



**SANDHYA SPINNING MILL LIMITED**  
RAJAPALAIYAM



Our Chairman presenting cash award for 35 years of service to our Shri. V.Krishnamoorthi, Chief Manager (Accounts).



Our Chairman presenting Ramco Excel Award (Third Place) for the Domestic Units for the year 2013 to our G.M. (Works).



SHRI P.A.C. RAMASAMY RAJA



# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

## BOARD OF DIRECTORS :

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

Smt. B. 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 Limited

IDBI Bank Limited

Indian Bank

State Bank of India

Tamilnad Mercantile Bank Limited

## Registered Office :

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

## Corporate Identification Number :

U17111TN1994PLC027037  
E-mail : sandhya@ramcotex.com  
Phone No. : 04563 - 235009  
Fax No. : 04563 - 235405

## Website :

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

## Factory :

### Unit I

Krishnapuram Road,  
Rajapalaiyam - 626 108,  
Tamil Nadu.

### Unit II

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.

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

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### **NOTICE TO THE MEMBERS**

Notice is hereby given that the 20<sup>th</sup> Annual General Meeting of the Company will be held at 11.00 AM on Monday, the 4<sup>th</sup> August, 2014 at P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu to transact the following business:

### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the Statement of Profit & Loss and Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend for the year 2013-2014.
3. a) To appoint a Director in the place of Shri. P.R. Venketrama Raja, who retires by rotation and is eligible for re-appointment.  
b) To appoint a Director in the place of Shri. S. Kanthimathinathan, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and, if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION:

“RESOLVED that Shri R. Palaniappan, Prop. M/s. N.A. Jayaraman & Co., Chartered Accountants be and is hereby appointed as Auditor of the Company to hold Office from the conclusion of this 20<sup>th</sup> Annual General Meeting till the conclusion of the 23<sup>rd</sup> Annual General Meeting.

RESOLVED FURTHER that the Auditor shall be paid for the financial year 2014-2015 a remuneration of Rs.75,000/- (Rupees Seventy Five Thousand only) per year, exclusive of out-of-pocket expenses and for the financial years 2015-2016 and 2016-2017, the Board of Directors are authorised to fix the remuneration based on the recommendation of the Audit Committee”.

### **SPECIAL BUSINESS :**

5. To consider and, if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION:

"RESOLVED that pursuant to Sections 196, 197 and 203 and any other applicable provisions and the Rules thereunder, read with Schedule V of the Companies Act, 2013 and on the terms and conditions of appointment as contained in the draft agreement, approval of the Company be and is hereby accorded to the appointment of Smt. B. SriSandhya Raju (DIN 02325596) as Managing Director of the Company for a period of 3 years with effect from 01-04-2014, at a remuneration equivalent to 5% of the net profits of the Company.

RESOLVED FURTHER that the Nomination and Remuneration Committee be and is hereby authorized to fix the quantum and periodicity of the remuneration payable to the Managing Director subject however the annual remuneration does not exceed 5% of the net profits of the Company in a financial year.

RESOLVED FURTHER that where in any financial year during the currency of her tenure, the Company has no profits or inadequate profits, the Managing Director shall be paid remuneration as approved by the Nomination and Remuneration Committee which shall not exceed the maximum remuneration as permissible under Section II, Part II of Schedule V of the Companies Act, 2013.

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

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RESOLVED FURTHER that consequent to the above, the existing tenure of the Managing Director which was effective from 25-05-2009 to 24-05-2014, as per the Special Resolution passed by the Members of the Company at the Annual General Meeting held on 06-08-2009 is closed and deemed as expired on 31-03-2014".

6. To consider and, if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED that pursuant to Section 149, 152 and such other provisions as applicable, of the Companies Act, 2013 and the Rules thereunder, the appointment of Dr. K.T. Krishnan (DIN 00707574), Director of the Company whose period of office is liable to retire by rotation and in respect of whom the Company has received a notice in writing from a Member, proposing his candidature for the office of Director, as an Independent Director of the Company to hold office for 5 consecutive years from 01-04-2014 to 31-03-2019 be and is hereby approved."

7. To consider and, if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED that pursuant to Section 149, 152 and such other provisions as applicable, of the Companies Act, 2013 and the Rules thereunder, the appointment of Shri. N.K. Shrikantan Raja (DIN 00350693), Director of the Company whose period of office is liable to retire by rotation and who is retiring at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member, proposing his candidature for the office of Director, as an Independent Director of the Company to hold office for 5 consecutive years from 01-04-2014 to 31-03-2019 be and is hereby approved."

