motor unnecessary running while all comber machine stopped condition. We have provided interlock between comber and WCS.<br>Reduction of air leakage by arresting air leakage points to reduce energy loss. |
| Impact on conservation of energy;  | The above steps have resulted in power saving of 1.10 Lakhs units per annum.   |
| (ii) the steps taken by the Company for utilising alternate sources of energy; | NIL  |
| (iii) the capital investment on energy conservation equipments;                | NIL  |

#### B) TECHNOLOGY ABSORPTION:

- |   |                |
|---|----------------|
| (i) the efforts made towards technology absorption;   | Nil            |
| (ii) the benefits derived like product improvement, cost reduction, product development or import substitution;               | Nil            |
| (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) | NIL            |
| (a) the details of technology imported;   | NIL            |
| (b) the year of import;   | NIL            |
| (c) whether the technology been fully absorbed;   | Not Applicable |
| (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and                           | Not Applicable |
| (iv) the expenditure incurred on Research and Development   | Not Applicable |

#### C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Foreign Exchange earned in terms of actual inflows during the year and	` 5,784.13 Lakhs
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The Foreign Exchange outgo during the year in terms of actual outflows.	` 3,095.34 Lakhs
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Rajapalaiyam,  
28<sup>th</sup> May, 2019.

On behalf of the Board of Directors,  
For SANDHYA SPINNING MILL LIMITED,  
P.R. VENKETRAMA RAJA,  
CHAIRMAN

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

## ANNEXURE II TO DIRECTORS' REPORT

### Form MGT - 9

#### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31<sup>st</sup> March, 2019

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

#### I. REGISTRATION AND OTHER DETAILS:

CIN	U17111TN1994PLC027037
Registration Date	16-03-1994
Name of the Company	SANDHYA SPINNING MILL LIMITED
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered office and Contact details	No. 47, P.S.K. Nagar, Rajapalaiyam, Tamilnadu, Pin: 626 108.
Whether listed company	No
Name, address and contact details of Registrar and Transfer Agent, if any	M/s. CAMEO CORPORATE SERVICES LIMITED Subramanian Building, No.1, Club House Road, Chennai – 600 002. Phone:044-28460390; Fax :044-28460129 Email : investor@cameoindia.com Web : www.cameoindia.com

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

Business activities contributing 10% or more of the total turnover of the Company :

Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
Yarn	13111	98.96%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
– NIL –				

## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

### ANNEXURE II TO DIRECTORS' REPORT

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) i) Category-Wise Share Holding

Category of Shareholder		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.</b>	<b>Promoters</b>									
<b>(1)</b>	<b>Indian</b>									
a)	Individuals/ Hindu Undivided Family	-	36,45,460	36,45,460	79.25	32,580	41,99,200	42,31,780	92.00	12.75
b)	Central Government	-	-	-	-	-	-	-	-	-
c)	State Government(s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corporate	-	-	-	-	-	-	-	-	-
e)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
f)	Any Others...	-	-	-	-	-	-	-	-	-
	<b>Sub Total (A) (1)</b>	-	36,45,460	36,45,460	79.25	32,580	41,99,200	42,31,780	92.00	12.75
<b>(2)</b>	<b>Foreign</b>									
a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
b)	Other Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
e)	Any Others	-	-	-	-	-	-	-	-	-
	<b>Sub Total (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter (A) = (A) (1) + (A) (2)</b>		-	36,45,460	36,45,460	79.25	32,580	41,99,200	42,31,780	92.00	12.75
<b>B.</b>	<b>Public shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
a)	Mutual Funds	-	-	-	-	-	-	-	-	-
b)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
c)	Central Government	-	-	-	-	-	-	-	-	-
d)	State Government(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Others (specify)	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B) (1)</b>	-	-	-	-	-	-	-	-	-
<b>B (2)</b>	<b>Non-institutions</b>									
<b>a)</b>	<b>Bodies Corporate</b>									
i)	Indian	-	-	-	-	-	-	-	-	-
ii)	Overseas	-	-	-	-	-	-	-	-	-
<b>b)</b>	<b>Individuals</b>									
i)	Individual shareholders holding nominal share capital up to Rs. 1 lakh*	-	9,39,280	9,39,280	20.42	11,460	3,41,500	3,52,960	7.67	(12.75)
ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	-	-	-	-	-	-	-	-	-
<b>(c)</b>	<b>Others (specify)</b>									
	IEPF	15,260	-	15,260	0.33	15,260	-	15,260	0.33	-
	<b>Sub-Total (B) (2)</b>	15,260	9,39,280	9,54,540	20.75	26,720	3,41,500	3,68,220	8.00	12.75
<b>B</b>	<b>Total Public Shareholding (B) = (B) (1) + (B) (2)</b>	15,260	9,39,280	9,54,540	20.75	26,720	3,41,500	3,68,220	8.00	12.75
<b>C)</b>	<b>Shares held by Custodians for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A) + (B) + (C)</b>	15,260	45,84,740	46,00,000	100.00	59,300	45,40,700	46,00,000	100.00	0.00

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

## ANNEXURE II TO DIRECTORS' REPORT

### ii) Shareholding of Promoters

Sl. 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.	Shri P R Venketrama Raja	42,000	0.91	-	42,000	0.91	-	-
2.	Smt. B. Sri Sandhya Raju	29,47,120	64.07	-	35,45,780	77.08	-	13.01
3.	Smt. R Sudarsanam	43,400	0.95	-	43,400	0.95	-	-
4.	Smt. P.V. Nirmala Raju	42,000	0.91	-	42,000	0.91	-	-
5.	Shri P. V. Abinav Ramasubramaniam Raja	1,40,000	3.04	-	1,40,000	3.04	-	-
6.	Smt. Ramachandra Raja Chittammal	7,840	0.17	-	-	-	-	(0.17)
7.	Shri S.S. Ramachandra Raja	3,500	0.08	-	-	-	-	(0.08)
8.	Shri N.K. Ramasuwami Raja	1,000	0.02	-	-	-	-	(0.02)
9.	Master Vikramaditya Raju M/G. Smt. B. SriSandhya Raju	4,18,600	9.10	-	4,18,600	9.10	-	-
	<b>TOTAL</b>	<b>36,45,460</b>	<b>79.25</b>		<b>42,31,780</b>	<b>92.00</b>	-	<b>12.75</b>

### iii) Change in Promoter's Shareholding

Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
No. of Shares at the beginning (01-04-2018 / end of the year 31-03-2019)	% of total Shares of the Company				No. of Shares	% of total shares of the Company
29,47,120	64.07	01-04-2018				
		27-07-2018	65,465	Transfer		
		20-08-2018	29,844	Transfer		
		12-09-2018	48,080	Transfer		
		14-09-2018	380	Transfer		
		17-09-2018	1,21,766	Transfer		
		20-08-2018	59,060	Transfer		
		19-09-2018	79,980	Transfer		
		29-09-2018	73,625	Transfer		
		01-10-2018	87,880	Transfer		
		29-01-2019 to 31-03-2019	32,580	Transfer	35,45,780	77.08

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**

**ANNEXURE II TO DIRECTORS' REPORT**

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters) :

Sl. No.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		No. of Shares at the beginning (01-04-2018) / end of the year (31-03-2019)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	Shri K. Venkatapathi Raju	7,000	0.15	-	-	-	7,000	0.15
2	Smt. K. Vishalakshmi Raju	7,000	0.15	-	-	-	7,000	0.15
3	Shri G. Madhava varma	7,000	0.15	-	-	-	7,000	0.15
4	Shri G.V. Ranga Raju	7,000	0.15	-	-	-	7,000	0.15
5	Smt Divya Raju	7,000	0.15	-	-	-	7,000	0.15
6	Smt. Archita Bhagat	7,000	0.15	-	-	-	7,000	0.15
7	Smt. Gokaraju Sailaja	5,000	0.11	-	-	-	5,000	0.11
8	Shri P. Prakash	4,200	0.09	-	-	-	4,200	0.09
9	Shri S. Ramachandran	4,200	0.09	-	-	-	4,200	0.09
10	Shri P. Mukesh HUF	3,720	0.08	-	-	-	3,720	0.08

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		No. of Shares at the beginning (01-04-2018) / end of the year (31-03-2019)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1.	Shri P.R. Venketrama Raja	42,000	0.91	-	-	-	42,000	0.91
2.	Smt. R. Sudarsanam	43,400	0.95	-	-	-	43,400	0.95
3.	Smt. B. SriSandhya Raju	29,47,120	64.07	-	-	-	-	-
				27-07-2018	65,465	Transfer	30,12,585	65.49
				20-08-2018	29,844	Transfer	30,42,429	66.14
				12-09-2018	48,080	Transfer	30,90,509	67.18
				14-09-2018	380	Transfer	30,90,889	67.19
				17-09-2018	1,21,766	Transfer	32,12,655	69.84
				20-08-2018	59,060	Transfer	32,71,715	71.12
				19-09-2018	79,980	Transfer	33,51,695	72.86
				29-09-2018	73,625	Transfer	34,25,320	74.46
				01-10-2018	87,880	Transfer	35,13,200	76.37
				29-01-2019	32,580	Transfer	35,45,780	77.08
				31-03-2019				
4.	Smt. P.V. Nirmala Raju	42,000	0.91	-	-	-	42,000	0.91
5.	Shri. N.K. Shrikantan Raja	2,100	0.05	25-07-2018	(2,100)	Transfer	-	(0.05)
6.	Shri S. Kanthimathinathan	-	-	-	-	-	-	-
7.	Shri. P.A. Krishnama Raja	2,100	0.05	25-07-2018	(2,100)	Transfer	-	(0.05)

## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

### ANNEXURE II TO DIRECTORS' REPORT

#### V. INDEBTEDNESS

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

( ` in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the Beginning of the financial year</b>				
i) Principal Amount	13,940	3,962	-	17,902
ii) Interest due but not paid	-	-	-	-
lii) Interest accrued but not due	-	6	-	6
<b>TOTAL (i+ii+iii)</b>	<b>13,940</b>	<b>3,968</b>	<b>-</b>	<b>17,908</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	3,000	1,081	-	4,081
Reduction	(3,931)	(2,028)	-	(5,959)
<b>Net Change</b>	<b>(931)</b>	<b>(947)</b>	<b>-</b>	<b>(1,878)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	13,009	3,021	-	16,030
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>TOTAL (i+ii+iii)</b>	<b>13,009</b>	<b>3,021</b>	<b>-</b>	<b>16,030</b>

## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

### ANNEXURE II TO DIRECTORS' REPORT

#### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

##### A. Remuneration to Managing Director, Whole-time Directors and / or Manager: ( ` in Lakhs)

Sl. No.	Particulars of Remuneration	Smt. B. SriSandhya Raju, Managing Director	Total Amount
1	Gross salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	120.00	120.00
	(b) Value of perquisites u/s 17(2) 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:		
5	Sitting Fees	0.30	0.30
6	Contribution to Provident Fund	14.40	14.40
7	Contribution to Superannuation Fund	1.50	1.50
	<b>TOTAL (A)</b>	<b>136.20</b>	<b>136.20</b>
	Ceiling as per Act	Managing Director remuneration is fixed at 5% of net profits of the Company and in case, no profits or inadequacy of profits, the Managing Director shall be paid the maximum remuneration as per Section II, Part II of Schedule V of the Companies Act, 2013 which works out of ` 135.90 Lakhs plus applicable sitting fees.	

