



**SANDHYA SPINNING MILL LTD.**  
RAJAPALAIYAM



Our Chairman delivering a speech at the 17<sup>th</sup> Pongal Sportsday Celebrations.



Our Chairman presenting Ramco Excel Award (Second Place) for the Domestic Units for the year 2012 to our G.M. (Works).



SHRI P.A.C. RAMASAMY RAJA



# SANDHYA SPINNING MILL LTD., RAJAPALAIYAM

## BOARD OF DIRECTORS :

Shri P.R. RAMASUBRAHMANEYA RAJHA, B.Sc.  
Chairman

Smt. SRISANDHYA RAJU  
Managing Director

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

Smt. R. SUDARSANAM

Smt. P.V. NIRMALA RAJU

Shri N.K. SHRIKANTAN RAJA

Dr. K.T. KRISHNAN

Shri S. KANTHIMATHINATHAN

## BANKERS

Canara Bank

ICICI Bank Ltd

IDBI Bank Ltd

Indian Bank

Punjab National Bank

State Bank of India

Tamilnad Mercantile Bank Ltd

## Registered Office :

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

## Factory :

Krishnapuram Road,  
Rajapalaiyam - 626 108,  
Tamil Nadu.

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

## Auditors :

M/s. N.A. Jayaraman & Co.,  
Chartered Accountants,  
9,Cedar Wood, No.11,4th Main Road,  
Raja Annamalaipuram,  
CHENNAI - 600 028,  
Tamil Nadu.

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## SANDHYA SPINNING MILL LTD., RAJAPALAIYAM

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### NOTICE TO THE MEMBERS

NOTICE is hereby given that the 19<sup>th</sup> Annual General Meeting of the Company will be held at 11.00 A.M. on Thursday, the 1<sup>st</sup> August, 2013 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 :

1. To receive, consider and adopt the Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2013 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. a) To appoint a Director in the place of Smt. P.V. Nirmala Raju who retires by rotation and is eligible for re-appointment.  
b) To appoint a Director in the place of Shri N.K. Shrikantan Raja, who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors and, if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION:

“RESOLVED that Sri R. Palaniappan, Prop. M/s. N.A. Jayaraman & Co., Chartered Accountants, Chennai be and is hereby appointed as Auditor of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting on remuneration of Rs.75,000/- ( Rupees Seventy Five Thousand only) exclusive of out-of-pocket expenses.”

### 4. SPECIAL BUSINESS :

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

“RESOLVED THAT the fact that the accumulated loss of the Company as on 31<sup>st</sup> March, 2013 resulting in erosion more than fifty percent of the peak net worth of the Company during the immediately preceding four financial years be and is hereby considered in accordance with the provisions of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 in all aspects and that the report in the prescribed format be filed with the Board for Industrial and Financial Reconstruction (BIFR) within 60 days thereof.

By order of the Board,  
For SANDHYA SPINNING MILL LTD.,

P.R. RAMASUBRAHMANEYA RAJHA,  
Chairman

Rajapalaiyam,  
27<sup>th</sup> May, 2013.

## SANDHYA SPINNING MILL LTD., RAJAPALAIYAM

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### NOTICE

#### Explanatory Statement as required under Sec. 173(2) of the Companies Act, 1956

The Company has earned a net profit of Rs. 590.30 lakhs for the year ended 31<sup>st</sup> March 2013. This has resulted in reduction in the accumulated loss as on 31<sup>st</sup> March, 2013. But, the accumulated loss is still more than 50% of peak net worth of the Company during the immediately preceding four financial years. The accounts of the Company are being considered for adoption of the ensuing Annual General Meeting of the Company to be held on 1<sup>st</sup> August, 2013. The provisions of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 apply to the Company and Section 23 requires such erosion to be considered by the Members of the Company at the General Meeting.

Your Directors will make the necessary steps to file the report to the Board as required within the time stipulated.

None of the Directors of the company may be deemed to be interested in the resolution.

#### NOTES :

1. A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company.
2. 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.
3. Under the provisions of Section 205C of the Companies Act, 1956 dividends remaining unpaid for a period of over 7 years will be transferred to the Investor Education & Protection Fund of the Central Government. Thereafter no claim shall lie against the Fund or the Company and no payment will be made in respect of any such claims. 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 dates for transfer of such unclaimed dividend to the said fund are given below:

FINANCIAL YEAR ENDED	DATE OF DECLARATION OF DIVIDEND	LAST DATE FOR CLAIMING UNPAID DIVIDEND	DUE DATE FOR TRANSFER TO IEP FUND
31.03.2006	28.07.2006	27.07.2013	25.08.2013
31.03.2007	25.07.2007	24.07.2014	22.08.2014
31.03.2008	06.08.2008	05.08.2015	03.09.2015
31.03.2010	04.08.2010	03.08.2017	01.09.2017
31.03.2011	20.07.2011	19.07.2018	17.08.2018

By order of the Board,  
For SANDHYA SPINNING MILL LTD.,

P.R. RAMASUBRAHMANEYA RAJHA,  
Chairman

Rajapalaiyam,  
27<sup>th</sup> May, 2013.

# SANDHYA SPINNING MILL LTD., RAJAPALAIYAM

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## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors have pleasure in presenting their 19<sup>th</sup> Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2013.

### FINANCIAL RESULTS

The financial results for the year ended 31<sup>st</sup> March, 2013 after charging all expenses but before deducting financial cost and depreciation have resulted in operating profit of Rs.3,803.29 Lakhs against Rs.930.07 Lakhs for the previous financial year 2011-12.

After deducting Rs. 2,072.17 Lakhs towards finance cost and providing Rs.1,140.82 Lakhs towards Depreciation, the Net Profit for the year is Rs.590.30 Lakhs (Previous year: Net Loss of Rs. 2,199.20 Lakhs). Your Directors propose to appropriate the total sum of Rs. 590.30 Lakhs as detailed below:

(Rs. in Lakhs)		
Provision for Taxation	- Deferred Tax	199.00
Transfer to General Reserve	-	300.00
Balance carried over to Balance Sheet	-	91.30
<b>Total</b>		<b>590.30</b>

### DIVIDEND

The company has earned a net profit of Rs.590.30 lakhs for the year ended 31<sup>st</sup> March 2013. As per the provisions of Sec. 205 (i)(b) of the Companies Act, the company has to adjust the depreciation of Rs.1,132.81 lakhs provided in the previous year ended 31<sup>st</sup> March, 2012 against the net profits of the company for the year ended 31<sup>st</sup> March, 2013. Considering the above provisions, your directors are unable to recommend any dividend for the current year.

### TAXATION

The Company is not liable to pay income tax under the regular provisions of the Income Tax Act. The Company is also not liable to pay Minimum Alternate Tax due to lower of the unabsorbed business and depreciation losses of the previous year adjusted against the current year's net profit. An amount of Rs. 199 Lakhs towards Deferred Tax liability has been provided for the year which is in accordance with the Accounting Standards.

### TRADE CONDITIONS

After a long spell of sluggishness, there was a sign of revival witnessed in Textile Industry. The cotton and yarn prices prevailed at a reasonable level. The installed capacity with most modern and automatic machines has been utilized fully to make use of the improved demand situation. Better yarn realization coupled with higher capacity utilization have contributed for overall improved financial performance of the Company.

The severe power cut in Tamil Nadu / Andhra Pradesh is still continuing. Timely decision taken by your Directors to install Windmills in previous years and purchase of power from Third Party have helped the Company to tide over the power crisis to a greater extent. Still to meet the power short fall, we have to use Diesel Generator sets resulting in higher costs. The hike in electricity tariff rate by 30% by Government of Tamil Nadu and also hike in Wheeling and other charges imposed in Wind Mills have pushed up the cost of power very steeply.



# **SANDHYA SPINNING MILL LTD., RAJAPALAIYAM**

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## **DIRECTORS' REPORT**

In spite of spiraling wage cost, cost of power and logistics cost, the strategic decisions taken by the Company for installation of Wind Mills, utilization of the spindles capacity at optimum levels, implementation of various cost reduction measures and production of flexible/value added count pattern have helped the Company to achieve improved results in the current market scenario.

### **EXPORTS**

On the export front during the year, we have made export of Cotton Yarn / Fabrics (including merchant exports) for a value of Rs. 58.39 Crores as against Rs. 35.52 Crores of the previous year.

### **PROSPECTS FOR THE CURRENT YEAR**

The high volatility in cotton prices during the current cotton season 2012-13 is creating uncertainties for Spinning Mills. The cotton prices are currently ruling high at uneconomical levels. There is no sustained demand for yarn both in domestic and global markets to absorb the increased cotton cost. The power cut imposed in Tamil Nadu / Andhra Pradesh and increase in power tariff are severely affecting the operations of the Company.

The Company is maintaining high standards of yarn quality, cost effective production and stringent waste control measures. The Company is focusing on more automation with a view to utilize the skilled manpower more efficiently and also focusing on value added yarn. These measures have strengthened the Company to face the challenges in the current scenario. Your Directors are hopeful of achieving satisfactory results for the current year with the implementation of above steps.

### **WIND MILL**

The Wind Mill Division with an installed capacity of 10.95 MW is working satisfactorily. There was good wind velocity during the year compared to previous year, which resulted in higher generation of power. This year our wind farm have generated 215 Lakhs Kwh as compared to 188 Lakhs Kwh of the previous year because of favourable wind season. The income during the year from the Wind Mill Division was Rs. 12.41 Crores as against Rs.7.49 Crores of previous year. All the power generated from our wind farm were consumed captively.

### **PERSONNEL**

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 scarcity of skilled labour and heavy absenteeism in labour attendance are causing loss of production. We are striving our best to retain them by implementing attractive incentive schemes to labours to achieve better attendance.

None of the employee is receiving remuneration more than Rs.5,00,000/- per month. Hence disclosure under Section 217(2A) of the Companies Act is not applicable.

### **INTERNAL CONTROL SYSTEM**

Your Company has adequate internal control procedures commensurate with the size and nature of its operations. ERP System developed by Ramco Systems Ltd., has been installed for online monitoring of all functions and management information reports are being used to have better control and to take decisions in time.