8. To consider and, if thought fit, to pass with or without modification, the following Resolution as a SPECIAL RESOLUTION:

"RESOLVED that subject to the approval of the Financial Institutions / Banks, in supersession of the resolution passed at the Annual General Meeting held on 4<sup>th</sup> August, 2010 and pursuant to Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of money which together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, provided that the maximum amount of moneys so outstanding, shall not at any time exceed Rs.300 Crores (Rupees Three Hundred Crores Only)."

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

P.R. RAMASUBRAHMANEYA RAJHA,  
Chairman

Rajapalaiyam,  
23<sup>rd</sup> June, 2014.

## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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### NOTES:

- (i) Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts related to each item of Special Business is annexed hereto.
- (ii) 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. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. Proxy Form is enclosed. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of the companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable;
- (iii) The Register of Members and the Share Transfer Books of the Company will remain closed from 30-07-2014 to 04-08-2014 (both days inclusive);
- (iv) A Dividend of Rs.1.20 per share has been recommended by the Board of Directors for the year ended 31-03-2014 and subject to the approval of the Shareholders at the ensuing Annual General Meeting, is proposed to be paid in respect of shares held by the shareholders whose names appear in the Register of Members as on 04-08-2014. The dividend is proposed to be paid on and from the date of Annual General Meeting;
- (v) Under the provisions of Section 124 (5) of the Companies Act, 2013, dividends remaining unpaid for a period of over 7 years will be transferred to the Investor Education & Protection Fund (IEP Fund) of the Central Government. 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 :

<b>FINANCIAL YEAR ENDED</b>	<b>DATE OF DECLARATION OF DIVIDEND</b>	<b>LAST DATE FOR CLAIMING UNPAID DIVIDEND</b>	<b>DUE DATE FOR TRANSFER TO IEP FUND</b>
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 LIMITED,

P.R. RAMASUBRAHMANEYA RAJHA,  
Chairman

Rajapalaiyam,  
23<sup>rd</sup> June, 2014.



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

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

#### **Item No. 5**

Smt. B. SriSandhya Raju was first appointed as Managing Director of the Company on 25-05-2009. At that time, the net worth of the Company was Rs. 415 Lakhs and Turnover was Rs.6,455 Lakhs. The Company has now progressed to have a net worth of Rs.1,000.61 Lakhs and Turnover of Rs. 22,839 Lakhs. The spindle capacity of the company has also increased from 39408 spindles and 672 rotors to 57,552 spindles and 2464 rotors.

The earlier appointment and remuneration of Smt. B. SriSandhya Raju as Managing Director was approved by the Members at the Annual General Meeting held on 06-08-2009 for a period of 5 years in accordance with the Sections 198, 269 & 309 and Schedule XIII of the Companies Act, 1956.

As per Rule Schedule V of the Companies Act, 2013, in the event of the company has no profit or its profits are inadequate, the remuneration as stipulated in the said Schedule is payable to the Managing Director if the Resolution passed by the Shareholders is a Special Resolution and the remuneration approved is for a period not exceeding 3 years. Hence, it is proposed to close the existing tenure of the Managing Director on 31-3-2014 and make a fresh appointment for a period of 3 years from 01-04-2014 in alignment with the Schedule V of the Companies Act, 2013.

#### **I. Terms of Remuneration:**

- 5% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013.
- in any financial year, where the Company has no profits or inadequacy of profits, the Managing Director shall be paid the maximum remuneration as per Section II, Part III of Schedule V of the Companies Act, 2013.

The proposed appointment and the payment of remuneration has been approved by the Remuneration Committee (subsequently renamed as Nomination and Remuneration Committee) at its meeting held on 24-05-2014 and by the Board of Directors at their meeting held on 25-05-2014.

The appointment and the remuneration proposed fulfill the conditions stipulated in Schedule V of the Companies Act, 2013 and hence approval of Government of India is not required.

A copy of the agreement setting out the terms and conditions of appointment of the Managing Director is available for inspection without any fee by the members at the Registered Office of the Company between business hours on any working day upto and including the date of the Annual General Meeting.

Smt. B. SriSandhya Raju holds 28,65,330 shares in Sandhya Spinning Mill Limited.

Smt. B. SriSandhya Raju is the Managing Director of Sandhya Spinning Mill Limited.