##### B. Remuneration to other Directors:

###### 1. Independent Directors

Particulars of Remuneration	Name of Directors		Total Amount
	Shri N.K. Shrikantan Raja	Shri P.A.S. Krishnama Raja	
Fee for attending Board / Committee meetings	1.80	1.65	3.45
Commission	-	-	-
Others	-	-	-
<b>TOTAL B (1)</b>	<b>1.80</b>	<b>1.65</b>	<b>3.45</b>

###### 2. Other Non-Executive Directors

Particulars of Remuneration	Name of Directors				Total Amount
	Shri P.R. Venketrana Raja	Smt. R. Sudarsanam	Smt. P.V. Nirmala Raju	Shri S. Kanthimathinathan	
Fee for attending board /committee meetings	0.90	0.75	0.30	1.65	3.60
Commission	-	-	-	-	-
Others please specify	-	-	-	-	-
<b>TOTAL B (2)</b>	<b>0.90</b>	<b>0.75</b>	<b>0.30</b>	<b>1.65</b>	<b>3.60</b>
<b>TOTAL B (1) + B (2)</b>					<b>7.05</b>

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

## ANNEXURE II TO DIRECTORS' REPORT

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

Sl. No	Particulars	Key Managerial Personnel	Total Amount (' in Lakhs)
		-	
1	Gross salary	Nil	Nil
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) 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		
	<b>TOTAL</b>		

### 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)
<b>A. COMPANY</b>					
Penalty Punishment Compounding			Nil		
<b>B. DIRECTORS</b>					
Penalty Punishment Compounding			Nil		
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty Punishment Compounding			Nil		

On behalf of the Board of Directors,  
For SANDHYA SPINNING MILL LIMITED,  
P.R. VENKETRAMA RAJA,  
CHAIRMAN

Rajapalaiyam,  
28<sup>th</sup> May, 2019.



# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

## ANNEXURE III TO DIRECTORS' REPORT

### DISCLOSURE RELATING TO REMUNERATION UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013, READ WITH THE RULE 5(2) AND (3) OF THE COMPANIES

#### (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Particulars of Top 10 Employees in terms of remuneration drawn and Particulars of Employees, employed throughout the Financial Year 2018-19 and was in receipt of remuneration in the aggregate of not less than ₹ 102 Lakhs.

Sl. No.	Name	Age (Yrs)	Designation	Remuneration Paid / Payable in Lakhs	Qualification and experience (Years)	Date of Commencement of employment	Last Employment
1	Smt. B. SriSandhya Raju	32	Managing Director	135.90	10 Years	May 25,2009	-
2	Sri N. Vaira Balaji	35	Sr.Manager (Accounts)	6.95	A.C.A. 9 Years	September 20, 2017	-
3	Sri D. Sureshkumar	39	Sr. Manager (Production)	6.72	D.T.T.	September 1, 2013	Loyal Textiles Limited
4	Sri P. Subramanian	46	D.M (Electrical)	6.17	D.E.E.E. 14 Years	February 21, 2005	Amaravathi Spinning Mill Limited
5	Sri G. Perumal Raj	50	D.M (Civil)	6.08	D.C.E	July 11, 1990	Amaravathi Spinning Mill Limited
6	Sri S. Muthuvel	47	D.M (Production)	5.73	D.T.T. 24 Years	October 19,1994	-
7	Sri P. Ganesh	45	D.M (Human Resources)	5.43	D.C.P., M.L.M	May 24, 1995	-
8	Sri K. Balasubramanian	44 Years	A. M. (Material)	5.10	B.Com	February 7, 2003	-
9	Sri B. Sivakumar	44 Years	A. M. (Maintenance)	5.10	D.T.T.	November 30, 2007	Sri Jayajothi Textiles (P) Limited
10	Sri S. Vaithyanathan	40 Years	J.M. (Accounts)	4.89	B.Com., CA (Inter)	July 4, 2012	-

#### NOTE:

1. All appointments are contractual.
2. Remuneration includes Salary, Company's contribution to Provident Fund and Superannuation Fund, but does not include Provision for Gratuity and Leave encashment.
3. None of the employees mentioned above is related to any Directors of the Company except Smt. B. SriSandhya Raju, Managing Director, who is related to Shri P.R. Venketrama Raja, Chairman, Smt. R. Sudarsanam and Smt. P.V. Nirmala Raju, Directors.

On behalf of the Board of Directors,  
For SANDHYA SPINNING MILL LIMITED,

P.R. VENKETRAMA RAJA,  
CHAIRMAN

Rajapalaiyam,  
28<sup>th</sup> May, 2019.

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF M/s. SANDHYA SPINNING MILL LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of Sandhya Spinning Mill Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2019, the Statement of Profit and Loss and Statement of Cash Flow for the year ended on 31<sup>st</sup> March, 2019 and a summary of significant accounting policies and other explanatory information (herein after referred to as "Financial Statements").

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation 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 Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules 2014 issued thereunder.

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on the 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 of the Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence 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

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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## AUDITORS' REPORT TO SHAREHOLDERS

and fair view in conformity with the accounting principles generally accepted in India of the state of affairs (financial position) of the Company as at 31<sup>st</sup> March, 2019, its Profit and Loss (financial performance) and Cash Flows for the year ended on 31<sup>st</sup> March, 2019.

### Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government 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 paragraphs 3 and 4 of the Order.
- 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 the Statement of Cash Flow dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules 2014.
  - e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March 2019 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March 2019 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 details of the pending litigations and its impact on the Financial Statements have been disclosed in Note No. 27(5&6) of the 'Notes forming part of Financial Statements' for the year ended 31<sup>st</sup> March, 2019;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

M.S. JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration Number: 001208S

Rajapalaiyam  
28<sup>th</sup> May, 2019.

K SRINIVASAN  
Partner  
Membership No. 21510

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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## AUDITORS' REPORT TO SHAREHOLDERS

### “Annexure A” to the Independent Auditors' Report – 31<sup>st</sup> March, 2019

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirements' of our report of even date.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with the regular programme of verification which, in our opinion, provides for physical verification of all fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed during such verification.
- (c) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The Management has conducted the physical verification of inventory at reasonable intervals. The discrepancies noticed on verification between the physical stocks and the book records were properly dealt with in the books of account and were not material.
- (iii) The company has not granted loans to body corporate covered in register maintained under sec 189 of the Companies Act 2013 (The Act). Accordingly para(iii) of the order is not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of loans, investments, guarantees, and security.
- (v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2014 with regard to the deposits accepted from the public are not applicable.
- (vi) The Central government under sub sec(1) of 148 of the Companies Act 2013 as specified maintenance of cost records for the company and such accounts and records have been made and maintained by the company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company. The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax,Cess, Goods and Services Tax and any other statutory dues with the appropriate authorities.

## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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### AUDITORS' REPORT TO SHAREHOLDERS

#### “Annexure A” to the Independent Auditors' Report – 31<sup>st</sup> March, 2019

According to the information and explanations given to us, no undisputed amounts payable in respect of the Provident Fund, Income tax, Sales tax, Service tax, duty of customs, duty of excise, Value added tax, Cess and other statutory dues were in arrears as at 31<sup>st</sup> March 2019 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the following dues of value added tax has not been deposited by the Company on account of disputes:

Name of Statute	Forum Where Dispute is Pending	in Lakhs
Value Added Tax	Joint Commissioner (Commercial Tax – Appellate), Tirunelveli	21.24
Service Tax	The Commissioner of CGST & Central Excise (Appeals I), Coimbatore	24.42

- (viii) The Company has not defaulted in repayment of loans or borrowings to Financial Institutions or Banks. The company did not have any loans or borrowings from the Government or borrowing by way of debentures.
- (ix) The Company did not raised any money by way of initial public offer (including debt instruments). The monies raised by the way of term loans were applied for the purpose for which they were raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly paragraph 3 of sub clause (xii) not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details of such related party transaction have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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- (xv) 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 any non-cash transactions with Directors or persons connected with him. Accordingly, the paragraph 3 (xv) of the Order are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

For M.S. JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration Number: 001208S

Rajapalaiyam  
28<sup>th</sup> May, 2019.

K. SRINIVASAN  
Partner  
Membership No. 21510

**AUDITORS' REPORT TO SHAREHOLDERS**

**“ANNEXURE B” TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SANDHYA SPINNING MILL LIMITED.**

**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 the Sandhya Spinning Mill Limited (“the Company”) as at 31<sup>st</sup> March 2019 in conjunction with our audit of the Financial Statements of the Company for the year ended on 31<sup>st</sup> March 2019.

**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 safe guarding 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 and, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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## AUDITORS' REPORT TO SHAREHOLDERS

### “ANNEXURE B” TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SANDHYA SPINNING MILL LIMITED.

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

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A Company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and Directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

#### 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, and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M.S. JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration Number: 001208S

Rajapalaiyam  
28<sup>th</sup> May, 2019.