# SANDHYA SPINNING MILL LTD., RAJAPALAIYAM

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## DIRECTORS' REPORT

### DIRECTORS

The following Directors retire by rotation at the ensuing Annual General Meeting and they are eligible for re-appointment.

1. Smt. P.V. Nirmala Raju
2. Shri N.K. Shrikantan Raja

### PUBLIC DEPOSITS

The total deposits from the public outstanding with the Company as on 31<sup>st</sup> March, 2013 were Rs. 21.30 Lakhs, which have not matured for repayment during the year. There was no deposits unclaimed/unpaid as on 31-03-2013.

### REPORTING TO THE BIFR

As required under Section 23 of the SICA, the Board of Directors have included in the notice of AGM the matter of erosion of more than fifty percent of the peak net worth of the company during the immediately preceding four financial years as a special business for consideration by the shareholders. The directors will also report the fact of such erosion in the prescribed format to the BIFR.

### AUDITORS

Mr. R. Palaniappan, Prop. M/s. N.A. Jayaraman & Co., Chartered Accountants, Chennai Auditors of the Company retire at the end of the 19<sup>th</sup> Annual General Meeting and are eligible for re-appointment.

### COST AUDITORS

The Government has approved the Company's proposal to appoint M/s. RKMS & ASSOCIATES, Madurai as cost Auditor for the year ended 31-03-2013 on a remuneration of Rs. 48,000/- (Rupees Forty Eight Thousand only) exclusive of out-of-pocket expenses. As per Central Government's direction, cost audit will be done every year.

### SUBSIDIARY

The Company has no subsidiary as at 31<sup>st</sup> March, 2013.

The Company had DECCAN RENEWABLE WIND ELECTRICS LIMITED(DRWEL) as a Wholly Owned Subsidiary. The Accounts of DRWEL are prepared, audited and presented as per the provisions of the Companies Act, 1956. As per Section 212 of the Companies Act, 1956, any Holding Company in India while presenting its Annual Report to its Shareholders has also to present the Balance Sheet and Statement of Profit & Loss of its Subsidiary Company, in accordance with the requirements of Schedule VI of the Companies Act, 1956. However, the Ministry of Corporate Affairs had vide its General Circular No.2/2011 No.5/12/2007-CL-III dt. 8.2.11 had given directions to all Regional Directors and Registrar of Companies that provisions of Section 212 shall not apply in relation to subsidiaries of those companies subject to fulfilling certain conditions stipulated therein. One of the conditions was that the Company should obtain the consent of the Board for not attaching the Balance Sheet of the subsidiary concerned and that the company should present in the annual report, the consolidated financial statements of holding company and its subsidiary duly audited by its statutory auditors.

The Audited Annual Accounts of the subsidiary and any other information will be made available to the shareholders of the company/subsidiary seeking such information at any point of time. The Annual Accounts of the Subsidiary Company will also be kept for inspection by any shareholder at the Registered Office of the Company and of the subsidiary company concerned.

# SANDHYA SPINNING MILL LTD., RAJAPALAIYAM

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## DIRECTORS' REPORT

### CONSERVATION OF ENERGY, ETC.,

The Company continues to take keen interest in conservation of energy and the information required under Section 217(1) (e) of the Companies Act, 1956 read with the relevant Rules, with regard to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in Annexure I to this report.

### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors Confirm that -

- i) In the preparation of Annual Accounts for the year ended 31<sup>st</sup> March 2013, the applicable accounting standards had been followed;
- ii) The selected accounting policies were applied consistently and judgments and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that period.
- iii) Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act had been taken for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) The annual accounts were prepared on a going concern basis.

### 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.

On behalf of the Board of Directors,  
For SANDHYA SPINNING MILL LTD.,

P.R.RAMASUBRAHMANEYA RAJHA,  
CHAIRMAN

Rajapalaiyam  
27<sup>th</sup> May, 2013.

# SANDHYA SPINNING MILL LTD., RAJAPALAIYAM

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## ANNEXURE I TO DIRECTORS' REPORT

Information as per Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

### A. CONSERVATION OF ENERGY:

- (a) Energy conservation measures taken
  - (b) Additional investments and proposals if any, being implemented for reduction of consumption of energy
  - (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.
  - (d) Total energy consumption per unit of production of goods.
- : } The Company is continuously making efforts to conserve energy.
- : } Energy saving devices have already been installed and 40s converted UKG is being monitored very closely.
- : Particulars given in Form A

### B. TECHNOLOGY ABSORPTION:

- Efforts made in Technology Absorption
- : Particulars given in Form B

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- (a) (i) Activities relating to exports
  - (ii) Initiatives taken to increase exports
  - (iii) Development of new export markets for products and services
  - (iv) Export Plans
- : The Company has made direct exports for a value of about Rs. 940.63 Lakhs (FOB value) besides merchant exports for a value of Rs.4,898.83 Lakhs during the year under review.
- : The Company has taken steps to increase the yarn exports during the Current year.
- : } The possibilities of exporting yarn to other Asian countries, Western Countries including EEC countries are being explored.
- (b) (i) Total foreign exchange used (including Capital Goods)
  - (ii) Total foreign exchange earned (in FOB Value)
- : Rs. 219.17 Lakhs
- : Rs. 940.63 Lakhs

# SANDHYA SPINNING MILL LTD., RAJAPALAIYAM

## ANNEXURE I TO DIRECTORS' REPORT

### FORM A

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

#### A. POWER AND FUEL CONSUMPTION:

		2012-13	2011-12
Electricity			
(a) Purchased from Electricity Boards			
Unit	<b>Lakhs KWH</b>	<b>289.31</b>	277.06
Total amount	<b>Rs. in Lakhs</b>	<b>1857.29</b>	1278.56
Rate / Unit	<b>Rs.</b>	<b>6.42</b>	4.62
(b) Own Generation			
(i) Through diesel generator Units	<b>Lakhs KWH</b>	<b>22.57</b>	12.52
Unit per Litre of Diesel Oil	<b>KWH</b>	<b>3.70</b>	3.70
Diesel Cost per unit	<b>Rs.</b>	<b>13.65</b>	11.20
(ii) Wind Energy	<b>Lakhs in KWH</b>	<b>215.00</b>	188.00
(c) Purchased from Third Party			
Units	<b>Lakhs KWH</b>	<b>37.07</b>	19.31
Total amount	<b>Rs. in Lakhs</b>	<b>339.88</b>	131.54
Rate / Unit	<b>Rs.</b>	<b>9.17</b>	6.81

#### B. CONSUMPTION PER UNIT OF PRODUCTION:

Products : (with details)			
100% Cotton Yarn (40 <sup>s</sup> Converted) Kgs.			
Electricity per Kg. of Production of Yarn.			
Based on 40 <sup>s</sup> Converted (in units).		<b>4.51</b>	4.68

#### NOTE:

1. No standard rate of consumption is available.
2. As the Company is producing various counts separate details for each count are not given.

### FORM B

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

#### Research and Development (R&D)

- |  |   |       |
|--|---|-------|
| 1. Specific areas in which R & D carried out by the Company  | } |       |
| 2. Benefits derived as a result of the above R & D           |   |       |
| 3. Future plan of action                                     |   |       |
| 4. Expenditure on R & D                                      |   |       |
| a. Capital   |   | } Nil |
| b. Recurring   |   |       |
| c. Total R & D expenditure as a percentage of total turnover |   |       |

#### Technology absorption, adaptation and innovation

- |  |   |       |
|--|---|-------|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation.   | } |       |
| 2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.               |   |       |
| 3. In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year) following information may be furnished. |   |       |
| a. Technology imported.  |   |       |
| b. Year of import.   |   | } Nil |
| c. Has technology been fully absorbed.   |   |       |
| d. If not fully absorbed, areas where this has not taken place, reasons therefore.   |   |       |

# SANDHYA SPINNING MILL LTD., RAJAPALAIYAM

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## ANNEXURE II TO DIRECTORS' REPORT COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31ST MARCH, 2013

CIN: U17111TN1994PLC027037.

Nominal Capital: Rs.2,00,00,000/-

To

The Members,  
SANDHYA SPINNING MILL LIMITED,  
No. 47, P.S.K. NAGAR,  
RAJAPALAIYAM- 626 108.

Sir,

I have examined the registers, records, books and papers of **SANDHYA SPINNING MILL LIMITED**, [the company] as required to be maintained under the Companies Act, 1956, [the Act] and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2013 [financial year]. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

- 1) The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
- 2) The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Central Government within the time prescribed under the Act and the rules made there under except as stated in Annexure "B". However the Company is not required to file forms and returns with the Regional Director, Company Law Board or other authorities.
- 3) The company, being a public limited Company, has paid up capital of Rs.1,68,14,000/-
- 4) The Board of Directors duly met four times respectively on 28.05.2012, 07.08.2012, 07.11.2012 and 11.02.2013 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
- 5) The Company has not closed its Register of Members during the financial year.
- 6) The Annual General Meeting for the financial year ended on 31<sup>st</sup> March, 2012 was held on 06.08.2012 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- 7) No Extra Ordinary General Meeting was held during the financial year.
- 8) The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act during the financial year.
- 9) The Company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
- 10) The Company has made necessary entries in the register maintained under section 301 of the Act.