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

## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

General information as per sub-clause (iv) of second proviso to Clause (B) of Section II of Part II of Schedule V:

No.	Nature of Industry			Textile
1	Nature of Industry			Textile
2	Date of Commencement of Business			20.07.1994
3	Financial performance based on given indicators			
	<b>Year</b>	<b>Turnover - Rs. in Crores</b>	<b>Net Profit - Rs. in Crores</b>	<b>Dividend per share - in Rs.</b>
	2013-14	228.39	4.33	1.20
	2012-13	139.60	3.91	-
	2011-12	119.57	(14.50)	-
	2010-11	127.25	9.36	6.00
4	Foreign investments or collaborations, if any			NIL

### II. Information about the appointee:

1	Background Details	Smt. B. SriSandhya Raju is a Promoter and Managing Director. She is the grand-daughter of Shri P.R. Ramasubrahmaneya Rajha, Chairman and daughter of Shri P.R. Venketrama Raja, Director of the Company.
2	Past Remuneration	She has been paid a remuneration @ 5% on the net profits of the Company and in the event of absence or in adequacy of net profit in any financial year a minimum remuneration of Rs.2 Lakhs per month plus the perquisites as allowed under schedule XIII of the Companies Act, 1956.
3	Recognition or awards	-
4	Job profile and her suitability	Overall in-charge for Management of affairs of the Company.
5	Remuneration proposed	5% of the net profits of the Company and in case of inadequacy of profits, maximum permissible remuneration, in accordance with Schedule V of the Companies Act, 2013.
6	Comparative Remuneration	Remuneration is comparable with respect to industry, size of the Company, profile of the position and person.
7	Pecuniary Relationship	She is not having any pecuniary relationship directly or indirectly with the Company except the receipt of managerial remuneration as Managing Director of the Company
	Relationship with managerial personnel	She is related to Shri P.R. Ramasubrahmaneya Rajha, Chairman, Shri P.R. Venketrama Raja, Smt. R. Sudarsanam and Smt. P.V. Nirmala Raju Directors of the Company.

## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

### III. Other Information:

1	Reasons of loss or inadequate profits	The Company has been earning profits except for the financial year 2011-12. The textile industry especially spinning mills across the country faced unprecedented, crisis during the financial year 2011-12 due to abnormally higher cotton prices and huge disparity between cotton cost and yarn prices. The global yarn prices fell down by more than 30%. The crisis in Europe affected the yarn exports from India resulting in huge drop in yarn selling prices both domestic and global. The above factors attributed to huge loss for the financial year 2011-12.
2	Steps taken or proposed to be taken for improvement	Due to increase in productivity and capacity utilization better product mix and cost control measures. The company is earning good profit for the past two years.
3	Expected increase productivity and profits in measurable terms	The turnover of the company is expected to increase from the last year level of Rs.228.39 Crores, during the current financial year 2014-15. The profitability of the company is also expected to increase from last year level of Rs.4.33 Crores.

### IV. Disclosures :

Corporate Governance	Not applicable
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### Item No. 6

Dr. K.T. Krishnan (DIN 00707574) is a Non-Executive Independent Director of the Company.

He has been on the Board of Sandhya Spinning Mill Limited since 1995.

He is also the Chairman of the Audit Committee, Remuneration Committee (subsequently renamed as Nomination and Remuneration Committee), Stakeholders Relationship Committee and Member of the Corporate Social Responsibility Committee of the Company.

He is also a Director in the following Companies:-

1. Rajapalayam Mills Limited
2. The Ramaraju Surgical Cotton Mills Limited
3. Sri Vishnu Shankar Mill Limited
4. Sudarsanam Investments Limited

Dr. K.T. Krishnan, is the Managing Director of Thanjavur Spinning Mill Limited.

He holds 1000 shares in Sandhya Spinning Mill Limited.

Dr. K.T. Krishnan is a Director whose period of office is liable to determination by retirement of Directors by rotation under the erstwhile provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Dr. K.T. Krishnan being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for 5 consecutive years from 01-04-2014 to 31-03-2019. In the opinion of the Board, Dr. K.T. Krishnan fulfills the conditions specified in the Act and the Rules made thereunder and that he is independent of the Management.

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

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A copy of the draft letter of appointment for Dr. K.T. Krishnan as an Independent Director would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

Disclosure of Interest:

Except Dr. K.T. Krishnan, being an appointee, none of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested in the Resolution.

### **Item No. 7**

Shri. N.K. Shrikantan Raja (DIN 00350693) is a Non-Executive Independent Director of the Company.

He has been on the Board of Sandhya Spinning Mill Limited since 2001.

He is the Member of the Share Transfer Committee, Audit Committee, Remuneration Committee (subsequently renamed as Nomination and Remuneration Committee), Corporate Social Responsibility Committee and Stakeholders Relationship Committee of the Company.

He is also a Director in the following Companies:-

1. The Ramaraju Surgical Cotton Mills Limited
2. Sri Yannarkay Servicers Limited
3. Ramco Industries Limited
4. Sri Vishnu Shankar Mill Limited
5. Ramco Systems Limited
6. Sudarsanam Investments Limited
7. N.R.K. Construction Systems (P) Limited
8. N.R.K. Infra System Private Limited
9. Sri Harini Textiles Limited

He holds 2,100 shares in Sandhya Spinning Mill Limited.