K. SRINIVASAN  
Partner  
Membership No. 21510



**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2019**

		(` in Lakhs)			
	Note No.	As at 31-03-2019		As at 31-03-2018	
<b>I EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' Fund</b>					
(a) Share Capital	1	<b>760.00</b>		760.00	
(b) Reserves and Surplus	2	<b>655.03</b>	<b>1,415.03</b>	<u>797.15</u>	1,557.15
<b>(2) Non Current Liabilities</b>					
(a) Long Term Borrowings	3	<b>6,910.72</b>		5,387.15	
(b) Deferred Tax Liabilities (Net)	4	<b>1,011.25</b>		1,065.20	
(c) Long Term Provisions	5	<b>94.45</b>	<b>8,016.42</b>	<u>85.30</u>	6,537.65
<b>(3) Current Liabilities</b>					
(a) Short Term Borrowings	6	<b>7,128.04</b>		9,495.41	
(b) Trade Payables	7	<b>340.98</b>		448.91	
(c) Other Current Liabilities	8	<b>2,159.67</b>		3,336.15	
(d) Short Term Provisions	9	<b>151.00</b>	<b>9,779.69</b>	<u>533.06</u>	<u>13,813.53</u>
<b>Total</b>			<b><u>19,211.14</u></b>	<u>21,908.33</u>	<u>21,908.33</u>
<b>II ASSETS</b>					
<b>(1) Non Current Assets</b>					
<b>(a) Fixed Assets</b>					
(i) Tangible Assets	10	<b>9,672.35</b>		10,545.90	
(ii) Intangible Assets	10	<b>3.04</b>		3.04	
(iii) Capital Work-in-Progress		<b>176.60</b>		30.19	
(iv) Assets Held for Sales	12	<b>900.45</b>	<b>10,752.44</b>	<u>1,851.57</u>	12,430.70
<b>(b) Non Current Investments</b>	11		<b>4.86</b>		4.67
<b>(c) Long term Loans and advances</b>	13		<b>379.38</b>		393.11
<b>(2) Current Assets</b>					
(a) Inventories	14	<b>4,172.99</b>		4,732.68	
(b) Trade Receivables	15	<b>2,459.08</b>		2,735.12	
(c) Cash and Cash Equivalents	16	<b>33.35</b>		119.59	
(d) Short Term Loan and Advances	17	<b>873.55</b>		743.37	
(e) Other Current Assets	18	<b>535.49</b>	<b>8,074.46</b>	<u>749.09</u>	<u>9,079.85</u>
<b>Total</b>			<b><u>19,211.14</u></b>	<u>21,908.33</u>	<u>21,908.33</u>
<b>Significant Accounting Policies</b>	26				
<b>Notes on Financial Statements</b>	27				

The notes form an integral part of these financial statements.

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI,  
Chartered Accountants  
Firm Registration No. 001208S

K. SRINIVASAN  
Partner  
Membership No. 21510

Rajapalaiyam,  
28<sup>th</sup> May, 2019.

B. SRISANDHYA RAJU  
MANAGING DIRECTOR

P.R. VENKETRAMA RAJA  
CHAIRMAN

V. GURUSAMY  
SECRETARY

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

( in Lakhs)			
	Note No.	For the year ended 31-03-2019	For the year ended 31-03-2018
<b>I</b>			
<b>REVENUE</b>			
Revenue from Operations	19	15,120.11	17,467.13
<b>II</b>			
<b>Other Income</b>	20	760.98	49.58
<b>III</b>			
<b>Total Revenue (I+II)</b>		<u>15,881.09</u>	<u>17,516.71</u>
<b>IV</b>			
<b>EXPENSES</b>			
Cost of Materials Consumed	21	7,592.83	9,283.07
Trade Purchases		725.54	1,030.44
Changes in Inventories of Finished Goods and Work-in-progress	22	114.33	(180.22)
Employee Benefit Expenses	23	1,517.58	1,512.91
Finance Costs	24	1,352.88	1,631.30
Depreciation and Amortization Expenses		897.69	1,041.80
Other Expenses	25	3,876.32	3,458.10
<b>Total Expenses</b>		<u>16,077.17</u>	<u>17,777.40</u>
<b>V</b>			
<b>(Loss) / Profit Before Exceptional and Extraordinary items and Tax (III-IV)</b>		(196.08)	(260.69)
<b>VI</b>			
<b>Exceptional &amp; Extraordinary items</b>		-	-
<b>VII</b>			
<b>(Loss) / Profit Before Tax (V-VI)</b>		<u>(196.08)</u>	<u>(260.69)</u>
<b>VIII</b>			
<b>Income Tax Expenses</b>			
Current Tax - MAT		-	-
Deferred Tax (Asset) / Liability		(53.96)	(183.01)
<b>Total Tax Expenses</b>		<u>(53.96)</u>	<u>(183.01)</u>
<b>IX</b>			
<b>(Loss) / Profit after Tax (VII-VIII)</b>		<u>(142.12)</u>	<u>(77.68)</u>
<b>X</b>			
<b>Earnings per Equity Share of Rs. 10/- each</b>			
Basic & Diluted (In Rupees) [Refer to Note No.27(12)]		(3.09)	(1.69)
<b>Significant Accounting Policies</b>	26		
<b>Notes on Financial Statements</b>	27		

The notes form an integral part of these financial statements.

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI,  
Chartered Accountants  
Firm Registration No. 001208S

K. SRINIVASAN  
Partner  
Membership No. 21510

Rajapalaiyam,  
28<sup>th</sup> May, 2019.

B. SRISANDHYA RAJU  
MANAGING DIRECTOR

P.R. VENKETRAMA RAJA  
CHAIRMAN

V. GURUSAMY  
SECRETARY

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

		( ` in Lakhs)	
		2018-19	2017-18
<b>A. Cash flow from Operating activities</b>			
Net Profit before tax and Extraordinary items		(196.08)	(260.69)
Adjustments for :			
Depreciation		897.69	1,041.80
Interest paid		1,352.88	1,631.30
Interest Received		(28.20)	(32.45)
Dividend Received		(0.02)	(0.02)
Loss/(Profit) on sale of assets		(355.41)	0.66
Operating Profit before Working capital Changes		<u>1,670.86</u>	<u>2,380.60</u>
Adjustments for :			
Trade Receivables		276.04	(1,075.17)
Loans and Advances		(223.69)	(52.37)
Inventories		559.69	568.74
Trade Payables & Current liabilities		810.27	(114.77)
Cash generated from Operations		<u>3,093.17</u>	<u>1,707.03</u>
Income tax Paid		(11.12)	(5.01)
<b>Net Cash from Operating activities</b>	A	<u><u>3,082.05</u></u>	<u><u>1,702.02</u></u>
<b>B. Cash Flow from Investing activities :</b>			
Purchase of Fixed Assets		(186.57)	(513.77)
Sale of Investments		-	0.87
Purchase of Investments		(0.19)	-
Sale of assets		1,322.55	0.52
Interest received		28.20	32.45
Dividend received		0.02	0.02
<b>Net Cash used in Investing activities</b>	B	<u><u>1,164.01</u></u>	<u><u>(479.91)</u></u>
<b>C. Cash Flow from Financing activities :</b>			
Proceeds from Long Term Borrowings		3,000.00	1,000.00
Repayment of Long Term Loan		(3,019.43)	(3,142.88)
Availment of Short Term Borrowings (Net)		(2,932.87)	2,579.86
Payment of Dividend and Tax thereon		(27.12)	(27.12)
Interest Paid		(1,352.88)	(1,631.30)
<b>Net cash used in Financing Activities</b>	C	<u><u>(4,332.30)</u></u>	<u><u>(1,221.44)</u></u>
<b>Net Increase in Cash and Cash Equivalents</b>	(A+B+C)	<u><u>(86.24)</u></u>	<u><u>0.67</u></u>
<b>Opening balance of Cash and Cash Equivalents</b>	D	119.59	118.92
<b>Closing balance of Cash and Cash Equivalents</b>	E	33.35	119.59
<b>Net Increase in Cash and Cash Equivalents</b>	(E-D)	<u><u>(86.24)</u></u>	<u><u>0.67</u></u>

The notes form an integral part of these financial statements.

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI,  
Chartered Accountants  
Firm Registration No. 001208S

K. SRINIVASAN  
Partner  
Membership No. 21510

Rajapalaiyam,  
28<sup>th</sup> May, 2019.

B. SRISANDHYA RAJU  
MANAGING DIRECTOR

P.R. VENKETRAMA RAJA  
CHAIRMAN

V. GURUSAMY  
SECRETARY

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	( ` in Lakhs)	
Particulars	As at 31-03-2019	As at 31-03-2018
<b>Note No. 1</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
60,00,000 Equity Shares of ` 10/- each (PY 60,00,000 Equity Shares of ` 10/- each)	600.00	600.00
40,00,000, 7.50% Cumulative Redeemable Preference Shares of ` 10/- each (PY 40,00,000 Cumulative Redeemable Preference Shares of ` 10/- each)	400.00	400.00
	<u><b>1,000.00</b></u>	<u><b>1,000.00</b></u>
<b>Issued, Subscribed and fully paid-up</b>		
46,00,000 Equity Shares of ` 10/- each (PY 46,00,000 Equity Shares of ` 10/- each)	460.00	460.00
30,00,000, 7.50% Cumulative Redeemable Preference Shares of ` 10/- each* (PY 30,00,000, 7.50% Cumulative Redeemable Preference Shares of ` 10/- each)	300.00	300.00
	<u><b>760.00</b></u>	<u><b>760.00</b></u>

**A. Reconciliation of the number of Shares outstanding**

Particulars	As at 31-03-2019		As at 31-03-2018	
	No. of Shares	Amount	No. of Shares	Amount
<b>Equity Shares</b>				
Number of shares at the beginning	46,00,000	460.00	46,00,000	460.00
Number of Shares at the end	46,00,000	460.00	46,00,000	460.00
<b>Preference Shares</b>				
Number of shares at the beginning	30,00,000	300.00	30,00,000	300.00
Number of Shares at the end	30,00,000	300.00	30,00,000	300.00

**B. Rights attached to Equity Shares**

Each holder of equity shares of ` 10/- each is entitled to one vote per share.

**C. List of Shareholders holding more than 5 percent in the Company**

Particulars	As at 31-03-2019		As at 31-03-2018	
	No. of Shares	% of holding	No. of Shares	% of holding
<b>(I) Equity Shares</b>				
Smt.B. SriSandhya Raju	35,45,780	77.08%	29,47,120	64.07%
Master Vikramaditya Raju, M/G Smt.B. SriSandhya Raju	4,18,600	9.10%	4,18,600	9.10%
<b>(II) 7.50% Cumulative Redeemable Preference Shares</b>				
Smt.B. SriSandhya Raju	30,00,000	100.00%	30,00,000	100.00%

\* The Preference Shares of ` 3 Crores shall be redeemable at par, anytime after the expiry of 2 years, in a overall period of 20 years in single or multiple instalments, at the option of the company.