## SANDHYA SPINNING MILL LTD., RAJAPALAIYAM

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### ANNEXURE II TO DIRECTORS' REPORT

- 11) As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of Directors, Members or Central Government.
  - 12) The duly constituted Committee of Directors has approved the issue of duplicate share certificates.
  - 13) The Company has:
    - i) Delivered all the certificates on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act; However there was no allotment of securities during the financial year.
    - ii) The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
    - iii) The Company was not required to post warrants to any members of the company as no dividend was declared during the Financial year.
    - iv) The Company has credited Investor Education and Protection Fund a sum of Rs.68,050/- being unpaid dividend for the year ended 31.03.2005 on 07.09.2012. However the Company has no amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have been remained unclaimed or unpaid for a period of seven year to be transferred to Investor Education and Protection Fund.
    - v) Duly complied with the requirements of section 217 of the Act.
  - 14) The Board of Directors of the Company is duly constituted. There was no appointment of Alternate Director, Additional Director and Director to fill casual vacancy during the financial year.
  - 15) The appointment of Managing Director with effect from 25.05.2009 for 5 years has been made in compliance with the provisions of Sec.269 read with Schedule XIII to the Act during the financial year ended 31.03.2010, which is valid upto 24.05.2014
  - 16) The company has not appointed any sole selling agents during the financial year.
  - 17) The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
  - 18) The Directors have disclosed their interest in other firms/Companies to the Board of Directors pursuant to the Provisions of the Act and the rules made there under.
  - 19) The Company has not issued any shares, debentures or other securities during the financial year.
  - 20) The Company has not bought back any shares during the financial year.
  - 21) The Company has not issued any preference shares/debentures and hence the question of redemption of preference shares/debentures does not arise during the financial year under review.
  - 22) There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
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## SANDHYA SPINNING MILL LTD., RAJAPALAIYAM

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### ANNEXURE II TO DIRECTORS' REPORT

- 23) The Company has complied with the provisions of section 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975. The Company has also filed Return of Deposits with the Registrar of Companies, Chennai, Tamilnadu on 27.06.2012.
- 24) The amount borrowed by the Company from directors, members, public, financial institutions, banks and other during the financial year ending 31st March, 2013 is/are within the borrowing limits of the company and that necessary resolutions as per section 293(1)(d) of the Act have been passed in duly Annual General Meeting held on 04.08.2010 for Rs. 300 Crores over and above the paid-up capital and free reserves.
- 25) The Company has made investments in other bodies corporate in compliance with the provisions of the Act in the earlier years and has made necessary entries in the register kept for the purpose. However the Company has not given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
- 26) The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
- 27) The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
- 28) The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
- 29) The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
- 30) The company has not altered its Articles of Association during the financial year.
- 31) There were no prosecution initiated against the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
- 32) The Company has not received any money as security from its employees during the financial year.
- 33) Since Employees Provident Fund Act, 1952 is applicable sec. 418 is not applicable.

Rajapalaiyam,  
22<sup>nd</sup> May, 2013.

M.R.L. NARASIMHA,  
Practicing Company Secretary,  
C.P.No. 799.



# SANDHYA SPINNING MILL LTD., RAJAPALAIYAM

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## ANNEXURE II TO DIRECTORS' REPORT

### ANNEXURE 'A'

#### SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31ST MARCH, 2013.

SANDHYA SPINNING MILL LIMITED

CIN: U17111TN1994PLC027037.

Nominal Capital : Rs.2,00,00,000/-

#### **Registers as maintained by the Company:**

- 1) Board Meeting Minutes u/s. 193, Share transfer committee minutes and Remuneration Committee minutes.
- 2) Annual General Meeting Minutes u/s. 193.
- 3) Directors Attendance Register.
- 4) Register of Contracts in which Directors are interested u/s. 301 and 301(3).
- 5) Register of Directors u/s. 303
- 6) Register of Members u/s. 150
- 7) Register of Shares Transfer.
- 8) Register of charges and copies of instruments evidencing the charge u/s. 136.
- 9) Register of Investments.
- 10) Register of Proxy.
- 11) Register of Renewed and Duplicate Share certificate Register.
- 12) Fixed Deposits Register.
- 13) Register of Directors Shareholding.
- 14) Shareholders attendance Register.

Rajapalaiyam,  
22<sup>nd</sup> May, 2013.

M.R.L. NARASIMHA,  
Practicing Company Secretary,  
C.P.No. 799.

# SANDHYA SPINNING MILL LTD., RAJAPALAIYAM

## ANNEXURE II TO DIRECTORS' REPORT

### ANNEXURE 'B'

#### SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31ST MARCH, 2013

SANDHYA SPINNING MILL LIMITED

CIN: U17111TN1994PLC027037.

Nominal Capital : Rs.2,00,00,000/-

Forms and Returns filed by the Company with the Registrar of Companies during the Financial Year Ending 31<sup>st</sup> March, 2013.

S. No.	Form No. Return	Filed U/s.	For	Date of Filing SRN	Whether filed within prescribed Time	If delay in Filing whether Requisite Additional fees paid
1	1INV	Rule 3 of Investor Education & Protection Fund [Awareness and Protection of Investors] Rules, 2001	Statement of Amounts credited to Investor Education and Protection Fund for the year ended 31.03.2005	31.09.2012 B57541864	Not Applicable	Not Applicable
2	62	Rule 10 of Companies (Acceptance of deposits) Rules 1975	Return of Deposits as on 31.03.2012	27.06.2012 B42099887	Yes	Not Applicable
3	66	383 A (1)	Secretarial Compliance Certificate for the year ended 31.03.2012	13.08.2012 P88375266	Yes	Not Applicable
4	23AC-XBRL 23ACA-XBRL	220	Balance Sheet, P&L A/c as at 06.08.2012	12.01.2013 P05809074	Yes	Not Applicable
5	20B	159	Annual Return made upto 20.07.2011	08.09.2012 P88812623	Yes	Not Applicable
6	8	135	Modification of Charges- Canara Bank, Rs.254.71 Cr.	13.07.2012 B43176452	Yes	Not Applicable
7	8	135	Modification of Charges- Canara Bank Rs.324.63 Cr.	24.12.2012 B64557424	No	Yes

## SANDHYA SPINNING MILL LTD., RAJAPALAIYAM

### ANNEXURE II TO DIRECTORS' REPORT

S. No.	Form No. Return	Filed U/s.	For	Date of Filing SRN	Whether filed within prescribed Time	If delay in Filing whether Requisite Additional fees paid
8	17	138	Satisfaction of Charges-Tamilnad Mercantile Bank Ltd Rs.15 Cr.	13.10.2012 B59535096	Yes	Not Applicable
9	5 INV	Rule 3 of IEPF (uploading of information reg. unpaid and unclaimed amounts lying with companies) Rules, 2012.	Statement of Unclaimed & Unpaid amounts for year ended 31.03.2011	17.08.2012 S13800735	Yes	Not Applicable
10	5 INV	Rule 3 of IEPF (uploading of information reg. unpaid and unclaimed amounts lying with companies) Rules, 2012.	Statement of Unclaimed & Unpaid amounts for year ended 31.03.2012	06.09.2012 S13990726	Yes	Not Applicable

Regional Director :

Nil

Central Government & other authorities :

1	23C	233(2)	Appointment of Cost Auditor for Electirc Industry for year ended 31.03.2013	25.06.2012 S08854804	Yes	Not Applicable
2	A-XBRL	209(1)(D) 600(3)(b)	XBRL Cost Compliance Report 31.03.2012	24.12.2012 S19525245	Yes	Not Applicable

Rajapalaiyam,  
22<sup>nd</sup> May, 2013.

M.R.L. NARASIMHA,  
Practicing Company Secretary,  
C.P.No. 799.

# **SANDHYA SPINNING MILL LTD., RAJAPALAIYAM**

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## **INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF M/S. SANDHYA SPINNING MILL LTD.**

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of M/s. Sandhya Spinning Mill Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation of these financial statements that gives a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that gives 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 these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

### **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013.
- b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

## SANDHYA SPINNING MILL LTD., RAJAPALAIYAM

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### INDEPENDENT AUDITOR'S REPORT

2. As required by Section 227(3) of the Act, we report that :
- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section(1) of Section 274 of the Companies Act, 1956.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For N.A. JAYARAMAN & CO.,  
Chartered Accountants  
FRN-001310S

R. Palaniappan  
Proprietor.  
Membership No. 205112

Rajapalaiyam  
27<sup>th</sup> May, 2013.

## SANDHYA SPINNING MILL LTD., RAJAPALAIYAM

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### ANNEXURE TO THE AUDITORS' REPORT

#### Annexure referred to in paragraph 1 of "Report on other Legal and Regulatory Requirements" of our report of even date

- i) In respect of Fixed Assets:
    - a) The Company has Maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
    - b) The management is having a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
    - c) No substantial part of fixed assets of the company has been disposed off during the year.
  - ii) In respect of Inventories:
    - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
    - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
    - c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in the books of accounts.
  - iii)
    - a) The company has not granted any loans, secured or unsecured to companies covered in the register maintained under section 301 of the Companies Act, 1956.
    - b) The company had taken loan from other companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.186 Lakhs and the year-end balance of loans taken from such parties was Rs. 186 Lakhs.
    - c) The Company has taken unsecured loans from 2 persons covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year end balance of such unsecured loans are Rs.100.32 Lakhs and Rs.100.04 Lakhs respectively.
    - d) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company
    - e) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
    - f) There is no overdue amount of loans taken from companies listed in the register maintained under section 301 of the Companies Act, 1956.
  - iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and also with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal control system of the Company.
  - v)
    - a) According to the information and explanations given to us, we are of the opinion, that the particulars of transactions made in pursuance of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
    - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been at prices which are reasonable having regard to the prevailing market prices.
  - vi) The company has not accepted any deposits during the year from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
  - vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
  - viii) We have broadly reviewed the books of accounts maintained by the company in respect of products pursuance to the Rules made by the Central Government for the maintenance of cost records under
-

## SANDHYA SPINNING MILL LTD., RAJAPALAIYAM

### ANNEXURE TO THE AUDITORS' REPORT

section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not however made a detailed examination of the records with a view to determine whether they are accurate or complete.

- ix) a) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales tax, customs duty, investor education and protection fund, wealth tax and any other material statutory dues applicable to it. According to the information and explanations given to us, there were no outstanding statutory dues as at 31<sup>st</sup> March, 2013 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no dues of income-tax, sales tax, wealth tax, Excise Duty, Service tax and cess, customs duty and cess were outstanding as on 31<sup>st</sup> March, 2013 from the date they became payable except the following :

Details	Amount (Rs. in Lakhs)	Forum where dispute is pending
VAT	21.24	JC(CT), Tirunelveli

- x) The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash loss during the financial year and has incurred cash loss in the financial year immediately preceding financial year.
- xi) According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institutions or bank during the year.
- xii) According to the information and explanations given to us, the company has not granted loans or advances on the basis of security by way of pledge of shares, debentures or other Investments.
- xiii) In our opinion, the Company is not a Chit fund or a Nidhi / Mutual benefit fund / Society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditor's Report) order 2003 are not applicable to the Company.
- xiv) In our opinion, the company is not dealing in or trading in shares, securities, debenture or other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- xv) The Company has not given any guarantee during the year.
- xvi) On the basis of review of utilisation of funds on an overall basis in our opinion, the terms loans taken by the company were applied for the purpose for which the loans were obtained.
- xvii) According to the information and explanations given to us and on the basis of overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- xviii) The Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- xix) The Company has not issued debentures and accordingly no security or charge has been created in respect of debentures.
- xx) The Company has not made a public issue of any its securities during the year and accordingly the provisions of clause 4(xx) of the Companies (Auditor's Report) order 2003 are not applicable to the Company.
- xxi) According to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the course of our audit.
- xxii) The Company is a potentially sick industrial Company within the meaning of Section 23 of the Sick Industrial Companies(Special Provisions) Act, 1985. The accumulated loss at the end of the financial year resulted in erosion of more than 50% of its peak networth during the immediately proceeding four financial years.