Shri. N.K. Shrikantan Raja is a Director whose period of office is liable to determination by retirement of Directors by rotation under the erstwhile provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri. N.K. Shrikantan Raja being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for 5 consecutive years from 01-04-2014 to 31-03-2019. In the opinion of the Board, Shri. N.K. Shrikantan Raja fulfills the conditions specified in the Act and the Rules made thereunder and that he is independent of the Management.

A copy of the draft letter of appointment for Shri. N.K. Shrikantan Raja as an Independent Director would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

Disclosure of Interest:

Except Shri. N.K. Shrikantan Raja, being an appointee, none of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested in the Resolution.

## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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### Item No. 8

The Members of the Company at the Annual General Meeting held on 04-08-2010 have passed an Ordinary Resolution, permitting the Company to borrow such that the maximum outstanding amount shall not, at any time exceed Rs.300 crores, under Section 293(1)(d) of the Companies Act, 1956.

As per Circular No:4/2014 dated 25-3-2014, issued by Ministry of Corporate Affairs, the validity of the resolution is restricted upto 11-09-2014.

Under Section 180(1)(c) of the Companies Act, 2013, the Board of Directors are entitled to borrow in excess of the Company's Paid-up Capital and Free Reserves, with the consent of the Members by way of Special Resolution. Accordingly, approval is sought from Members by way of Special Resolution to authorise the Board of Directors to borrow such that the maximum outstanding, shall not at any time exceed Rs. 300 crores.

As provided under Section 180(1)(c) of the Companies Act, 2013, the limit is exclusive of loans repayable on demand or within six months from the date of the loan such as short term, cash credit, discounting of bills and other short term loans of seasonal character.

Your Directors recommend the resolution for your approval.

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

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

P.R. RAMASUBRAHMANEYA RAJHA,  
Chairman

Rajapalaiyam,  
23<sup>rd</sup> June, 2014.

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors have pleasure in presenting their 20<sup>th</sup> Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2014.

### FINANCIAL RESULTS

The financial results for the year ended 31<sup>st</sup> March, 2014 after charging all expenses but before deducting finance cost and depreciation have resulted in operating profit of Rs.4,019.99 Lakhs against Rs. 3,803.29 Lakhs for the previous financial year 2012-13.

After deducting Rs. 1,878.81 Lakhs towards finance cost and providing Rs. 1,149.08 Lakhs towards Depreciation, the Net Profit for the year is Rs. 992.10 Lakhs, against Rs.590.30 Lakhs for the previous financial year 2012-13. Adding the surplus of Rs. 91.30 Lakhs brought forward from the previous year your Directors propose to appropriate the total sum of Rs. 1,083.40 Lakhs as detailed below:

		Rs. in Lakhs
Provision for Taxation	- Current Tax - MAT	160.00
	- Deferred Tax	399.00
Dividend	Rs. 1.20 per share	55.20
Tax on Dividend	@16.995%	9.38
Transfer to General Reserve		250.00
Balance carried over to Balance Sheet		209.82
<b>Total</b>		<b><u>1,083.40</u></b>

### DIVIDEND

Your Directors have pleasure in recommending a Dividend of Rs.1.20 per share. The dividend will be tax free income in the hands of Shareholders as the Company will pay Dividend Distribution Tax under Income Tax Act, 1961. The total amount of dividend outgo for the year will be Rs. 55.20 lakhs. The amount of tax on dividend would be Rs.9.38 Lakhs.

### TAXATION

The Company is not liable to pay income tax under regular Income-Tax provisions. An amount of Rs.160 Lakhs towards current tax (MAT) and Rs. 399 Lakhs towards Deferred Tax has been provided for the year. The tax paid under MAT will be available for set off in the year of regular income tax liability.

### TRADE CONDITIONS

Your Directors are glad to inform you that the performance of the Company during the year was good due to good demand for our yarn, both in domestic as well as export market. Though there was volatility in cotton prices, constant demand for the value added yarn produced by your Company has helped to maintain the yarn prices at reasonable levels. The capacity of spinning and other value added facilities have been utilized well during the year. Better yarn realization coupled with higher capacity utilization have contributed for overall improved financial performance of the Company.

The power cut in Tamilnadu / Andhrapradesh is still continuing. Timely decision taken by your Directors to install Windmills in previous years has helped the Company to mitigate the power short fall during peak

# **SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**

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## **DIRECTORS' REPORT**

wind season. During this year, there was an unusual restrictions imposed by the Tamilnadu Generation and Distribution Corporation (TANGEDCO) in evacuation of power generated by wind mills, which has resulted in loss in generation of power from wind mills to the extent of approximately 5.70 million units, which translated into Rs.3.29 Crores in monetary terms.