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	( ` in Lakhs)	
Particulars	As at 31-03-2019	As at 31-03-2018
<b>Note No. 2</b>		
<b>Reserves and Surplus</b>		
<b>Securities Premium Reserve</b>		
Balance as per Last Financial Statement	58.37	58.37
<b>General Reserve</b>		
Balance as per Last Financial Statement	643.58	643.58
<b>Add:</b> Transfer from Surplus Account	-	-
	643.58	643.58
<b>Surplus in the statement of Profit and Loss</b>		
Opening Balance	95.20	200.00
<b>Add:</b> (Loss) / Profit for the Year	(142.12)	(77.68)
	(46.92)	122.32
<b>Less:</b> Appropriations		
Preference Dividends	-	22.50
Tax on Preference Dividends	-	4.62
	-	27.12
	(46.92)	95.20
	655.03	797.15

**Note No. 3**

**Long Term Borrowings**

**Secured**

Term Loan from Banks 5,135.72 3,927.15

**Unsecured**

Term Loan from Banks 700.00 900.00

Loan from Other Parties 1,075.00 560.00

**6,910.72** **5,387.15**

- a) Term Loan from Banks are secured by pari-passu first charge on the Fixed Assets of the Company and a pari-passu second charge on the Current Assets of the Company.
- b) The Long Term Loans borrowings from Banks are repayable in Quarterly / Half yearly installments. The year wise repayment of Term Loans are as follows:

Year	Amount	Amount
2019-20	-	1,991.43
2020-21	2,635.72	1,635.72
2021-22	2,100.00	1,100.00
2022-23	1,100.00	100.00
Total	5,835.72	4,827.15

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Particulars	As at 31-03-2019	As at 31-03-2018
( ` in Lakhs)		
<b>Note No. 4</b>		
<b>DEFERRED TAX LIABILITY (NET)</b>		
<b>Deferred Tax Liability</b>		
Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	2,108.62	2,334.65
<b>Deferred Tax Asset</b>		
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	(1,048.65)	(1,218.96)
Tax effect on Provision for Bonus and Leave Encashment	(48.72)	(50.49)
Net Deferred Tax Liability	<u>1,011.25</u>	<u>1,065.20</u>
<b>Note No. 5</b>		
<b>Long Term Provisions</b>		
Provision for Employee Benefits	94.45	85.30
	<u>94.45</u>	<u>85.30</u>
<b>Note No. 6</b>		
<b>Short term Borrowings</b>		
<b>Secured</b>		
Loan Repayable on Demand from Banks *	5,882.05	6,993.11
<b>Unsecured</b>		
Loan Repayable on Demand from Banks	582.48	2,215.98
Loan from Related Parties [Refer Note No.27(13)(e)]	653.99	62.49
Loan from Related Parties [Refer Note No.27(7)]	9.52	223.83
	<u>7,128.04</u>	<u>9,495.41</u>
* Loan Repayable on Demand from Banks are secured by pari-passu first charge on the Current Assets of the Company and a pari-passu second charge on the Fixed Assets of the Company.		
<b>Note No. 7</b>		
<b>Trade Payables</b>		
Trade Payables	340.98	448.91
	<u>340.98</u>	<u>448.91</u>
<b>Note No. 8</b>		
<b>Other Current Liabilities</b>		
Current Maturities of Long Term Debt	1,991.43	3,019.43
Interest Accrued but not Due on Borrowings	-	6.08
Unclaimed Dividends	1.26	4.84
Liabilities for Other Finance	166.98	305.80
	<u>2,159.67</u>	<u>3,336.15</u>
<b>Note No. 9</b>		
<b>Short Term Provisions</b>		
Provision for Employee Benefits	151.00	173.98
Provision for Taxation	-	331.96
Preference Dividend	-	22.50
Provision for Tax on Preference Dividend	-	4.62
	<u>151.00</u>	<u>533.06</u>

**SANDHYA SPINNING MILL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Note No. 10

**FIXED ASSETS**

Particulars	Year	Gross block				Depreciation				Net block			
		Cost as at 01-04-2018	Additions made during the year	Sold / withdrawn during the year	Transfer To Investment Property & Asset Held for Sale	Cost as at 31-03-2019	Up to 31-03-2018	For the year	Withdrawn	Transfer To Investment Property & Asset Held for Sale	Up to 31-03-2019	As At 31-03-2019	As at 31-03-2018
<b>Tangible Assets</b>													
Land	2018-19	278.50	-	10.67	-	267.83	-	-	-	-	267.83	278.50	
	2017-18	278.50	-	-	-	278.50	-	-	-	-	278.50	278.50	
Buildings	2018-19	2,584.52	2.71	-	-	2,587.23	1,009.61	78.06	-	1,087.67	1,499.56	1,574.91	
	2017-18	2,554.42	30.10	-	-	2,584.52	931.36	78.25	-	1,009.61	1,574.91	1,623.06	
Plant and machinery	2018-19	19,999.23	187.55	1,740.27	1,717.54	16,728.97	9,736.34	749.47	799.37	8,983.77	7,745.20	8,509.57	
	2017-18	19,631.78	370.06	2.61	2,908.34	19,999.23	8,880.16	857.64	1.46	1,155.01	8,509.57	10,751.62	
Electrical machinery	2018-19	996.75	-	3.07	312.50	681.18	847.21	47.28	1.63	272.99	61.31	70.11	
	2017-18	989.41	7.42	0.08	312.50	996.75	760.66	86.60	0.05	233.07	70.11	228.75	
Furniture & Office Equipments	2018-19	155.16	4.33	21.95	6.17	131.37	116.37	8.86	7.83	5.61	19.58	22.36	
	2017-18	147.49	7.67	-	28.12	155.16	110.45	5.92	-	11.69	22.36	37.04	
Vehicles	2018-19	117.21	0.72	-	13.32	104.61	24.37	14.02	-	12.65	78.87	90.45	
	2017-18	39.37	77.84	-	13.32	117.21	19.05	5.32	-	10.93	90.45	20.32	
<b>Total - Tangible Assets</b>	2018-19	24,131.37	195.31	1,775.96	2,049.53	20,501.19	11,733.90	897.69	808.83	993.92	9,672.35	10,545.90	
	2017-18	23,640.97	493.09	2.69	3,262.27	24,131.37	10,701.68	1,033.73	1.51	1,410.70	10,545.90	12,939.29	
<b>Intangible Assets</b>													
Computer Software	2018-19	25.70	-	-	-	25.70	24.42	-	-	-	24.42	1.28	
	2017-18	25.70	-	-	-	25.70	24.42	-	-	-	24.42	1.28	
Dedicated Feeder Line	2018-19	35.14	-	-	-	35.14	33.38	-	-	-	33.38	1.76	
	2017-18	35.14	-	-	-	35.14	25.31	8.07	-	-	1.76	9.83	
<b>Total - Intangible Assets</b>	2018-19	60.84	-	-	-	60.84	57.80	-	-	-	3.04	3.04	
	2017-18	60.84	-	-	-	60.84	49.73	8.07	-	-	3.04	8.07	

Notes: (a) All the Fixed Assets have been pledged as Security for Borrowings.

(b) Previous year net block figures have been reclassified to make them comparable with the current year figures.

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	( ` in Lakhs)	
Particulars	As at 31-03-2019	As at 31-03-2018

**Note No. 11**

**NON-CURRENT INVESTMENTS**

**I. Investment in Equity Instruments, Non-Trade**

Name of the Company	No.of. Shares	Total face Value	Cost	Cost
<b>a) Quoted</b>				
Rajapalayam Mills Limited	500	0.05	<b>0.69</b>	0.69
<b>Total quoted Investment (A)</b>			<b><u>0.69</u></b>	<u>0.69</u>
<b>b) Unquoted</b>				
Ramco Industrial and Technology Services Limited	20,000	2.00	<b>2.00</b>	2.00
Ramco Windfarms Limited	1,53,000	1.53	<b>1.53</b>	1.53
ARS Energy Private Limited	230	0.16	<b>0.63</b>	0.44
<b>Total un-quoted Investment (B)</b>			<b><u>4.16</u></b>	<u>3.97</u>
<b>II. Other Non-current Investment, Non-Trade</b>				
Ramco Group Employees' Co-operative Stores Limited	50	0.01	<b>0.01</b>	0.01
<b>Total other Investment (C)</b>			<b><u>0.01</u></b>	<u>0.01</u>
<b>Aggregate Value of Investments (A+B+C)</b>			<b><u>4.86</u></b>	<u>4.67</u>
<b>Aggregate Value of:</b>				
Quoted Investments - Cost			<b>0.69</b>	0.69
- Market Value			<b>4.16</b>	5.47
Unquoted Investments - Cost			<b>4.16</b>	3.97

**Note No. 12**

**Assets Held for Sales**

Assets Held for Sales (AP Unit)	900.45	1,851.57
	<b><u>900.45</u></b>	<u>1,851.57</u>

**Note No. 13**

**Long Term Loans and Advances**

**Unsecured, considered good**

Security Deposits	379.38	393.11
	<b><u>379.38</u></b>	<u>393.11</u>



**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Particulars	As at 31-03-2019	As at 31-03-2018
<b>( ` in Lakhs)</b>		
<b>Note No. 14</b>		
<b>Inventories</b>		
Finished Goods	787.19	879.20
Raw Materials - Cotton & Cotton Waste	2,604.72	3,034.29
Stores, Spares, Fuel and Packing Materials	62.99	78.78
Work-in-Progress (Cotton Yarn)	718.09	740.41
	<u>4,172.99</u>	<u>4,732.68</u>
Mode of valuation of inventories are disclosed in Significant Accounting Policies in Note 26		
<b>Note No. 15</b>		
<b>Trade Receivables</b>		
<b>Unsecured, considered good</b>		
Trade Receivables less than six months	2,459.08	2,735.12
	<u>2,459.08</u>	<u>2,735.12</u>
<b>Note No. 16</b>		
<b>Cash and Bank Balances</b>		
Cash on Hand	0.80	1.18
Balance with Bank		
In Current Account	1.35	5.43
In Deposit Account for Margin Money	28.58	99.21
In Unclaimed Dividend Warrant Account	1.26	4.84
Cheques on hand	1.36	8.93
	<u>33.35</u>	<u>119.59</u>
<b>Note No. 17</b>		
<b>Short Term Loans and Advances</b>		
<b>Unsecured, considered good</b>		
Advance to Suppliers / Others	824.32	373.30
Advance Income-Tax paid and TDS	49.23	370.07
	<u>873.55</u>	<u>743.37</u>
<b>Note No. 18</b>		
<b>Other Current Assets</b>		
Accrued Income	435.27	668.99
Prepaid Expenses	61.03	78.56
Other Current Assets	39.19	1.54
	<u>535.49</u>	<u>749.09</u>