For N.A. JAYARAMAN & CO.,  
Chartered Accountants  
FRN-001310S

R. Palaniappan  
Proprietor.  
Membership No. 205112

Rajapalaiyam  
27<sup>th</sup> May, 2013.

**SANDHYA SPINNING MILL LTD., RAJAPALAIYAM**  
**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013**

	Note No.		AS AT 31-03-2013		(Rs. in Lakhs) AS AT 31-03-2012
<b>I EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' Fund</b>					
(a) Share Capital	1	168.14		168.14	
(b) Reserves and Surplus	2	113.72	281.86	(277.58)	(109.44)
<b>(2) Non Current Liabilities</b>					
(a) Long Term Borrowings	3	9,804.69		12,618.86	
(b) Deferred Tax Liabilities	4	784.00		585.00	
(c) Long Term Provisions	5	33.49	10,622.18	18.15	13,222.01
<b>(3) Current Liabilities</b>					
(a) Short Term Borrowings	6	6,459.19		4,255.15	
(b) Trade Payables		239.97		98.73	
(c) Other Current Liabilities	7	3,278.73		2,926.22	
(d) Short Term Provisions	8	70.47	10,048.36	725.48	8,005.58
<b>TOTAL</b>			<u>20,952.40</u>	<u>21,118.15</u>	<u>21,118.15</u>
<b>II ASSETS</b>					
<b>(1) Non Current Assets</b>					
<b>(a) Fixed Assets</b>					
(i) Tangible Assets	9	16,394.18		17,400.88	
(ii) Intangible Assets	9	1.58		3.18	
(iii) Capital Work-in-Progress		9.73		9.37	
			16,405.49	17,413.43	
<b>(b) Non Current Investments</b>	10		2.70		7.70
<b>(c) Long term Loans and Advances</b>	11		166.39		212.89
<b>(2) Current Assets</b>					
(a) Inventories	12	2,527.69		1,617.77	
(b) Trade Receivables	13	1,248.65		663.32	
(c) Cash and Cash Equivalents	14	155.23		68.08	
(d) Short Term Loan and Advances	15	42.55		685.88	
(e) Other Current Assets	16	403.70	4,377.82	449.08	3,484.13
<b>TOTAL</b>			<u>20,952.40</u>	<u>21,118.15</u>	<u>21,118.15</u>
<b>Significant Accounting Policies</b>	24				
<b>Notes on Financial Statements</b>	25				

The notes form an integral part of these financial statements.

As per our report annexed  
For N.A. JAYARAMAN & CO.,  
Chartered Accountants  
FRN-001310S  
R. PALANIAPPAN  
Proprietor  
Membership No. 205112  
Rajapalaiyam,  
27<sup>th</sup> May, 2013.

P.R. RAMASUBRAHMANEYA RAJHA  
Chairman  
SMT. SRISANDHYA RAJU  
Managing Director

SMT R. SUDARSANAM  
P.R. VENKETRAMA RAJA  
N.K. SHRIKANTAN RAJA  
K.T. KRISHNAN  
Directors





**SANDHYA SPINNING MILL LTD., RAJAPALAIYAM**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

	(Rs. in Lakhs)	
	2012-13	2011-12
<b>A. Cash flow from Operating activities</b>		
Net Profit before tax and prior period and extraordinary items	590.30	(2,199.20)
Adjustments for :		
Depreciation	1,140.82	1,132.81
Interest paid	2,072.17	1,996.47
Interest Received	(11.68)	(29.23)
Dividend Received	(0.03)	(0.04)
Loss on sale of assets	1.47	2.61
Operating Profit before Working capital Changes	3,793.05	903.42
Adjustments for :		
Trade Receivables	(585.33)	1,321.61
Loans and Advances	88.51	299.71
Inventories	(909.92)	2,950.63
Trade Payables & Current liabilities	501.75	(219.16)
Cash generated from Operations	2,888.06	5,256.21
Income tax Paid	(0.96)	(36.13)
<b>Net Cash from Operating activities</b>	A      2,887.10	5,220.08
<b>B. Cash Flow from Investing activities :</b>		
Purchase of fixed assets	(135.03)	(329.51)
Sale of Investments	5.00	-
Sale of assets	0.67	(5.79)
Interest received	11.68	29.23
Dividend received	0.03	0.04
<b>Net Cash used in Investing activities</b>	B      (117.65)	(306.03)
<b>C. Cash Flow from Financing activities :</b>		
Proceeds from Long Term borrowings	-	787.49
Repayment of Long Term Loan	(2,814.17)	(3,785.25)
Increase / (Decrease) in working capital borrowings	2,204.04	(33.15)
Payment of Dividend and Tax thereon	0.00	(117.25)
Interest Paid	(2,072.17)	(1,996.46)
<b>Net cash used in financing activities</b>	(2,682.30)	(5,144.62)
<b>Net Increase in Cash and Cash Equivalent</b>	(A+B+C)      87.15	(230.57)
<b>Opening balance of Cash and Cash Equivalents (Ref to Note No. 14)</b>	D      68.08	298.65
<b>Closing balance of Cash and Cash Equivalents (Ref to Note No. 14)</b>	E      155.23	68.08
<b>Net Increase / (Decrease) in Cash and Cash Equivalent</b>	(E-D)      87.15	(230.57)

As per our report annexed  
For N.A. JAYARAMAN & CO.,  
Chartered Accountants  
FRN-001310S  
R. PALANIAPPAN  
Proprietor  
Membership No. 205112

P.R. RAMASUBRAHMANEYA RAJHA  
Chairman  
SMT. SRISANDHYA RAJU  
Managing Director

SMT R. SUDARSANAM  
P.R. VENKETRAMA RAJA  
N.K. SHRIKANTAN RAJA  
K.T. KRISHNAN  
Directors

Rajapalaiyam,  
27<sup>th</sup> May, 2013.

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

(Rs. in Lakhs)

Particulars	<b>As at 31-03-2013</b>	As at 31-03-2012
-------------	-----------------------------	---------------------

**Note 1**

**SHARE CAPITAL**

**Authorised**

20,00,000 Equity Shares of Rs.10/- each (PY 20,00,000 Equity Shares of Rs.10/- each)	200.00	200.00
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**Issued, Subscribed and fully paid-up**

16,81,400 Equity Shares of Rs.10/- each (PY 16,81,400 Equity Shares of Rs.10/- each)	168.14	168.14
	<b>168.14</b>	<b>168.14</b>

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

Number of shares at the beginning	1,681,400	1,681,400
Number of Shares at the end	<b>1,681,400</b>	<b>1,681,400</b>

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

Particulars	As at 31-03-2013		As at 31-03-2012	
	No. of Shares	% of holding	No. of Shares	% of holding
Smt. SriSandhya Raju	350,750	20.86%	350,750	20.86%
Sri P.V. Abinav Ramasubramaniam Raja	140,000	8.33%	140,000	8.33%

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

	(Rs. in Lakhs)	
Particulars	As at 31-03-2013	As at 31-03-2012
<b>Note 2</b>		
<b>RESERVES AND SURPLUS</b>		
General Reserve		
Opening Balance	(277.58)	963.04
Add : Transfer from Surplus Account	<u>300.00</u>	<u>(1,240.62)</u>
	<b>22.42</b>	<b>(277.58)</b>
<b>Surplus in the statement of profit and loss</b>		
Opening Balance	-	209.58
Add: Profit/(Loss) for the Year	391.30	(1,450.20)
Less: Appropriations		
Transfer to General Reserve	<u>300.00</u>	<u>1,240.62</u>
	<b>91.30</b>	-
	<u><b>113.72</b></u>	<u><b>(277.58)</b></u>

**Note 3**

**LONG TERM BORROWINGS**

Secured

Term Loan from Banks	9,804.69	12,618.86
	<u>9,804.69</u>	<u>12,618.86</u>

- a) Term Loan from Banks are secured by pari-passu charge on the fixed assets of the Company and a second charge on the current assets of the Company.
- b) The Term Loans from Banks are repayable in quarterly / half yearly / annual installments. The year wise repayment of Term Loans are as follows:

Year	Amount	Amount
2013-14	-	2,818.00
2014-15	2,796.00	2,796.00
2015-16	2,274.09	2,274.09
2016-17	2,279.00	2,279.00
2017-18	1,283.00	1,283.00
2018-19	1,098.77	1,098.77
2019-20	73.83	70.00
Total	<u>9,804.69</u>	<u>12,618.86</u>

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

Particulars	As at 31-03-2013	As at 31-03-2012
<b>(Rs. in Lakhs)</b>		
<b>Note 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	3,198.76	3,150.67
<b>Deferred Tax Asset</b>		
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	(2,414.76)	(2,565.67)
Net Deferred Tax Liability	<u>784.00</u>	<u>585.00</u>
<b>Note 5</b>		
<b>Long Term Provision</b>		
Provision for Other Employee Benefits	33.49	18.15
	<u>33.49</u>	<u>18.15</u>
<b>Note 6</b>		
<b>SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
Loan Repayable on Demand from Banks *	6,151.85	3,950.98
<b>Unsecured</b>		
Loan Repayable on Demand from Banks	-	-
Deposits	21.30	32.77
Loan from Related Parties	186.00	186.00
Loan from Directors	100.04	85.40
(Refer to Item No. 4 of Note 25)	<u>6,459.19</u>	<u>4,255.15</u>
* Loan Repayable on Demand from Banks are secured by pari-passu charge on the current assets of the Company and a second charge on the fixed assets of the Company.		
<b>Note 7</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long Term Debt	2,818.00	2,801.60
Interest Accrued but not Due on Borrowings	2.83	2.83
Unpaid Dividends	8.22	9.15
Liabilities for Other Finance	449.68	112.64
	<u>3,278.73</u>	<u>2,926.22</u>
<b>Note 8</b>		
<b>SHORT TERM PROVISIONS</b>		
Provision for Employee Benefits	64.62	71.98
Provision for Taxation	5.85	653.50
	<u>70.47</u>	<u>725.48</u>