Due to shut-down of wind mills by TANGEDCO, the Company was forced to purchase the power from power generating companies / run the DG sets, which are costly compared to wind mills. Due to this, the power cost during the year has gone up substantially.

Inspite of spiraling wage cost, power cost and logistics cost, the strategic decisions taken by the Company to focus on high quality value added yarn catering to the premium customers in fabric and garment segments, both in domestic and export markets have helped the Company to improve operational and financial performance.

### **EXPORTS**

On the export front during the year, we have made export of Cotton Yarn (including merchant exports) for a value of Rs. 111.35 Crores as against Rs. 58.42 Crores of the previous year.

### **MODERNISATION**

As a part of continuous thrust on modernization programme, the company has invested about Rs. 2.04 Crores towards converting 6 nos. normal KTTM Ring Frames into Compact Ring Spinning Frames. There was an increase in capacity in our AP Unit by installation of One No. Ring Frame LR 60/AX Model of 1200 Spindles at a cost of Rs.69 Lakhs during the year.

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

The cotton prices are currently ruling high at uneconomical levels. Due to sluggish demand for yarn, the Spinning Mills are not able to increase the yarn prices in line with the increased cotton cost. While the cost of major inputs are increasing steeply, the yarn prices are falling due to sluggishness in both domestic and global yarn markets. There is no parity between cotton cost and yarn selling prices.

The Company is maintaining high standards of yarn quality, cost effective production and stringent waste control measures and focusing on more automation with a view to utilize the skilled manpower more efficiently. The Company is making all efforts to cope up with the current challenges through continuous cost reduction, imparting training to the employees at all levels, re-engineering of process and improved customer service to protect the profit margins. Your Directors are hopeful of achieving satisfactory results for the current year with the implementation of above steps.

### **WIND MILL**

The Company has wind mills with installed capacity of 10.95 MW for its captive power consumption. These wind mills are connected to the grids maintained by Tamil Nadu Generation and Distribution Corporation (TANGEDCO). These wind mills were permitted to run and generate power throughout the wind season until previous years. But during this year, TANGEDCO did not evacuate the power generated by wind mills and the wind mills were forced to shut down during peak wind season, ranging from eight to twenty hours resulting in heavy financial losses to the Company. Due to this, there was drastic reduction in the power generated by our wind farm, though there was good wind season during the year compared to previous year.

The wind farm has generated 158 Lakhs Kwh as compared to 215 Lakhs Kwh of the previous year. The income during the year from the Wind Mill Division was Rs. 9.10 Crores as against Rs.12.41 Crores of previous year.

# **SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**

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## **DIRECTORS' REPORT**

### **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 coupled with high labour cost is a matter of concern for textile mills. We are striving our best to retain them by implementing various attractive incentive schemes.

Information in terms of provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule 1975 as ammended, the name and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. 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. The audit committee constituted by the Board of Directors is functioning effectively. All significant audit observations were discussed in the audit committee, which met Four times during the year under review. ERP System developed by Ramco Systems Limited, has been installed for online monitoring of all functions and management information reports are being used to have better control and to take decisions in time.

### **DIRECTORS**

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

1. Shri P.R. Venketrama Raja
2. Dr. K.T. Krishnan
3. Shri S. Kanthimathinathan

As per the newly implemented provisions of the Companies Act, 2013 the Company should have at least two Independent Directors. Accordingly, it is proposed to appoint the following Directors as Independent Directors.

1. Dr. K.T. Krishnan
2. Shri N.K. Shrikantan Raja

As per Companies Act, 2013, the independent directors have to be appointed for a term of 5 years and they are not liable to retire by rotation. The proposal for the appointment of above Independent Directors alongwith their profile is attached in the Notice of the Annual General Meeting.

### **PUBLIC DEPOSITS**

The total deposits from the public outstanding with the Company as on 31<sup>st</sup> March, 2014 were Rs.20.10 Lakhs, which have not matured for repayment during the year. There was no deposits unclaimed / unpaid as on 31-03-2014.

### **STATUS OF REFERENCE TO BIFR**

As at the end of the financial year 31<sup>st</sup> March, 2014, the company is no longer a potentially sick company within the meaning of Section 23 of the Sick Industrial Companies(Special Provisions) Act, 1985.

### **AUDITOR**

Sri R. Palaniappan, Prop. M/s. N.A. Jayaraman & Co., Chartered Accountants, is the Auditor of the Company.