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Particulars	For the year ended 31-03-2019		For the year ended 31-03-2018	
	( ` in Lakhs)			
<b>Note No. 19</b>				
<b>Revenue from Operation</b>				
<b>Sale of Products</b>				
Yarn	14,865.54		17,204.09	
Waste Cotton	<u>155.76</u>		<u>147.29</u>	
		<b>15,021.30</b>		17,351.38
<b>Other operating revenues</b>				
Export Incentive		<b>79.30</b>		70.20
Textile Processing Charges Received		<b>19.51</b>		45.55
		<u><b>15,120.11</b></u>		<u>17,467.13</u>
<b>Note No. 20</b>				
<b>Other Income</b>				
Interest Received		<b>28.20</b>		32.45
Dividend Income		<b>0.02</b>		0.02
Profit on Sale of Assets		<b>700.10</b>		-
Industrial Promotion Assistance		<b>3.66</b>		-
Miscellaneous Income		<b>20.76</b>		17.11
Exchange Gain on Foreign Currency Transactions		<b>8.24</b>		-
		<u><b>760.98</b></u>		<u>49.58</u>
<b>Note No. 21</b>				
<b>Cost of Materials consumed</b>				
<b>Raw Materials Consumed</b>				
Cotton & Cotton Waste		<b>7,592.83</b>		9,283.07
		<u><b>7,592.83</b></u>		<u>9,283.07</u>
<b>Note No. 22</b>				
<b>Changes in Inventories of Finished Goods and Work-in-progress</b>				
<b>Opening stock</b>				
Finished Goods	879.20		1,066.53	
Work-in-Progress	<u>740.41</u>	<b>1,619.61</b>	<u>372.86</u>	1,439.39
<b>Less:</b>				
<b>Closing Stock</b>				
Finished Goods	787.19		879.20	
Work-in-Progress	<u>718.09</u>	<u><b>1,505.28</b></u>	<u>740.41</u>	<u>1,619.61</u>
Net Decrease/(Increase) in Stock		<u><b>114.33</b></u>		<u>(180.22)</u>

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Particulars	For the year ended 31-03-2019	For the year ended 31-03-2018
<b>(` in Lakhs)</b>		
<b>Note No. 23</b>		
<b>Employee Benefit Expenses</b>		
Salaries , Wages and Bonus	1,310.07	1,262.01
Contribution to Provident Fund and Other Funds	118.02	160.33
Staff and Labour Welfare Expenses	89.49	90.57
	<u>1,517.58</u>	<u>1,512.91</u>
<b>Note No. 24</b>		
<b>Finance Costs</b>		
Interest Expenses	1,345.14	1,541.20
Exchange Fluctuation (Net) applicable to Finance Costs	-	85.53
Other Borrowing Costs	7.74	4.57
	<u>1,352.88</u>	<u>1,631.30</u>
<b>Note No. 25</b>		
<b>Other Expenses</b>		
<b>Manufacturing Expenses</b>		
Power and Fuel	1,628.72	1,564.88
Packing Materials Consumption	181.59	223.92
Repairs to Building	30.23	37.57
Repairs to Plant and Machinery	407.29	369.63
Repairs - General	287.28	291.77
Jobwork Charges Paid	26.69	148.28
	<u>2,561.80</u>	<u>2,636.05</u>
<b>Establishment Expenses</b>		
Managing Director Remuneration	120.00	120.00
Rates and Taxes	11.98	36.98
Insurance	32.87	24.17
Postage and Telephone	6.92	5.59
Printing and Stationery	8.48	9.62
Travelling Expenses	21.91	15.22
Vehicle Maintenance	25.33	25.00
Exchange Loss on Foreign Currency Transactions	-	10.79
Directors Sitting Fees	7.35	8.70
Rent	31.18	28.12
Audit and Legal Expenses	17.73	16.87
Corporate Social Responsibility Expenses	2.14	3.02
Loss on Sales of Assets	344.69	0.66
Impairment of Loss	155.16	-
Miscellaneous Expenses	87.29	135.61
	<u>873.03</u>	<u>440.35</u>
<b>Selling Expenses</b>		
Sales Commission	221.78	207.03
Export Expenses	148.67	120.89
Other Selling Expenses	71.04	53.78
	<u>441.49</u>	<u>381.70</u>
	<u>3,876.32</u>	<u>3,458.10</u>

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

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**Note No. 26**

**SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of preparation and presentation of financial statements**

- (i) The financial statements have been prepared under the historical cost convention and in accordance with the generally accepted accounting principles in India, and in compliance of the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with the Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of Companies Act, 2013 and Companies Act, 1956 to the extent applicable.
- (ii) The accounting policies that are adopted in preparation of the financial statements are consistently followed as in the previous years.
- (iii) The financial statements are presented in Indian Rupees and the amounts are rounded to the nearest Lakhs with two decimals, except as stated otherwise.
- (iv) The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.
- (v) The Company has considered its operating cycle as 12 months for the purpose of Current or Non-current classification of assets and liabilities.
- (vi) The previous year figures are regrouped / restated wherever necessary.

**2. Use of Estimates**

- (i) The preparation of financial statements in accordance with the generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates in the future periods.
- (ii) Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

**3. Inventories**

- (i) Raw materials, stores, spares, packing materials etc., are valued at cost including the cost incurred in bringing the inventories to their present location and condition after providing for obsolescence and other losses or net realizable value whichever is lower. However, these items are considered to be realizable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost.
- (ii) Process stock is valued at cost including the cost of conversion with systematic allocation of production and administration overheads or net realisable value whichever is lower.
- (iii) Finished goods are valued at cost or net realisable value whichever is lower. Cost includes cost of conversion and other costs incurred in bringing the inventory to their present location and condition.
- (iv) Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

**4. Cash flow statement**

- (i) Cash flows are presented using indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.
- (ii) Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances, highly liquid investments that are readily convertible into cash.

**5. Depreciation & Amortization**

- (i) Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value, except for process control systems whose residual value is considered as Nil.

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

- (ii) Freehold lands are not depreciated.
- (iii) Depreciation is provided on straight-line method based on useful life of significant components of certain class of tangible assets viz., Plant & Machinery and Electrical Machinery based on technical advice.
- (iv) The Company determines the useful life of the significant components of certain class of tangible assets on best estimate basis upon technical advice, which is different from the useful life of remaining asset as prescribed under Part C of Schedule II of the Companies Act, 2013, as below:

Type of Plant and Machinery	Useful life of such components ranging from
Textile Machineries / Equipment	10 to 25 Years
Wind Mills	22 to 30 Years
DG Sets	12 to 25 Years
Electrical Machineries	3 to 25 years

- (v) The Company does not consider it appropriate to componentise certain class of tangible assets viz., Furniture & Office Equipments and Vehicles as these assets are generally replaced in entirety. For these classes of assets, the useful life prescribed in Schedule II to the Companies Act, 2013 have been adopted.
- (vi) Depreciation for tangible assets on additions is calculated on pro-rata basis from the date of such additions. For deletion/disposals, the depreciation is calculated on pro-rata basis upto the date on which such assets have been discarded / sold.
- (vii) Intangible Assets are amortised over their estimated useful life on straight line method. The estimated useful lives of intangible assets and included in "Depreciation & Amortisation":

Nature of Intangible assets	Estimated useful life
Computer software	6 years
Power transmission system	5 years

- (viii) The estimated useful life of the both tangible and intangible assets is reviewed each financial year to reflect the changed pattern, if any.

**6. Revenue recognition**

- (i) Revenue is recognised to the extent that is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- (ii) Revenue from Operations:
- a. Sale of products is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer. Sale value excludes Excise duty, Education Cess, Secondary and Higher education cess, trade discounts, GST and sales returns, if any.

b. Income from Job Work:

Income from job work is recognized on the basis of work executed as per the contract / agreement.

c. Power generated from Wind Mills:

The monetary value of the power generated at wind farms that are consumed at Mills under wheeling and banking arrangement with TANGEDCO are not treated as revenue but have been set off against the cost of Power & Fuel.

(iii) Other Income:

- a. Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.
- b. Industrial promotion assistance (IPA) is recognised when the Company's right to receive the same is established with reasonable certainty.
- c. Interest income and Rental income are recognised on time proportion basis.
- d. Scrap Sales does not include GST.

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

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**7. Tangible Fixed Assets**

- (i) Tangible Fixed Assets are stated at cost of acquisition (net of GST wherever applicable) less accumulated depreciation/amortisation and impairment losses if any, except freehold land which is carried at cost. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the asset beyond its previously assessed standard of performance.

Machinery spares that are purchased along-with the original equipments, machineries which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalized at cost.

Pursuant to Schedule II of the Companies Act, 2013 the Company has componentized all the tangible fixed assets except furniture and office equipments and vehicles. The cost of replacement of significant components are capitalized and the carrying amount of replaced components are de-recognised.

All other expenses on fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

- (ii) Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash transaction. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident.
- (iii) Gains or losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of such assets are recognised in the statement of profit and loss under "Other Income".
- (iv) Projects / tangible fixed assets which are not yet ready for their intended use are carried at cost, including related expenses and attributable interest are recognised as "Capital Work-in-Progress".

**8. Capital Work-in-Progress:**

- (i) Capital work-in-progress includes cost of property, plan and equipments under installation, under development including related expenses and attributable interest as at the reporting date.