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

Note 9

**FIXED ASSETS**

Particulars	Gross block			Depreciation			Net block			
	Cost as at 01-04-2012	Additions during the year	Sold / withdrawn during the year	Cost as at 31-03-2013	Up to 31-03-2012	For the year	Withdrawn	Up to 31-03-2013	As at 31-03-2013	As at 31-03-2012
<b>TANGIBLE ASSETS</b>										
Land	278.50	-	-	278.50	-	-	-	-	278.50	278.50
Buildings	2,519.64	2.52	-	2,522.16	486.37	84.21	-	570.58	1,951.58	2,033.27
Plant and machinery	18,923.30	71.61	2.42	18,992.49	4,587.76	1,000.69	0.34	5,588.11	13,404.38	14,335.53
Electrical machinery	916.56	50.42	-	966.98	258.85	44.95	-	303.80	663.18	657.72
Furniture & Office Equipments	134.50	2.68	1.16	136.02	57.01	6.99	1.10	62.90	73.12	77.48
Vehicles	21.31	7.42	-	28.73	2.92	2.39	-	5.31	23.42	18.38
<b>Total - Tangible Assets</b>	22,793.81	134.65	3.58	22,924.88	5,392.91	1,139.23	1.44	6,530.70	16,394.18	17,400.88
Total - Tangible Assets for Previous Year	22,467.75	331.64	5.59	22,793.81	4,261.42	1,132.80	1.29	5,392.93	17,400.88	18,206.33
<b>INTANGIBLE ASSETS</b>										
Computer Software	25.70	-	-	25.70	22.52	1.60	-	24.12	1.58	3.18
<b>Total - Intangible Assets</b>	25.70	-	-	25.70	22.52	1.60	-	24.12	1.58	3.18
Total - Intangible Assets for Previous Year	25.70	-	-	25.70	22.52	-	-	22.52	3.18	3.18

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

(Rs. in Lakhs)

Particulars	As at 31-03-2013	As at 31-03-2012
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**Note 10**

**NON-CURRENT INVESTMENTS**

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

Name of the Company	No.of. Shares	Total face Value Rs.	Cost	Cost
<b>a) Quoted</b>				
<b>Associate Companies</b>				
Rajapalayam Mills Limited	500	0.05	0.69	0.69
Sub-Total (A)			0.69	0.69
<b>b) Unquoted</b>				
(I) SHARES OF JOINT STOCK COMPANIES : FULLY PAID-UP				
<b>Subsidiary Company</b>				
Deccan Renewable Wind Electrics Limited	500,000	5.00	-	5.00
<b>Associate Companies</b>				
Ramco Group Employee Co.op. Stores Ltd.	50	0.005	0.01	0.01
Ontime Transport Co.Ltd	20,000	2.00	2.00	2.00
Sub-Total (B)			2.01	7.01
Aggregate Value of Investments (A+B)			2.70	7.70
<b>Aggregate Value of:</b>				
Quoted Investments - Cost			0.70	0.70
Market Value			1.20	0.96
Unquoted Investments - Cost			2.01	7.01

**Note 11**

**LONG TERM LOANS AND ADVANCES**

**Unsecured, considered good**

Security Deposits	166.39	212.89
	166.39	212.89

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

Particulars	As at 31-03-2013	(Rs. in Lakhs) As at 31-03-2012
<b>Note 12</b>		
<b>INVENTORIES</b>		
Finished Goods	736.53	610.62
Rawmaterials - Cotton & Cotton Waste	1,414.12	692.93
Stores and Spares	63.26	55.72
Process Stock	313.78	258.50
	<b>2,527.69</b>	<b>1,617.77</b>
Details of Process Stock		
Cotton Yarn	313.78	258.50
	<b>313.78</b>	<b>258.50</b>
Mode of valuation of inventories are disclosed in Accounting Policies in Note 24.		
<b>Note 13</b>		
<b>TRADE RECEIVABLES</b>		
<b>Unsecured, considered good for a period exceeding six months</b>	-	-
Other Trade Receivables	1,248.65	663.32
	<b>1,248.65</b>	<b>663.32</b>
<b>Note 14</b>		
<b>CASH AND BANK BALANCE</b>		
Cash on Hand	3.31	1.07
Balance with Bank		
In Current Account	139.94	(29.96)
In Deposit Account for Margin Money	3.75	40.50
In Unclaimed Dividend Warrant Account	8.23	9.15
Cheques on hand	-	47.32
	<b>155.23</b>	<b>68.08</b>
<b>Note 15</b>		
<b>SHORT TERM LOANS AND ADVANCES</b>		
<b>Unsecured, considered good</b>		
Advance to Suppliers	24.36	21.00
Advance Income-Tax & TDS and Refund Due	18.19	664.88
	<b>42.55</b>	<b>685.88</b>



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

Particulars	As at 31-03-2013	As at 31-03-2012
<b>(Rs. in Lakhs)</b>		
<b>Note 16</b>		
<b>OTHER CURRENT ASSETS</b>		
Accrued Income	339.44	395.81
Prepaid Expenses	42.65	34.61
Other Current Assets	21.61	18.66
	<b>403.70</b>	<b>449.08</b>
	<b>403.70</b>	<b>449.08</b>
<b>Note 17</b>		
<b>REVENUE FROM OPERATION</b>		
<b>Sale of Products</b>		
Yarn	13,959.97	11,957.16
Waste Cotton	197.01	126.98
	<b>14,156.98</b>	<b>12,084.14</b>
<b>Other operating revenues</b>		
Value of Power Generated from Wind Mills	-	0.28
Export Incentive	43.32	46.39
Job Work Charges Received	12.49	25.62
	<b>14,212.79</b>	<b>12,156.43</b>
	<b>14,212.79</b>	<b>12,156.43</b>
<b>Note 18</b>		
<b>OTHER INCOME</b>		
Interest Received	11.68	29.23
Dividend Income	0.03	0.04
Carbon Credit Sale	-	6.70
Industrial Promotion Assistance	4.26	89.52
Miscellaneous Income	0.41	0.61
Exchange Gain on Foreign Currency Transactions (Net)	1.11	-
	<b>17.49</b>	<b>126.10</b>
	<b>17.49</b>	<b>126.10</b>

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

Particulars	(Rs. in Lakhs)	
	As at 31-03-2013	As at 31-03-2012
<b>Note 19</b>		
<b>COST OF MATERIALS CONSUMED</b>		
<b>Rawmaterials Consumed</b>		
Cotton & Cotton Waste	6,972.93	7,364.53
	<b>6,972.93</b>	<b>7,364.53</b>
	<b>6,972.93</b>	<b>7,364.53</b>
<b>Note 20</b>		
<b>CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>		
<b>Opening Stock</b>		
Finished Goods	610.62	1,749.56
Work-in-Progress	258.50	869.12
	<b>869.12</b>	<b>584.11</b>
	<b>869.12</b>	<b>2,333.67</b>
<b>Less: Closing Stock</b>		
Finished Goods	736.53	610.62
Work-in-Progress	313.78	1,050.31
	<b>1,050.31</b>	<b>258.50</b>
	<b>(181.19)</b>	<b>869.12</b>
	<b>(181.19)</b>	<b>1,464.55</b>
	<b>(181.19)</b>	<b>1,464.55</b>
<b>Note 21</b>		
<b>EMPLOYEE BENEFITS</b>		
Salaries , Wages and Bonus	745.12	592.97
Contribution to Provident and Other Funds	112.58	98.64
Staff and Labour Welfare Expenses	54.62	41.76
	<b>912.32</b>	<b>733.37</b>
	<b>912.32</b>	<b>733.37</b>
<b>Note 22</b>		
<b>FINANCE COSTS</b>		
Interest Expenses	2,065.22	1,989.86
Other Borrowing Costs	6.95	6.60
Exchange Fluctuation (Net) applicable to Finance Costs	-	113.54
	<b>2,072.17</b>	<b>2,110.00</b>
	<b>2,072.17</b>	<b>2,110.00</b>

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

Particulars	As at 31-03-2013	As at 31-03-2012
<b>(Rs. in Lakhs)</b>		
<b>Note 23</b>		
<b>OTHER EXPENSES</b>		
<b>Manufacturing Expenses</b>		
Power and Fuel (Refer to Item No. 8 of Note 25)	1,185.73	794.25
Packing Materials	184.25	150.93
Repairs to Buildings	24.66	27.09
Repairs to Plant and Machinery	218.91	180.45
Repairs - General	195.13	142.39
Jobwork Charges Paid	70.57	7.66
	<b>1,879.25</b>	<b>1,302.77</b>
<b>Establishment Expenses</b>		
Managing Director Remuneration	27.88	27.88
Rates and Taxes	16.50	10.32
Insurance	12.61	17.42
Postage and Telephone	4.75	3.95
Printing and Stationery	4.05	3.91
Travelling Expenses	16.19	23.23
Vehicle Maintenance	14.77	10.97
Directors Sitting Fees	1.05	1.05
Audit and Legal Expenses	10.84	9.78
Corporate Social Responsibility	0.06	0.36
Loss on Sale of Assets	1.47	2.61
Miscellaneous Expenses	86.01	47.89
	<b>196.18</b>	<b>159.37</b>
<b>Selling Expenses</b>		
Sales Commission	150.69	121.15
Export Expenses	14.79	13.97
Other Selling Expenses	56.46	53.95
	<b>221.94</b>	<b>189.07</b>
	<b>2,297.37</b>	<b>1,651.21</b>

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

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**Note 24**

**SIGNIFICANT ACCOUNTING POLICIES**

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

- (i) The financial statements have been prepared under the historical cost convention and in accordance with the generally accepted accounting principles, the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act 1956, as adopted consistently by the Company.
- (ii) The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.
- (iii) During the year the monetary value of the power generated at wind farms that are consumed at Mills are not treated as revenue but have been set off against the cost of Power & Fuel in accordance with the announcement of ICAI on Treatment of inter-divisional transfers. Hitherto such value was treated as revenue in the wind farms and included as expenditure in Textile Divisions grouped under power & fuel. The change in presentation does not have any impact in the financial statements.