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# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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## DIRECTORS' REPORT

Under Section 139 of the Companies Act, 2013, an unlisted Company can appoint an individual as Auditor for a maximum of one term of 5 consecutive years. However, he is eligible for reappointment after a period of 5 years from the completion of such term. The Auditor has already completed the maximum threshold limit of 5 consecutive years. However, a period of 3 years is given for compliance of the new requirement. Since a period of 3 years is available to continue with the existing auditor, it is proposed to appoint him for the remaining eligibility period of 3 years.

### COST AUDITORS

The Government has approved the Company's proposal to appoint M/s. RKMS & Associates, Cost Accountants, Madurai for audit of Company's cost accounts for the year ended 31-03-2014 on a remuneration of Rs.48,000/- exclusive of service tax and out-of-pocket expenses.

The Cost Audit Report for the financial year 2012-13 due to be filed with Ministry of Corporate Affairs by 27-09-2013, had been filed on 18-09-2013. The Cost Audit Report for the financial year 2013-14 is due to be filed within 180 days from the closure of the financial year and will be filed within the stipulated period.

Under Section 148 of the Companies Act, 2013, the Government is yet to notify the class of companies to which the Cost Audit is applicable. Based upon such notifications as and when issued, the Company will take steps for implementation.

### 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 2014, 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 LIMITED,

P.R.RAMASUBRAHMANEYA RAJHA,  
CHAIRMAN

Rajapalaiyam  
25<sup>th</sup> May, 2014.

# SANDHYA SPINNING MILL LIMITED, 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 : The Company has made direct exports for a value of about Rs. 73.65 Crores (FOB value) besides merchant exports for a value of Rs. 38.33 Crores during the year under review.
- (ii) Initiatives taken to increase exports : The Company has taken steps to increase the yarn exports during the Current year.
- (iii) Development of new export markets for products and services : } The possibilities of exporting yarn to other Asian countries, Western Countries including EEC countries are being explored.
- (iv) Export Plans : }
- (b) (i) Total foreign exchange used (including Capital Goods) : Rs. 12.79 Crores
- (ii) Total foreign exchange earned (in FOB Value) : Rs. 73.65 Crores

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

## ANNEXURE I TO DIRECTORS' REPORT

### FORM A

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

##### A. POWER AND FUEL CONSUMPTION:

	2013-14	2012-13
Electricity		
(a) Purchased from Electricity Boards		
Unit	<b>Lakhs KWH</b>	289.31
Total amount	<b>Rs. in Lakhs</b>	1857.29
Rate / Unit	<b>Rs.</b>	6.42
(b) Own Generation		
(i) Through diesel generator Units	<b>Lakhs KWH</b>	22.57
Unit per Litre of Diesel Oil	<b>KWH</b>	3.70
Diesel Cost per unit	<b>Rs.</b>	13.65
(c) Purchased from Third Party		
Units	<b>Lakhs KWH</b>	37.07
Total amount	<b>Rs. in Lakhs</b>	339.88
Rate / Unit	<b>Rs.</b>	9.17

##### 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>4.94</b>	4.81

##### 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  |   |     |
| d. 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.  | } | Nil |
| b. Year of import.   |   |     |
| c. Has technology been fully absorbed.   |   |     |
| d. If not fully absorbed, areas where this has not taken place, reasons therefore.   |   |     |

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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## ANNEXURE II TO DIRECTORS' REPORT COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

CIN: U17111TN1994PLC027037.  
Nominal Capital: Rs.10,00,00,000/-

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, and the companies Act, 2013 (wherever applicable) [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, 2014 [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. 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.4,60,00,000/-
- 4) The Board of Directors duly met four times respectively on 27.05.2013, 30.07.2013, 28.10.2013 and 03.02.2014 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, 2013 was held on 01.08.2013 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) One Extra Ordinary General Meeting was held during the financial year on 29.11.2013 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.
- 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 and section 185 of the Companies Act, 2013 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.

## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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### ANNEXURE II TO DIRECTORS' REPORT

- 10) The Company has made necessary entries in the register maintained under section 301 of the Act.
  - 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 allotment of Securities and on lodgment thereof for transfer/ transmission or any other purpose in accordance with the provisions of the Act.
    - 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.73,908/- being unpaid dividend for the year ended 31.03.2006 on 22.08.2013. 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 issued 29,18,600 Equity Shares of Rs.10/- each on Preferential basis during the Financial Year and complied with the provisions of the Act. However the Company has not issued any 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.
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## **SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**

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### **ANNEXURE II TO DIRECTORS' REPORT**

- 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.
- 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 18.06.2013.
- 24) The amount borrowed by the Company from directors, members, public, financial institutions, banks and other during the financial year ending 31<sup>st</sup> March, 2014 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 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 altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny and Complied with the provisions of the Act.
- 30) The company has altered its Articles of Association during the financial year after obtaining approval of Members in the Extra - Ordinary General Meeting held on 29.11.2013 and the amendments to the Articles of Association have been duly filed with Registrar of Companies.
- 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,  
21<sup>st</sup> May, 2014.