**9. Foreign Currency Transactions**

- (i) Transactions in Foreign Currency are accounted at the exchange rates prevailing at the time of transaction. The difference in exchange rates arising on the settlement of monetary items are recognized as income or expenses in the Statement of Profit and Loss.
- (ii) Monetary Assets and Liabilities in foreign currencies that are covered under a forward contract are accounted at the rate at which they have been covered. Uncovered Monetary Assets and liabilities in foreign currencies are accounted at the rates as on the Balance Sheet date. The exchange difference on account of this is recognized in the Statement of Profit and Loss.
- (iii) The difference between the forward rate and the exchange rate at the inception of a forward exchange contract is recognized as income or expense over the life of contract. Any profit or loss arising on cancellation or renewal of such forward exchange contract is recognized as income or expense in the period in which such cancellation or renewal is made.

**10. Government Subsidy / Grant**

- (i) Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under Loans and advances.
- (ii) Revenue related grants are recognised upon fulfilment of condition attached thereto on accrual basis, wherever there is reasonable certainty and are disclosed as under:
- (a) Interest subsidy under Technology Up-gradation Fund Scheme (TUFS) is recognised on accrual basis and credited to the Interest and Finance cost.

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

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- (b) Power Subsidy under Industrial Investment Promotion Policy of Andhra Pradesh is credited to the Power & Fuel cost.
- (c) Other subsidies under Industrial Investment Promotion Policy of Andhra Pradesh are credited to Industrial Promotion Assistance under Note No.20 "Other Income".

**11. Investments**

- (i) All Investments being non-current and non-trade are valued at cost. Cost of investments include acquisition charges such as brokerage, fees and duties.
- (ii) The carrying amount of long term investments is determined on an individual investment basis.
- (iii) As at the Balance Sheet date, provision for diminution, if any, is made to recognise the decline other than temporary, in the value of investments. The reduction in carrying amount is charged to statement of profit and loss. This reduction amount is reversed when there is a rise in the value of investment other than temporary.

**12. Investment Property**

- (i) An investment in land or buildings, which is not intended to be occupied substantially for use by, or in the operations of the Company, is classified as investment property.
- (ii) Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment loss if any.
- (iii) Depreciation on buildings under investment property, which are held for rental to others, is calculated on straight-line method based on useful life prescribed under Schedule II to the Companies Act, 2013.
- (iv) As at the Balance Sheet, provision for diminution, if any is made to recognize the decline other than temporary, in the value of investment property. The reduction in carrying amount is charged to statement of profit and loss. This reduction amount is reversed when there is a rise in the value of investment property, other than temporary.
- (v) Gains or losses arising from disposal of investment properties are measured as the difference between the net disposal proceeds and the carrying amount of such investment properties are recognised in the statement of profit and loss.

**13. Employee Benefits**

- (i) Short-term employee benefit viz., Salaries and Wages, are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.
- (ii) Defined Contribution plan viz., Contributions to Provident fund and Superannuation fund are recognized as an expense in the Statement of Profit and Loss for the year in which the employees have rendered services.
- (iii) The Company contributes to Provident fund administered by the Government on a monthly basis at 12% of employee's basic salary and dearness allowance.
- (iv) The Company also contributes for superannuation a sum equivalent to 15% of the employee's eligible annual basic salary subject to a maximum of Rs. 1.50 Lakh per employee to "Sandhya Spinning Mill Limited Officers Superannuation fund" administered by trustees and managed by LIC of India.

There are no other obligations other than the above defined contribution plans.

(v) **Defined Benefit Plan:**

**Gratuity:**

The Company has its own approved Gratuity Fund. It is in the form of lump sum payments to vested employees on resignation, retirement, death while in employment or on termination of employment of an amount equivalent to 15 Day's basic salary payable for each completed year of service. Vesting occurs upon completion of five years of continuous service. The Company makes annual contributions to Sandhya Spinning Mill Limited Employees' Gratuity Fund" administered by trustees and managed by LIC of India, based on the actuarial valuation by an independent external actuary as at the Balance sheet date using the projected unit credit method.

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
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**Leave Encashment:**

The Company has a policy of allowing encashment of un-availed leave for its employees. The expense is recognized at the present value of the amount payable determined based on an independent external actuarial valuation as at the balance sheet date, using projected unit credit method.

Actuarial gains and losses, if any, in respect of Defined Benefit Plans are charged to Statement of Profit and Loss.

**14. Borrowing Costs**

- (i) Borrowing cost include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.
- (ii) Borrowing costs that are directly attributable to the acquisition and construction of qualifying assets are capitalized as part of the cost of those assets upto the date of capitalization of such asset.

**15. Segment Reporting**

- (i) The company prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the company as a whole.
- (ii) The Company identifies business segment as the primary segment. Under the primary segment, there are two reportable segments viz., Textiles and Power generation from Windmills.
- (iii) Segments were identified considering the nature of the products, the differing risks and returns as per Accounting Standard -17 (Segment Reporting). The inter-segment transfers of units of power from windmills are recognized at the applicable tariff rates of the electricity boards for the purpose of segment reporting as per the relevant accounting standard.
- (iv) Costs are allocated to the respective segment based upon the actual incidence of respective cost. Unallocated items include general other income and expenses which are not allocated to any business segment.

**16. Earnings per share**

Basic earning per share is computed by dividing. Net profit after tax is divided by weighted average number of equity shares outstanding during the year as stipulated in Accounting Standard - 20 (Earnings per share).

**17. Income tax**

- (i) The tax provision is considered as stipulated in Accounting Standard-22 (Accounting for Taxes on income) and includes current and deferred tax.
- (ii) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income tax Act, 1961 and other applicable tax laws.
- (iii) Deferred tax is recognized on timing difference between taxable income and the accounting income that originates in one period and is capable of reversal in one or more subsequent periods. It is measured using the tax rates and the tax laws enacted or substantially enacted as on the reporting date.
- (iv) Current and Deferred tax on items directly recognized in reserves is also recognized in reserves and not in the Statement of Profit and Loss.

**18. Intangible Assets**

- i. The costs of computer software that are installed are accounted at cost of acquisition of such software and are carried at cost less accumulated amortisation and impairment, if any. Internally generated software is not capitalized and the expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.



**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

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- ii. The cost incurred for establishing power transmission system for draw of power from State grid to the mill is capitalised as the Company is expected to yield future economic benefits for its unrestricted usage.
- iii. The intangible assets that are not yet ready for their intended use are carried at cost including related expenses and attributable interest are recognised as Intangible assets under development.

**19. Impairment of Assets**

- (i) The carrying values of tangible assets, cash generating units and intangible assets at each balance sheet date are reviewed for impairment if any indication of impairment based on internal and external factors exists.
- (ii) Tangible asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. The intangible assets are treated as impaired when the asset is not available for use and no future economic benefits are expected from its use. After recognition of impairment loss, the depreciation for the fixed assets is provided for remaining useful life based on the revised carrying amount, less its residual value if any, on straight line basis.
- (iii) An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.
- (iv) An impairment loss is reversed when there is an indication that the impairment loss may no longer exist or may have decreased.

**20. Provision, Contingent Liabilities and Contingent Assets**

- (i) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources in respect of which a reliable estimate can be made. Such provisions are not discounted to their present value except relating to retirement benefits. These provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- (ii) Insurance claims are accounted for on the basis of claims admitted or expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.
- (iii) Contingent liability is a possible obligation that may arise from past events and its existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the same are not recognised but disclosed its existence in the financial statements. Contingent Assets are neither recognised nor disclosed.

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**Note No. 27**

**OTHER DISCLOSURES**

(` in Lakhs)

	<b>As at 31-03-2019</b>	As at 31-03-2018
1. Contingent Liabilities		
Liability on Letter of Credit opened		
Capital Goods	<b>292.37</b>	NIL
Others	<b>NIL</b>	NIL
2. Commitments		
(i) Estimated amount of contracts remaining to be executed on capital account not provided	<b>299.63</b>	NIL
(ii) Other Commitments:		
Liability on guarantees given by the bankers	<b>57.56</b>	NIL
Liability on guarantees given to the bankers	<b>NIL</b>	NIL
Service Tax	<b>24.42</b>	NIL
Disputed VAT Liability	<b>21.24</b>	21.24

3. Sales Tax Assessment upto year ended 31<sup>st</sup> March, 2017 has been completed.

4. Income tax assessment has been completed upto the Accounting Year ended on 31-03-2016 i.e., Assessment year 2016-17.

5. In respect of Service Tax matters, appeals are pending with Appellate Authorities for a demand amount of ` 24.42 Lakhs (PY: Nil) towards ocean freight service for import of goods, of which the Company have already deposited ` 2.60 Lakhs.

6. In respect of Electricity matters, Appeals / Writ petition are pending with TNERC / APTEL / High Court for various matters for which no provision has been made in the books of accounts to the extent of ` 250.29 Lakhs (P.Y. ` 247.85 Lakhs).

In the opinion of the management, there may not be any tax liability on the above matters mentioned in point no. 5 and 6 above.