**2. Depreciation**

- (i) On all Assets acquired upto 31.03.2001, Depreciation has been provided at the rates specified in Schedule XIV before amendment by notification dt. 16.12.93.
- (ii) From the year 2001-02 onwards calculation of depreciation on Plant and machinery, have been on technical assessment, treated as 'continuous process plant' as defined in the said Schedule and depreciation has been provided accordingly.

**3. Use of Estimates**

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.

**4. Tangible Fixed Assets**

- (i) Tangible Fixed Assets are stated at cost of acquisition (net of CENVAT/VAT wherever applicable) less accumulated depreciation/amortisation and impairment losses if any, except freehold land which is carried at cost less impairment losses if any. 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. 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) 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.

**5. Intangible Assets**

The cost of computer software that are installed are accounted at cost for 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.

**6. Investments**

All Investments being long term & non-trade are stated at cost.

**7. 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 or net realizable value whichever is lower.

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

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- (ii) Process stock is valued at cost including the cost of conversion. The cost of conversion includes direct costs.
- (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.

**8. 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) 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, VAT and CST.
- (iii) Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.
- (iv) Income from Wind Mills:  
The monetary value of the power generated at wind farms that are consumed at Mills are not treated as revenue but have been set off against the cost of Power & Fuel.

**9. Employee Benefits**

- (i) Short-term employee benefit viz., Salaries and Wages, are recognized as an expense at the undiscounted amount in the profit and loss account 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 profit and loss account for the year in which the employees have rendered services. The Company contributes to Provident fund administered by the Government on a monthly basis at 12% of employee's basic salary. The Company also contributed for superannuation a sum equivalent to 15% of the employee's eligible annual basic salary subject to a maximum of Rs. 1 Lakh per employee to funds administered by trustees and managed by LIC of India annually. There are no other obligations other than the above defined contribution plans.

- (iii) 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 funds 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.

Leave Encashment:

The Company has a policy of allowing encashment of unavailed leave for its employees. The obligation for the leave encashment is recognized based on an independent external actuarial valuation at the Balance Sheet date. The expense is recognized at the present value of the amount payable determined based on actuarial valuation using projected unit credit method.

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

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. Un-provided contingent liabilities are disclosed in the Accounts by way of Notes. Contingent Assets are not recognized.

**11. Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction of qualifying assets are capitalized as part of the cost of those assets as per Accounting Standard-16 (Borrowing Costs). All other borrowing costs are charged to revenue.

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

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**12. Government Subsidy / Grant**

- (i) Interest subsidy under Technology Upgradation Fund Scheme (TUF) is credited to the Interest and Finance Charges.
- (ii) Power Subsidy under Industrial Investment Promotion Policy of Andhra Pradesh is credited to the Power & Fuel cost.
- (iii) Other subsidies under Industrial Investment Promotion Policy of Andhra Pradesh are credited to Industrial Promotion Assistance under Note "Other Income".

**13. Foreign Currency Transactions**

- (i) Transactions in Foreign Currency are accounted at the exchange rates prevailing at the time of transaction.
- (ii) Covered liabilities in foreign currencies are accounted at the rate at which they have been covered. Uncovered liabilities in foreign currency are accounted at the rates as on the Balance Sheet date.
- (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.
- (iv) Exchange difference in respect of uncovered foreign currency liabilities are recognized in the profit and loss account.

**14. Earnings per share**

Net profit after tax is divided by weighted average number of equity shares as stipulated in Accounting Standard - 20 (Earnings per share).

**15. Income tax**

The tax provision is considered as stipulated in Accounting Standard-22 (Accounting for Taxes on income) and includes current and deferred tax liability. The Company recognizes the deferred tax liability based on the accumulated timing difference using the current tax rate.

**16. Segment Reporting**

The Company has identified two reportable segments viz., Textiles and Power generation from Windmills as primary business segments considering the nature of the products, the differing risks and returns as per Accounting Standard - 17 (Segment Reporting). The valuation of inter segment transfers are based on prevailing market prices.

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

**Note 25**

**NOTES ON FINANCIAL STATEMENTS**

(Rs. in Lakhs)

	As at 31-03-2013	As at 31-03-2012
1. Contingent Liabilities		
(i) Liability on Letter of Credit opened		
Capital Goods	NIL	NIL
Others	NIL	NIL
(ii) Estimated amount of contracts remaining to be executed on capital account not provided	NIL	NIL
(iii) Liability on guarantees given by the bankers	NIL	11.40
(iv) Liability on guarantees given to the bankers	NIL	NIL
(v) Disputed VAT Liability	21.24	21.24

2. Income tax assessments have been completed up to the accounting year ended on 31-03-2011 i.e., Assessment year 2011-12.

3. Sales Tax Assessment upto year ended 31<sup>st</sup> March, 2008 has been completed.

4. Details of Loans from Directors under 'Loan from Related Parties' are:

Name	Closing Balance as on		Interest Paid	
	31-03-2013	31-03-2012	2012-13	2011-12
Smt. P.V. Nirmala Raju	4.84	4.32	0.57	0.59
Smt SriSandhya Raju	95.20	81.08	11.05	8.51

5. Contribution to Gratuity Fund recognized in the current period is in accordance with Accounting Standard -15 (Revised).

6. Auditors' remuneration (including Service Tax) & expenses:

	2012-13	2011-12
A) Statutory Auditors:		
a. As Auditors		
- Fees	0.62	0.62
b. In other Capacities		
- For Tax Audit / Tax - Fees	0.45	0.48
c. Representation		
- Certification Work - Fees	0.63	0.26
- Expenses reimbursed	0.21	-
	1.91	1.35
B) Cost Auditor:		
As Auditor	0.45	-

7. As at 31-03-2013, the company has no outstanding dues to micro, small and medium enterprises/small-scale industrial undertaking. 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.

8. a) The unadjusted units generated from the windmills as on 31-03-2013 are 2.06 Lakhs KWH (PY 1.98 Lakhs KWH) and its monetary value of Rs.11.93 Lakhs (PY Rs.11.45 Lakhs) has been included in Loans & Advances.

b) The value of power generated from wind mills are adjusted against own consumption at the mills (Captive Consumption) of Rs.1,241.40 Lakhs (PY Rs.748.26 Lakhs) have been set - off against cost of power "Power and Fuel". In the previous year all the above amount have been classified under income from Wind Mills.

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

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

<b>Defined Contribution Plan:</b>	<b>2012-13</b>	<b>(Rs. in Lakhs)</b> 2011-12
Employer's Contribution to Provident Fund	21.05	18.11
Employer's Contribution to Superannuation Fund	2.50	2.39
<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 on 01.04.2012	80.96	59.47
Current Service Cost	12.66	8.51
Past Service Cost	-	-
Interest Cost	6.72	4.62
Actuarial (gain) / loss	13.85	11.72
Benefits paid	(-) 9.19	(-) 3.36
Defined Benefit obligation as on 31.03.2013	105.00	80.96
<b>Reconciliation of opening and closing balances of fair value of plan assets:</b>		
Fair value of plan assets as on 01.04.2012	68.84	38.53
Expected return on plan assets	6.18	4.13
Actuarial gain / (loss)	0.11	(-) 0.12
Employer Contribution	26.10	29.66
Benefits paid	(-) 9.19	(-) 3.36
Fair value of plan assets as on 31.03.2013	92.04	68.84
<b>Actual Return of plan assets:</b>		
Expected return of plan assets	6.18	4.13
Actuarial gain / (loss) on plan assets	0.11	(-) 0.12
Actual return on plan assets	6.29	4.01
<b>Reconciliation of fair value of assets and obligations:</b>		
Fair value of plan assets	92.04	68.84
Present value of obligation	105.00	80.96
Difference	12.96	12.12
Unrecognized transitional liability	-	-
Unrecognized past service cost non vested benefits	-	-
Amount recognized in Balance Sheet	12.96	12.12
<b>Expense recognized during the year:</b>		
Current Service Cost	12.65	8.51
Interest Cost	6.72	4.62
Expected return on plan assets	(-) 6.18	(-) 4.13
Actuarial (gain) / loss	13.74	11.84
Transitional liability recognized in the year	-	-
Past service cost-non-vested benefits	-	-
Past service cost-vested benefits	-	-
Net Cost	26.93	20.84
<b>Investment Details as on 31-03-2013:</b>		
GOI Securities	-	-
State Government Securities	-	-
High Quality Corporate Bonds	-	-
Funds with LIC	100%	100%
Bank balance	-	-
Others	-	-
Total	100%	100%
<b>Actuarial assumptions:</b>		
LIC 1994-96 Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a.	8.30%	8.80%
Expected rate of return on plan assets p.a.	8.00%	8.00%
Rate of escalation in salary p.a.	6.00%	6.00%