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

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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## ANNEXURE II TO DIRECTORS' REPORT

### ANNEXURE 'A'

#### SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014.

SANDHYA SPINNING MILL LIMITED

CIN: U17111TN1994PLC027037.

Nominal Capital : Rs.10,00,00,000/-

#### **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.
- 15) Nomination Register.

Rajapalaiyam,  
21<sup>st</sup> May, 2014.

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

## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

### ANNEXURE II TO DIRECTORS' REPORT

#### ANNEXURE 'B'

#### SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31ST MARCH, 2014

SANDHYA SPINNING MILL LIMITED

CIN: U17111TN1994PLC027037.

Nominal Capital : Rs.10,00,00,000/-

Forms and Returns filed by the Company with the Registrar of Companies during the Financial Year Ending 31<sup>st</sup> March, 2014.

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 31.03.2006	27.08.2013 B82760497	Not Applicable	Not Applicable
2	62	Rule 10 of Companies (Acceptance of deposits) Rules 1975	Return of Deposits as on 31.03.2013	18.06.2013 B77330579	Yes	Not Applicable
3	66	383 A (1)	Secretarial Compliance Certificate for the year ended 31.03.2013	05.08.2013 Q09860685	Yes	Not Applicable
4	23AC-XBRL 23ACA-XBRL	220	Balance Sheet, P&L A/c as at 06.08.2013	30.08.2013 Q10610400	Yes	Not Applicable
5	20B	159	Annual Return made upto 01.08.2013	10.09.2013 Q10991909	Yes	Not Applicable
6	8	125	Creation of Charges TMB Rs. 35/- Crores	07.12.2013 B90916636	Yes	Not Applicable
7	17	138	Satisfaction of Charges PNB Rs.13.10 Crores	09.05.2013 B74627043	Yes	Not Applicable



**SANDHYA SPINNING MILL LIMITED, 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 PNB Rs.13.10 Crores.	09.05.2013 B74626466	Yes	Not Applicable
9	17	138	Satisfaction of Charges IB Rs.1.33 Crores	02.08.2013 B80745961	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 as on 01.08.2013	07.10.2013 S22943328	Yes	Not Applicable
11	2	75(1)	Return of Allotment	24.01.2014 S29102126	Yes	Not Applicable
12	23	192.	1) Alteration of Memorandum of Association Capital Clause - Increase in Authorised Capital  2) Alteration of Articles of Association by insertion of New Articles 3A	23.12.2013 B92093756	Yes	Not Applicable
13	5	97	Increase in Share Capital	23.12.2013 B92096643	Yes	Not Applicable

Regional Director : Nil

Central Government & other authorities :

1	23C	233B(2)	Appointment of Cost Auditor for Textile Industry for year ended 31.03.2014	14.06.2013 S21265665	Yes	Not Applicable
2	A-XBRL	209(1)(D) 600(3)(b)	XBRL Cost Compliance Report 31.03.2013	18.09.2013 S22356380	Yes	Not Applicable
3	XBRL	233B(4) 600(3) (b)	Cost Audit Report	18.09.2013 S22356448	Yes	Not Applicable

Rajapalaiyam,  
21<sup>st</sup> May, 2014.

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

# **SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**

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## **INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the accompanying financial statements of M/s. Sandhya Spinning Mill Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, 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, 2014.
- 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 LIMITED, 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, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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  
25<sup>th</sup> May, 2014.

## SANDHYA SPINNING MILL LIMITED, 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.Nil.
    - 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.170.32 Lakhs and Rs.10.18 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 pursuant to the Rules made by the Central Government for the maintenance of cost records under
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## SANDHYA SPINNING MILL LIMITED, 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, 2014 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, 2014 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 cash losses in the financial year and in the financial year immediately preceding such 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 allotted 29,18,600 equity shares of Rs.10/- each at a premium of Rs.2/share on preferential basis to promoter group 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 not a sick industrial Company within the meaning of Section 23 of the Sick Industrial Companies(Special Provisions) Act, 1985.

For N.A. JAYARAMAN & CO.,  
Chartered Accountants  
FRN. 001310S  
R. Palaniappan  
Proprietor.  
Membership No. 205112

Rajapalaiyam  
25<sup>th</sup> May, 2014.