7. Details of Loans from Directors under "Loan from Related Parties" are: (` in Lakhs)

Name	Closing Balance as on		Interest Paid	
	31-03-2019	31-03-2018	2018-19	2017-18
Smt. B. SriSandhya Raju	-	215.04	<b>3.29</b>	21.43
Smt. P.V. Nirmala Raju	<b>9.52</b>	8.79	<b>0.82</b>	17.29
	<b>9.52</b>	223.83	<b>4.11</b>	38.72

8. Auditors' remuneration (excluding GST) & expenses: 2018-19      2017-18

Statutory Auditors:

a. As Auditors

- Fees	<b>0.85</b>	0.85
- Expenses reimbursed	<b>NIL</b>	NIL

b. In other Capacities

(i) Tax Audit Fees	<b>0.50</b>	0.50
(ii) Certification Work Fees	-	0.46
(iii) VAT Audit Fees	<b>0.30</b>	0.30
	<b>1.65</b>	2.11

9. There are no dues to Micro, Small and Medium Enterprises / Small Scale Enterprises as at 31-03-2019 (P.Y. ` NIL). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

10. As per Accounting Standard -15 (Revised 2005) "Employee Benefits", the disclosures of employee benefits as defined in the Accounting Standard are given below:

	2018-19	2017-18
		( ` in Lakhs)
<b>Defined Contribution Plan:</b>		
Employer's Contribution to Provident Fund	105.91	109.32
Employer's Contribution to Superannuation Fund	4.19	3.54
<b>Details of the Post Retirement Gratuity Plan (Funded) are as follows:</b>		
<b>Reconciliation of opening and closing balances of defined benefit plan:</b>		
Defined Benefit Obligation as at the beginning of the year	196.20	233.10
Current Service Cost	21.91	29.26
Past Service Cost	NIL	Nil
Interest Cost	14.34	17.47
Actuarial (gain) / loss	(-) 12.78	(-) 69.89
Benefits paid	(-) 18.82	(-) 13.74
Defined Benefit obligation as at the end of the year	200.86	196.20
<b>Reconciliation of opening and closing balances of fair value of plan assets:</b>		
Fair value of plan assets as at beginning of the year	236.89	221.08
Expected return on plan assets	18.28	17.62
Actuarial gain / (loss)	(-) 0.16	(-) 0.17
Employer Contribution	2.13	12.10
Benefits paid	(-) 18.82	(-) 13.74
Fair value of plan assets as at end of the year	238.33	236.89
<b>Actual Return of plan assets:</b>		
Expected return of plan assets	18.28	17.62
Actuarial gain / (loss) on plan assets	(-) 0.16	(-) 0.17
Actual return on plan assets	18.12	17.45
<b>Reconciliation of fair value of assets and obligations:</b>		
Fair value of plan assets	238.33	236.89
Present value of obligation	200.86	196.20
Difference	(-) 37.46	(-) 40.69
Unrecognized transitional liability	Nil	Nil
Amount recognized in Balance Sheet	Nil	Nil
<b>Expense recognized during the year:</b>		
Current Service Cost	21.91	29.26
Interest Cost	14.34	17.47
Expected return on plan assets	(-) 18.28	(-) 17.62
Actuarial (gain) / loss	(-) 12.62	(-) 69.72
Past service cost-non-vested benefits	Nil	Nil
Past service cost-vested benefits	Nil	Nil
Net Cost	5.35	(-) 40.61
<b>Investment Details as on 31-03-2019:</b>		
GOI Securities	Nil	Nil
Funds with LIC	100%	100%
Bank balance	Nil	Nil
Others	Nil	Nil
<b>Total</b>	<b>100%</b>	<b>100%</b>

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	<b>2018-19</b>	<b>2017-18</b>
		( ` in Lakhs)
<b>Actuarial assumptions:</b>		
Indian Assured Lives (2006-08) Ultimate Table applied for Service Mortality rate	<b>Yes</b>	Yes
Discount rate p.a.	<b>7.68%</b>	7.72%
Expected rate of return on plan assets p.a.	<b>8.00%</b>	8.00%
Rate of escalation in salary p.a.	<b>4.00%</b>	4.00%
<b>Details of the Leave encashment plan (Un-Funded) are as follows:</b>		
<b>Reconciliation of opening and closing balances of obligation:</b>		
Defined Benefit Obligation as on 01-04-2018	<b>85.30</b>	101.48
Current Service Cost	<b>9.75</b>	12.73
Interest Cost	<b>6.08</b>	7.45
Actuarial (gain) / loss	<b>6.34</b>	(-) 29.55
Benefits paid	<b>(-) 13.03</b>	(-) 6.81
Defined Benefit obligation as on 31-03-2019	<b>94.45</b>	85.30
<b>Reconciliation of opening and closing balances of fair value of plan assets:</b>		
Fair value of plan assets as on 01-04-2018	<b>Nil</b>	Nil
Expected return on plan assets	<b>Nil</b>	Nil
Actuarial gain / (loss)	<b>Nil</b>	Nil
Employer Contribution	<b>13.03</b>	6.81
Benefits paid	<b>(-) 13.03</b>	(-) 6.81
Fair value of plan assets as on 31-03-2019	<b>Nil</b>	Nil
<b>Actual Return of plan assets:</b>		
Expected return of plan assets	<b>Nil</b>	Nil
Actuarial gain / (loss) on plan assets	<b>Nil</b>	Nil
Actual return on plan assets	<b>Nil</b>	Nil
<b>Reconciliation of fair value of Assets and obligations</b>		
Fair value of plan assets	<b>Nil</b>	Nil
Present value of obligation	<b>94.45</b>	85.30
Difference	<b>94.45</b>	85.30
Unrecognized past service cost non vested benefits	<b>Nil</b>	Nil
Amount recognized in Balance Sheet	<b>94.45</b>	85.30
<b>Expense recognized during the year:</b>		
Current Service Cost	<b>9.75</b>	12.73
Interest Cost	<b>6.08</b>	7.45
Expected return on plan assets	<b>Nil</b>	Nil
Actuarial (gain) / loss	<b>6.34</b>	(-) 29.15
Net Cost	<b>22.18</b>	(-) 9.36
<b>Investment Details as on 31-03-2019:</b>		
GOI Securities	<b>Nil</b>	Nil
State Government Securities	<b>Nil</b>	Nil
High Quality Corporate Bonds	<b>Nil</b>	Nil
Funds with LIC	<b>Nil</b>	Nil
Bank balance	<b>Nil</b>	Nil
Others	<b>Nil</b>	Nil
Total	<b>Nil</b>	Nil
<b>Actuarial assumptions</b>		
Indian Assured Lives (2006-08) Ultimate Table applied for Service Mortality rate	<b>Yes</b>	Yes
Discount rate p.a.	<b>7.68%</b>	7.72%
Expected rate of return on plan assets p.a.	<b>NA</b>	NA
Rate of escalation in salary p.a.	<b>4.00%</b>	4.00%
Attrition Rate	<b>1.00%</b>	1.00%

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

(` in Lakhs)

**11. The Segment Information for the year ended 31<sup>st</sup> March, 2019**

Particulars	Textiles		Power from Windmills		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
<b>REVENUE</b>						
External Sales (Net)	15,120.11	17,467.13	-	-	15,120.11	17,467.13
Inter Segment Sale	-	-	1,250.32	1,398.25	1,250.32	1,398.25
Total Sales	15,120.11	17,467.13	1,250.32	1,398.25	16,370.43	18,865.38
Other Income	760.98	49.58	-	-	760.97	49.58
<b>Total Revenue</b>	<b>15,881.09</b>	<b>17,516.71</b>	<b>1,250.32</b>	<b>1,398.25</b>	<b>17,131.40</b>	<b>18,914.96</b>
<b>RESULT</b>						
Segment Result	(956.18)	(1,157.83)	731.90	864.69	(224.28)	(293.14)
Unallocated Income					28.20	32.45
Unallocated Expenses					-	-
Operating Profit					(196.08)	(260.69)
Interest Expenses					1,352.88	1,631.30
Depreciation					897.69	1,041.80
Interest Income					28.20	32.45
Provision for Taxation						
Current Tax					-	-
Deferred Tax					(53.96)	(183.01)
Profit from ordinary activities					(142.12)	(77.68)
Exceptional Items					-	-
<b>Net Profit</b>					<b>(142.12)</b>	<b>(77.68)</b>
<b>OTHER INFORMATION</b>						
Segment Assets	16,538.50	19,035.18	2,672.65	2,873.17	19,211.15	21,908.35
Unallocated Assets					-	-
Total Assets					19,211.15	21,908.35
Segment Liabilities					16,784.84	19,286.00
Unallocated Liabilities					1,011.25	1,065.20
Total Liabilities					17,796.09	20,351.20
Capital Expenditure	195.31	493.09			195.31	493.09
Unallocated Capital Expenditure					-	-
Depreciation	697.17	841.28	200.52	200.52	897.69	1,041.80
Unallocated Depreciation Expenditure					-	-

**12. Earnings per Share**

Particulars		2018-19	2017-18
Net (loss) / profit after tax (` in Lakhs)	(A)	(142.12)	(77.68)
Number of Equity Shares - (in Lakhs)	(B)	46.00	46.00
Basic & Diluted earnings per share for - (in `)	(A)/(B)	(3.09)	(1.69)
Nominal Value per Equity Share (in `)		10.00	10.00

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**13. RELATED PARTY TRANSACTIONS**

As per Accounting Standard-18 (Related Party Disclosures) issued by the Institute of Chartered Accountants of India, the Company's related parties are given below:

**(a) Key Management Personnel & Relatives:**

Shri. P.R. Venketrama Raja, Chairman  
 Smt. B. SriSandhya Raju, Managing Director  
 Smt. R. Sudarsanam, Director  
 Smt. P.V. Nirmala Raju, Director  
 Shri V. Gurusamy, Secretary (w.e.f. 19-04-2019)

The Company's transaction with the above person are furnished in Note No. 27(7) above.

**(b) Enterprises over which the above persons exercise significant influences and with which the Company had transactions during the year:**

**(i) Companies**

M/s. The Ramco Cements Limited  
 M/s. Rajapalayam Mills Limited  
 M/s. Sri Vishnu Shankar Mill Limited  
 M/s. The Ramaraju Surgical Cotton Mills Limited  
 M/s. Thanjavur Spinning Mill Limited  
 M/s. Ramco Industries Limited  
 M/s. Ramco Systems Limited  
 M/s. Rajapalayam Textile Limited  
 M/s. Shri Harini Media Limited  
 M/s. Digvijai Polytex Private Limited  
 M/s. Chitta Farms Private Limited  
 M/s. Sri Harini Textiles Limited  
 M/s. Ramco Management Private Limited  
 M/s. Ramco Windfarms Limited  
 M/s. RCDC Securities & Investments Private Limited

**(ii) Public Trusts**

P.A.C.R. Sethurammam Charity Trust

**(c) Employees Benefit Funds whose control exists**

Sandhya Spinning Mill Limited Officers' Superannuation Fund  
 Sandhya Spinning Mill Limited Employees' Gratuity Fund

The Company's transactions with the above Related Parties are summarized following:

**(d) Amount paid to Key Managerial Personnel**

( ` in Lakhs)

Name of the Related Party	Amount		Nature of Payment
	2018-19	2017-18	
Shri P.R. Venketrama Raja	0.90	1.50	Sitting Fees
Smt. B. SriSandhya Raju	135.90	135.90	Managerial Remuneration
	3.29	21.43	Interest Paid
	0.30	0.30	Sitting Fees
	22.50	22.50	Dividend Paid
Smt. R. Sudarsanam	0.75	0.75	Sitting Fees
Smt. P.V. Nirmala Raju	0.82	17.29	Interest Paid
	0.30	0.45	Sitting Fees