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

	2012-13	2011-12
(Rs. in Lakhs)		
<b>Details of the Leave encashment plan (Un-Funded) are as follows:</b>		
<b>Reconciliation of opening and closing balances of defined benefit plan:</b>		
Defined Benefit Obligation as on 01-04-2012	21.31	12.28
Current Service Cost	4.78	3.64
Interest Cost	1.70	0.90
Actuarial (gain) / loss	9.71	6.43
Benefits paid	(-) 3.90	(-) 1.94
Defined Benefit obligation as on 31-03-2013	33.60	21.31
<b>Reconciliation of opening and closing balances of fair value of plan assets:</b>		
Fair value of plan assets as on 01-04-2012	-	-
Expected return on plan assets	-	-
Actuarial gain / (loss)	-	-
Employer Contribution	3.90	1.94
Benefits paid	(-) 3.90	(-) 1.94
Fair value of plan assets as on 31-03-2013	-	-
<b>Actual Return of plan assets:</b>		
Expected return of plan assets	-	-
Actuarial gain / (loss) on plan assets	-	-
Actual return on plan assets	-	-
Fair value of plan assets	-	-
Present value of obligation	33.60	21.31
Difference	33.60	21.31
Unrecognized transitional liability	-	-
Unrecognized past service cost non vested benefits	-	-
Amount recognized in Balance Sheet	33.60	21.31
<b>Expense recognized during the year:</b>		
Current Service Cost	4.78	3.64
Interest Cost	1.70	0.90
Expected return on plan assets	-	-
Actuarial (gain) / loss	9.71	6.43
Transitional liability recognized in the year	-	-
Past service cost-non-vested benefits	-	-
Past service cost-vested benefits	-	-
Net Cost	16.19	10.97
<b>Investment Details as on 31-03-2013:</b>		
GOI Securities	-	-
State Government Securities	-	-
High Quality Corporate Bonds	-	-
Funds with LIC	-	-
Bank balance	-	-
Others	-	-
Total	-	-
<b>Actuarial assumptions</b>		
LIC 1994-96 Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a.	8.30%	8.80%
Expected rate of return on plan assets p.a.	NA	NA
Rate of escalation in salary p.a.	6.00%	6.00%

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

**10. The Segment Information for the year ended 31st March, 2013**

(Rs. in Lakhs)

Particulars	Textiles		Windmill Power		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<b>REVENUE</b>						
External Sales (Net)	<b>14,200.30</b>	12,130.81	-	-	<b>14,200.30</b>	12,130.81
Inter Segment Sale	-	-	<b>1,241.40</b>	748.54	<b>1,241.40</b>	748.54
Total Sales	<b>14,200.30</b>	12,130.81	<b>1,241.40</b>	748.54	<b>15,441.70</b>	12,879.35
Other Income	<b>29.98</b>	151.72	-	-	<b>29.98</b>	151.72
Total Revenue	<b>14,230.28</b>	12,282.53	<b>1,241.40</b>	748.54	<b>15,471.68</b>	13,031.07
<b>RESULT</b>						
Segment Result	<b>2,845.94</b>	326.71	<b>945.67</b>	687.67	<b>3,791.61</b>	1,014.38
Unallocated Income					-	-
Unallocated Expenses					-	-
Operating Profit					<b>3,791.61</b>	1,014.38
Interest Expenses					<b>2,072.17</b>	2,110.00
Depreciation					<b>1,140.82</b>	1,132.81
Interest Income					<b>11.68</b>	29.23
Provision for Taxation						
Current Tax					-	-
Deferred Tax Liability / (Assets)					<b>199.00</b>	(749.00)
Profit from ordinary activities					<b>391.30</b>	(1,450.20)
Exceptional Items					-	-
<b>Net Profit</b>					<b>391.30</b>	(1,450.20)
<b>OTHER INFORMATION</b>						
Segment Assets	<b>17,081.15</b>	16,885.64	<b>3,871.25</b>	4,232.51	<b>20,952.40</b>	21,118.15
Unallocated Assets					-	-
Total Assets					<b>20,952.40</b>	21,118.15
Segment Liabilities					<b>19,886.54</b>	20,642.59
Unallocated Liabilities					<b>784.00</b>	585.00
Total Liabilities					<b>20,670.54</b>	21,227.59
Capital Expenditure	<b>134.65</b>	331.65			<b>134.65</b>	331.65
Unallocated Capital Expenditure					-	-
Depreciation	<b>862.59</b>	854.58	<b>278.23</b>	278.23	<b>1,140.82</b>	1,132.81
Unallocated Depreciation Expenditure					-	-
Non-Cash expenses other than Depreciation	-	-			-	-

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

	(Rs. in Lakhs)	
	2012-13	2011-12
<b>11. Earning per Share</b>		
<b>Particulars</b>		
Net Profit / Loss after tax (A)	<b>391.30</b>	(1450.20)
No. of Shares (B)	<b>16,81,400</b>	16,81,400
Basic & Diluted earnings per share for Rs.10/- each (A)/(B)	<b>23.27</b>	(86.25)

**12. 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:

Key Management Personnel & Relatives.

Shri. P.R. Ramasubrahmaneya Rajha, Chairman

Smt. SriSandhya Raju, Managing Director

Smt. R. Sudarsanam, Director

Shri. P.R. Venketrama Raja, Director

Smt. P.V. Nirmala Raju, Director

The Company's transactions with the above persons are furnished in Note No. 4 above.

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

M/s. Madras 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 Spinners Limited

M/s. Sri Harini Textiles Limited

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

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

Name of the Related Party	Maximum Outstanding 2012-13	Interest 2012-13	Outstanding as on 31-03-2013 ICD	Outstanding as on 31-03-2013 INTEREST
Rajapalayam Mills Ltd.	186	20.81	186	NIL

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

Name of the Related Party	Maximum Outstanding 2011-12	Interest 2011-12	Outstanding as on 31-03-2012 ICD	Outstanding as on 31-03-2012 INTEREST
Rajapalayam Mills Ltd	786	75.04	186	NIL

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

(Rs. in Lakhs)

**(c) Good Supplied / Services rendered:**

	Value 2012-13	Outstanding as on 31-03-2013	Value 2011-12	Outstanding as on 31-03-2012
The Ramaraju Surgical Cotton Mills Ltd.,	4.59	NIL	12.27	NIL
Sri Vishnu Shankar Mill Ltd.,	88.01	NIL	2.15	NIL
Rajapalayam Mills Ltd.,	511.64	NIL	0.30	NIL
Ramco Industries Ltd.,	299.72	NIL	86.74	NIL
Thanjavur Spinning Mill Ltd.,	4.51	NIL	17.59	NIL
Rajapalayam Spinners Ltd.,	41.22	NIL	0.04	NIL
Madras Cements Ltd.,	-	NIL	20.34	NIL

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

Name of the Related Party	Value 2012-13	Outstanding as on 31-03-2013	Value 2011-12	Outstanding as on 31-03-2012
The Ramaraju Surgical Cotton Mills Ltd	158.50	NIL	6.87	NIL
Sri Vishnu Shankar Mill Ltd	35.66	NIL	40.14	NIL
Rajapalayam Mills Ltd	191.11	NIL	59.17	NIL
Madras Cements Ltd	131.58	NIL	60.96	NIL
Ramco Industries Ltd	232.34	NIL	73.89	NIL
Ramco System Ltd	5.50	NIL	5.47	NIL
Shri Harini Textile Ltd.,	1.97	NIL	0.07	NIL
Thanjavur Spinning Mill Ltd	127.27	NIL	199.75	NIL

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

Name of the Related Party	Value 2012-13	Outstanding as on 31-03-2013	Value 2011-12	Outstanding as on 31-03-2012
Madras Cements Ltd	2.99	NIL	2.90	NIL

13. Other additional information pursuant to the revised Schedule VI of the Companies Act, 1956.

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

	2012-13	2011-12
Raw Materials	196.26	408.75
Components and Spares	31.89	58.93
Capital Goods	NIL	210.26

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

	2012-13	2011-12
Total Value	219.17	629.29

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

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

	2012-13		2011-12	
	(Rs. in Lakhs)	%	(Rs. in Lakhs)	%
Raw Materials				
Imported	278.02	1	145.69	2
Indigenous	6670.68	99	7244.09	98
Spare parts and Components				
Imported	33.80	5	38.43	10
Indigenous	699.61	95	328.64	90

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

	2012-13	2011-12
Export on Yarn	940.63	884.04

14. Previous year figures have been regrouped / restated wherever necessary to make them comparable with the current year's figures.

15. Figures have been rounded off to Lakhs with two decimals.

As per our report annexed  
For N.A. JAYARAMAN & CO.,  
Chartered Accountants  
FRN-001310S

R. PALANIAPPAN  
Proprietor  
Membership No.205112

Rajapalaiyam,  
27<sup>th</sup> May, 2013

P.R. RAMASUBRAHMANEYA RAJHA  
Chairman

SMT. SRISANDHYA RAJU  
Managing Director

SMT R. SUDARSANAM  
P.R. VENKETRAMA RAJA  
N.K. SHRIKANTAN RAJA  
K.T. KRISHNAN  
Directors

## SANDHYA SPINNING MILL LTD., RAJAPALAIYAM

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### STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of Subsidiary Company : **DECCAN RENEWABLE WIND ELECTRICS LIMITED** (Wholly Owned Subsidiary)

1. The Company has delinked from the subsidiary on 15-03-2013. As such the consolidated Statement of Profit and Loss has been prepared considering the transactions of the subsidiary company upto 15-03-2013.

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P.R. RAMASUBRAHMANEYA RAJHA  
Chairman

SMT. SRISANDHYA RAJU  
Managing Director

Rajapalaiyam,  
27<sup>th</sup> May, 2013.

SMT. R. SUDARSANAM

P.R. VENKETRAMA RAJA

N.K. SHRIKANTAN RAJA

K.T. KRISHNAN

Directors

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## CONSOLIDATED FINANCIAL STATEMENTS OF SANDHYA SPINNING MILL LTD., AND ITS SUBSIDIARY

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### INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS OF SANDHYA SPINNING MILL LIMITED AND ITS SUBSIDIARY

#### Report on the Financial Statements

We have audited the accompanying consolidated Statement of Profit and Loss of M/s. Sandhya Spinning Mill Limited as at 31<sup>st</sup> March, 2013 and its subsidiary as at 15<sup>th</sup> March, 2013 and a summary of significant accounting policies.

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

Management is responsible for the preparation of the statement that gives a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement of Profit and Loss that gives 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 Statement of Profit and Loss based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement of Profit and Loss is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement of Profit and Loss. 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Statement of Profit and Loss.

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Statement of Profit and Loss give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the profit for the year ended on that dates.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that :
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

## CONSOLIDATED FINANCIAL STATEMENTS OF SANDHYA SPINNING MILL LTD., AND ITS SUBSIDIARY

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- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Statement of Profit and Loss dealt with by this Report is in agreement with the books of account;
- d. In our opinion, the Statement of Profit and Loss comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section(1) of Section 274 of the Companies Act, 1956.
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For N.A. JAYARAMAN & CO.  
Chartered Accountants  
FRN-001310S

R. PALANIAPPAN  
Proprietor.  
Membership No. 205112

Rajapalaiyam,  
27<sup>th</sup> May, 2013.