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

(₹ in Lakhs)

**(e) Inter Corporate Deposits Accepted:**

Name of the Related Party	Maximum Outstanding		Outstanding as on	
	2018-19	2017-18	31-03-2019	31-03-2018
Chitta Farms Private Limited	806.96	560.00	775.00	560.00
Thanjavur Spinning Mill Limited	500.00	-	500.00	-
Digvijai Polytex Private Limited	90.25	62.49	88.49	62.49
Ramco Management (P) Limited	254.00	-	65.50	-
RCDC Securities & Investments (P) Limited	100.90	-	-	-

**(f) Interest paid on Inter Corporate Deposits Accepted**

Name of the Related Party	Interest Paid		Outstanding as on	
	2018-19	2017-18	31-03-2019	31-03-2018
Chitta Farms Private Limited	67.05	29.41	Nil	Nil
Digvijai Polytex Private Limited	7.01	4.37	Nil	Nil
Ramco Management Private Limited	6.27	Nil	Nil	Nil
Thanjavur Spinning Mill Limited	3.33	Nil	Nil	Nil
RCDC Securities & Investments Private Limited	2.35	Nil	Nil	Nil
Pranahita Power Generation Private Limited	Nil	22.69	Nil	Nil

**(g) Corporate Guarantee Availed:**

Name of the Related Party	2018-19	2017-18
Rajapalayam Mills Limited	3,500.00	12,780.00

**(h) Sale of Goods / Services rendered:**

Name of the Related Party	Value		Outstanding as on	
	2018-19	2017-18	31-03-2019	31-03-2018
The Ramaraju Surgical Cotton Mills Limited	221.80	328.06	Nil	Nil
Sri Vishnu Shankar Mill Limited	280.26	218.57	Nil	Nil
Rajapalayam Mills Limited	356.97	1,181.87	Nil	Nil
Ramco Industries Limited	953.32	604.26	Nil	Nil
Thanjavur Spinning Mill Limited	-	2.74	Nil	Nil
Rajapalayam Textile Limited	45.21	16.37	Nil	Nil
Sri Harini Textiles Limited	118.71	-	Nil	Nil

**(i) Sale of Fixed Assets:**

Name of the Related Party	Value		Outstanding as on	
	2018-19	2017-18	31-03-2019	31-03-2018
Rajapalayam Mills Limited	316.09	Nil	NIL	NIL

**(j) Purchase of Fixed Assets:**

Name of the Related Party	Value		Outstanding as on	
	2018-19	2017-18	31-03-2019	31-03-2018
Sri Vishnu Shankar Mill Limited	NIL	3.48	NIL	NIL
Rajapalayam Mills Limited	1.98	NIL	NIL	NIL
Ramco Industries Limited	53.08	NIL	NIL	NIL

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

(` in Lakhs)

**(k) Cost of Goods & Services purchased / availed:**

Name of the Related Party	Value		Outstanding as on	
	2018-19	2017-18	31-03-2019	31-03-2018
The Ramaraju Surgical Cotton Mills Limited	343.22	525.58	Nil	Nil
Sri Vishnu Shankar Mill Limited	301.16	693.66	Nil	Nil
Rajapalayam Mills Limited	761.32	706.82	Nil	Nil
Thanjavur Spinning Mill Limited	11.05	4.22	Nil	Nil
Ramco Industries Limited	451.13	377.20	Nil	Nil
The Ramco Cements Limited	1.15	3.00	Nil	Nil
Ramco Systems Limited	11.13	10.65	Nil	Nil
Ramco Windfarms Limited	80.96	128.83	Nil	Nil
P.A.C.R. Sethurammamma Charity Trust	59.38	46.52	Nil	Nil
Shri Harini Media Limited	0.74	0.35	Nil	Nil
Rajapalayam Textile Limited	40.27	-	Nil	Nil
Sri Harini Textiles Limited	1.05	-	Nil	Nil

**(l) Sale of Investments:**

Name of the Related Party	Value		Outstanding as on	
	2018-19	2017-18	31-03-2019	31-03-2018
The Ramaraju Surgical Cotton Mills Limited	Nil	0.12	Nil	Nil
Ramco Industries Limited	Nil	0.75	Nil	Nil

**(m) (i) Security Deposit given:**

Name of the Related Party	Interest Free Security Deposit Outstanding as on		Nature of Transaction
	31-03-2019	31-03-2018	
The Ramco Cements Limited (TRCL)	NIL	12.00	3,21,600 Shares of Andhra Pradesh Gas Power Corporation Ltd (APGPCL) purchased by TRCL are being held jointly by the Company & TRCL. The Joint Ownership entitles the Company to purchase from APGPCL. To have the Joint Ownership of above shares, the Company has deposited this amount with TRCL.

**(ii) Amount paid by virtue of joint ownership of shares of APGPCL:**

Name of the Related Party	Amount Paid		Nature of Transaction
	2018-19	2017-18	
The Ramco Cements Limited	0.64	3.47	The Company is paying 10 paise per unit to TRCL for the power supplied by APGPCL to the Company by virtue of above Joint Ownership of the Shares.

**(n) Dividend Received**

Name of the Related Party	2018-19	2017-18
Rajapalayam Mills Limited	0.02	0.02



**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

(o) **Rent Paid:** (₹ in Lakhs)

Name of the Related Party	2018-19	2017-18
Rajapalayam Mills Limited	32.37	29.20
Sri Vishnu Shankar Mill Limited	0.05	0.63

(p) **Leasing Arrangements Rent Received:**

Name of the Related Party	2018-19	2017-18
Rajapalayam Mills Limited	813.53	Nil

(q) **Contribution to Superannuation Fund / Gratuity Fund:**

Particulars	2018-19	2017-18
Sandhya Spinning Mill Limited Officers' Superannuation Fund	4.19	3.53
Sandhya Spinning Mill Limited Employees' Gratuity Fund	-	-

**14. Other additional information pursuant to the Schedule III of the Companies Act, 2013.**

(a) **Value of Imports calculated on CIF Value:**

Particulars	2018-19	2017-18
Raw Materials	2,786.58	4,724.53
Components and Spares	59.64	27.44
Capital Goods	46.81	39.19

(b) **Expenditure in Foreign Exchange during the year:**

Particulars	2018-19	2017-18
Interest	52.44	65.91
Export Sales Commission	148.51	102.76
Foreign Travel	1.36	-
Total	202.31	168.67

(c) **Value of Raw Materials, Stores & Spare parts consumed:**

Particulars	2018-19		2017-18	
	Amount	%	Amount	%
Raw Materials				
Imported	4,363.44	57	3,990.55	43
Indigenous	3,297.05	43	5,293.91	57
Spares and Components				
Imported	47.14	6	19.33	3
Indigenous	719.98	94	715.28	97

(d) **Earnings in Foreign exchange (FOB Value):**

Particulars	2018-19	2017-18
Export of Yarn	5,784.13	4,989.78

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI,  
Chartered Accountants  
Firm Registration No. 001208S

K. SRINIVASAN  
Partner  
Membership No. 21510

Rajapalayam,  
28<sup>th</sup> May, 2019.

B. SRISANDHYA RAJU  
MANAGING DIRECTOR

P.R. VENKETRAMA RAJA  
CHAIRMAN

V. GURUSWAMY  
SECRETARY

## PROXY FORM

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

### SANDHYA SPINNING MILL LIMITED

[CIN : U17111TN1994PLC027037]

Regd. Office: No. 47, P.S.K. Nagar, Rajapalayam, Pin : 626 108, Tamil Nadu.

Name of the Member(s) : .....

Registered address : .....

E-mail ID : .....

Folio No./DP ID-Client ID : .....

I/We, being the Member(s) of ..... shares of the above named Company, hereby appoint

1. Name : ..... Address : .....

E-mail ID : ..... Signature: ....., or failing him

2. Name : ..... Address : .....

E-mail ID : ..... Signature: ....., or failing him

3. Name : ..... Address : .....

E-mail ID: ..... Signature: .....

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 25<sup>th</sup> Annual General Meeting of the Company, to be held on Wednesday, the 14<sup>th</sup> August, 2019 at 11.00 A.M. at P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.	Resolutions
<b>Ordinary Business - Ordinary Resolutions</b>	
1.	Adoption of Financial Statements for the year ended 31 <sup>st</sup> March, 2019.
2.	Appointment of Shri P.R. Venketrama Raja, as Director, who retires by rotation.
3.	Appointment of Smt. P.V. Nirmala Raju, as Director, who retires by rotation.
<b>Special Business - Special Resolutions</b>	
4.	Re-appointment of Smt. B. SriSandhya Raju, as the Managing Director.
5.	Sell the entire assets of Sandhya Spinning Mill Limited – Andhra Pradesh Unit.
<b>Special Business - Ordinary Resolution</b>	
6.	Ratification of fee payable to M/s. RKMS & Associates, Cost Accountant, appointed as Cost Auditor of the Company for the financial year 2019-20

Signed this ..... day of ..... 2019

Signature of Shareholder : .....

Signature of Proxy holder(s) : .....

Affix  
Revenue  
Stamp

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

### SANDHYA SPINNING MILL LIMITED

[CIN : U17111TN1994PLC027037]

Regd. Office: No. 47, P.S.K. Nagar, Rajapalayam, Pin : 626 108, Tamil Nadu.

### ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

I / We hereby record my / our presence at the 25<sup>th</sup> Annual General Meeting of the Company.

Venue : P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108.

Date & Time : Wednesday, 14<sup>th</sup> August, 2019, at 11.00 AM

Name of the Member \_\_\_\_\_ Folio No/DP ID - Client ID \_\_\_\_\_

Name of the Proxy\* \_\_\_\_\_ Signature of Member / Proxy Attending \_\_\_\_\_

\*(To be filled in, if the proxy attends instead of the Member)



Our Chairman presenting Best Worker Prize to our Worker during the 23<sup>rd</sup> Pongal Sports day Celebrations.

A view of the “Uster Jossi Vision Shield Magic Eye” contamination detector machine installed in Blowroom in our Mill at Rajapalaiyam.



A view of the “Peass Ultima PP Winding” machine installed in our Mill at Rajapalaiyam.



**SANDHYA SPINNING MILL LIMITED**  
**RAJAPALAIYAM**