**CONSOLIDATED FINANCIAL STATEMENTS OF SANDHYA SPINNING MILL LTD., AND ITS SUBSIDIARY  
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

Particulars	Note	(Rs. in Lakhs)	
		For the year ended 31-03-2013	For the year ended 31-03-2012
I <b>Revenue from Operations</b>	1	<b>14,212.79</b>	12,156.43
II <b>Other Income</b>	2	<b>17.49</b>	126.10
III <b>Total Revenue (I+II)</b>		<b>14,230.28</b>	12,282.53
IV <b>EXPENSES</b>			
Cost of Materials Consumed	3	<b>6,972.93</b>	7,364.52
Trade Purchases		<b>425.56</b>	25.26
Changes in Inventories of Finished Goods and Work-in-progress	4	<b>(181.19)</b>	1,464.55
Employee Benefit Expenses	5	<b>912.32</b>	733.37
Finance Costs	6	<b>2,072.17</b>	2,110.35
Depreciation and Amortization Expenses		<b>1,140.82</b>	1,132.80
Other Expenses	7	<b>2,297.47</b>	1,651.48
<b>Total Expenses</b>		<b>13,640.08</b>	14,482.33
V <b>Profit / (Loss) Before Exceptional and Extraordinary items and Tax (III-IV)</b>		<b>590.20</b>	(2,199.80)
VI <b>Exceptional &amp; Extraordinary items</b>		-	-
VII <b>Profit Before Tax (V-VI)</b>		<b>590.20</b>	(2,199.80)
VIII <b>Tax Expenses</b>			
Deferred Tax		<b>199.00</b>	(749.00)
IX <b>PROFIT FOR THE YEAR (VII-VIII)</b>		<b>391.20</b>	(1,450.80)
X <b>Earnings per Equity Share of Rs. 10/- each (Basic &amp; Diluted)</b>		<b>22.59</b>	(86.29)
<b>Earnings per Share Re. 1/- each (Basic &amp; Diluted)</b>		<b>2.26</b>	-
<b>Significant Accounting Policies</b>	8		

As per our report annexed  
For N.A. JAYARAMAN & CO.,  
Chartered Accountants  
FRN-001310S

R. PALANIAPPAN  
Proprietor  
Membership No.205112

Rajapalayam,  
27<sup>th</sup> May, 2013

P.R. RAMASUBRAHMANEYA RAJHA  
Chairman

SMT. SRISANDHYA RAJU  
Managing Director

SMT. R. SUDARSANAM  
P.R. VENKETRAMA RAJA  
N.K. SHRIKANTAN RAJA  
DR. K.T. KRISHNAN  
Directors

**CONSOLIDATED FINANCIAL STATEMENTS OF SANDHYA SPINNING MILL LTD., AND ITS SUBSIDIARY  
NOTES FORMING PART OF FINANCIAL STATEMENTS**

Particulars	(Rs. in Lakhs)	
	As at 31-03-2013	As at 31-03-2012
<b>Note 1</b>		
<b>REVENUE FROM OPERATION</b>		
<b>Sale of Products</b>		
Yarn	13,959.97	11,957.16
Waste Cotton	<u>197.01</u>	<u>126.98</u>
	<b>14,156.98</b>	12,084.14
<b>Other operating revenues</b>		
Value of Power Generated from Wind Mills	-	0.28
Export Incentive	43.32	46.39
Other Operating Income	12.49	25.62
	<u>14,212.79</u>	<u>12,156.43</u>
<b>Note 2</b>		
<b>OTHER INCOME</b>		
Interest Received	11.68	29.23
Dividend Income	0.03	0.04
Carbon Credit Sale	-	6.70
Industrial Promotion Assistance	4.26	89.52
Miscellaneous Income	0.41	0.61
Exchange Gain on Foreign Currency Transactions (Net)	1.11	-
	<u>17.49</u>	<u>126.10</u>
<b>Note 3</b>		
<b>COST OF MATERIALS CONSUMED</b>		
<b>Rawmaterials Consumed</b>		
Cotton & Cotton Waste	6,972.93	7,364.52
	<u>6,972.93</u>	<u>7,364.52</u>
<b>Note 4</b>		
<b>CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>		
<b>Opening Stock</b>		
Finished Goods	610.62	1,749.56
Work-in-Progress	<u>258.50</u>	<u>584.11</u>
	869.12	2,333.67
<b>Less: Closing Stock</b>		
Finished Goods	736.53	610.62
Work-in-Progress	<u>313.78</u>	<u>258.50</u>
	<u>1,050.31</u>	869.12
	<u>(181.19)</u>	<u>1,464.55</u>

**CONSOLIDATED FINANCIAL STATEMENTS OF SANDHYA SPINNING MILL LTD., AND ITS SUBSIDIARY**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Particulars	(Rs. in Lakhs)	
	As at 31-03-2013	As at 31-03-2012
<b>Note 5</b>		
<b>EMPLOYEE BENEFITS</b>		
Salaries , Wages and Bonus	745.12	592.97
Contribution to Provident and Other Funds	112.58	98.64
Staff and Labour Welfar	<u>54.62</u>	<u>41.76</u>
	<u><b>912.32</b></u>	<u><b>733.37</b></u>
<b>Note 6</b>		
<b>FINANCE COSTS</b>		
Interest Expenses	2,065.22	1,989.86
Other Borrowing Costs	6.95	6.95
Exchange Fluctuation (Net) applicable to Finance Costs	-	<u>113.54</u>
	<u><b>2,072.17</b></u>	<u><b>2,110.35</b></u>
<b>Note 7</b>		
<b>OTHER EXPENSES</b>		
<b>Manufacturing Expenses</b>		
Power and Fuel	1,185.73	794.25
Packing Materials	184.25	150.93
Repairs to Buildings	24.66	27.09
Repairs to Plant and Machinery	218.91	180.45
Repairs - General	195.13	142.39
Jobwork Charges Paid	<u>70.57</u>	<u>7.66</u>
	<b>1,879.25</b>	1,302.77
<b>Establishment Expenses</b>		
Managing Director Remuneration	27.88	27.88
Rates and Taxes	16.53	10.46
Insurance	12.61	17.42
Postage and Telephone	4.75	3.95
Printing and Stationery	4.05	3.91
Travelling Expenses	16.19	23.23
Vehicle Maintenance	14.77	10.97
Directors Sitting Fees	1.05	1.05
Audit and Legal	10.90	9.90
Corporate Social Responsibility	0.06	0.36
Loss on Sale of Assets	1.47	2.61
Miscellaneous Expenses	<u>86.02</u>	<u>47.90</u>
	<b>196.28</b>	159.64
<b>Selling Expenses</b>		
Sales Commission	150.69	121.15
Export Expenses	14.79	13.97
Selling Expenses	<u>56.46</u>	<u>53.95</u>
	<u><b>221.94</b></u>	<u><b>189.07</b></u>
	<u><b>2,297.47</b></u>	<u><b>1,651.48</b></u>

**CONSOLIDATED FINANCIAL STATEMENTS OF SANDHYA SPINNING MILL LTD., AND ITS SUBSIDIARY**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

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**NOTE 8**

**SIGNIFICANT ACCOUNTING POLICIES**

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

The Statement of Profit and Loss has been prepared under the historical cost convention and in accordance with the generally accepted accounting principles, the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act 1956, as adopted consistently by the Company. The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

**2. Principles of Consolidation**

The Consolidated Statement of Profit and Loss relate to DECCAN RENEWABLE WIND ELECTRICS LIMITED, the Wholly Owned Subsidiary delinked on 15-03-2013.

The Consolidated Statement of Profit and Loss has been prepared by adding together the profit and loss item values upto 15-03-2013 of the subsidiary after fully eliminating intra-group transactions.

**3. Other Significant Accounting Policies**

These are set out in the notes to accounts under "Significant Accounting Policies" of the financial statements of Sandhya Spinning Mill Ltd.

**4. Figures have been rounded off to Lakhs with two decimals.**

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(As per our report annexed)  
For N.A. JAYARAMAN & CO.,  
Chartered Accountants  
FRN-001310S  
R. PALANIAPPAN  
Proprietor  
Membership No.205112  
Rajapalayam,  
27<sup>th</sup> May, 2013

P.R. RAMASUBRAHMANEYA RAJHA  
Chairman

SMT. SRISANDHYA RAJU  
Managing Director

SMT. R. SUDARSANAM  
P.R. VENKETRAMA RAJA  
N.K. SHRIKANTAN RAJA  
Dr. K.T. KRISHNAN  
Directors

# SANDHYA SPINNING MILL LIMITED

Regd. Office: 47, P.S.K. Nagar, RAJAPALAIYAM - 626 108

## PROXY FORM

I/We ..... Son of/Wife of/Daughter of  
..... Residing at .....  
..... being a member/members of SANDHYA SPINNING MILL  
LTD., do hereby appoint Sri/Smt/Miss ..... Son of/Wife of/Daughter of  
..... residing at .....  
or failing him Sri/Smt/Miss ..... son of/Wife of/Daughter of  
residing at ..... as my/our proxy to vote for me/us on my /our behalf  
at the 19<sup>th</sup> Annual General Meeting of the Company to be held on Thursday the 1st August 2013 at 11.00 A.M.  
and at any adjournment thereof.

Signed this .....day of ..... 2013.

Folio No.	No. of Shares

Affix  
1 Rupee  
Revenue  
Stamp and  
sign over it

Note :- Any member entitled to attend and vote at the meeting is entitled to attend and either vote in person or by proxy that the proxy need not be a member of the Company. This form thus completed should be deposited at the Registered Office of the Company at Rajapalaiyam before 11.00 A.M. on Tuesday, the 30th July, 2013.





Our Chairman presenting best attendance prize to our worker during the 17<sup>th</sup> Pongal Sportsday Celebrations.



A view of the "I" scan contamination removing machine installed in our "A" Mill Blowroom at Rajapalaiyam.



**SANDHYA SPINNING MILL LTD**  
**RAJAPALAIYAM**