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2014**

		(Rs. in Lakhs)			
	Note No.	AS AT 31-03-2014	AS AT 31-03-2013		
<b>I EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' Fund</b>					
(a) Share Capital	1	460.00		168.14	
(b) Reserves and Surplus	2	540.61	1,000.61	113.72	281.86
<b>(2) Non Current Liabilities</b>					
(a) Long Term Borrowings	3	10,638.53		9,804.69	
(b) Deferred Tax Liabilities	4	1,183.00		784.00	
(c) Long Term Provisions	5	37.86	11,859.39	33.49	10,622.18
<b>(3) Current Liabilities</b>					
(a) Short Term Borrowings	6	6,041.16		6,459.19	
(b) Trade Payables	7	221.06		239.97	
(c) Other Current Liabilities	8	3,221.00		3,247.75	
(d) Short Term Provisions	9	393.47	9,876.69	101.45	10,048.36
<b>TOTAL</b>			<b>22,736.69</b>	<b>20,952.40</b>	
<b>II ASSETS</b>					
<b>(1) Non Current Assets</b>					
<b>(a) Fixed Assets</b>					
(i) Tangible Assets	10	15,623.33		16,394.18	
(ii) Intangible Assets	10	1.28		1.58	
(iii) Capital Work-in-Progress		15.09	15,639.70	9.73	16,405.49
<b>(b) Non Current Investments</b>	11		7.54		2.70
<b>(c) Long term Loans and Advances</b>	12		146.98		166.39
<b>(2) Current Assets</b>					
(a) Inventories	13	4,333.23		2,527.69	
(b) Trade Receivables	14	1,573.23		1,248.65	
(c) Cash and Cash Equivalents	15	134.76		155.23	
(d) Short Term Loan and Advances	16	211.51		42.55	
(e) Other Current Assets	17	689.74	6,942.47	403.70	4,377.82
<b>TOTAL</b>			<b>22,736.69</b>	<b>20,952.40</b>	
<b>Significant Accounting Policies</b>	25				
<b>Notes on Financial Statements</b>	26				

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,  
25<sup>th</sup> May, 2014.

P.R. RAMASUBRAHMANEYA RAJHA  
Chairman

SMT. B. SRISANDHYA RAJU  
Managing Director

SMT R. SUDARSANAM  
N.K. SHRIKANTAN RAJA  
DR. K.T. KRISHNAN  
S. KANTHIMATHINATHAN  
Directors

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

		(Rs. in Lakhs)	
Particulars	Note No.	For the year ended 31-03-2014	For the year ended 31-03-2013
I	<b>Revenue from Operations</b>	23,255.05	14,212.79
II	<b>Other Income</b>	21.09	17.49
III	<b>Total Revenue (I+II)</b>	<u>23,276.14</u>	<u>14,230.28</u>
IV	<b>EXPENSES</b>		
	Cost of Materials Consumed	9,180.16	6,972.93
	Trade Purchases	5,955.61	425.56
	Changes in Inventories of Finished Goods and Work-in-progress	21	(157.75)
	Employee Benefit Expenses	22	1,097.08
	Finance Costs	23	1,833.14
	Depreciation	1,149.08	1,140.82
	Other Expenses	24	3,226.72
	<b>Total Expenses</b>	<u>22,284.04</u>	<u>13,639.98</u>
V	<b>Profit Before Exceptional and Extraordinary items and Tax (III-IV)</b>	992.10	590.30
VI	<b>Exceptional &amp; Extraordinary items</b>	-	-
VII	<b>Profit Before Tax (V-VI)</b>	<u>992.10</u>	<u>590.30</u>
VIII	<b>Tax Expenses</b>		
	Current Tax - MAT	160.00	-
	Deferred Tax Liability	399.00	199.00
	<b>Total Tax Expenses</b>	<u>559.00</u>	<u>199.00</u>
IX	<b>PROFIT FOR THE YEAR (VII-VIII)</b>	<u>433.10</u>	<u>391.30</u>
X	<b>Earnings per Equity Share of Rs. 10/- each</b>		
	Basic & Diluted (In Rs.)	9.42	23.27
	<b>Significant Accounting Policies</b>	25	
	<b>Notes on Financial Statements</b>	26	

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,  
25<sup>th</sup> May, 2014.

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DR. K.T. KRISHNAN  
S. KANTHIMATHINATHAN  
Directors

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

	(Rs. in Lakhs)	
	2013-14	2012-13
<b>A. Cash flow from Operating activities</b>		
Net Profit before tax and prior period and extraordinary items	992.10	590.30
Adjustments for :		
Depreciation	1,149.08	1,140.82
Interest paid	1,833.14	2,072.17
Interest Received	(16.40)	(11.68)
Dividend Received	(0.03)	(0.03)
Loss on sale of assets	0.91	1.47
Operating Profit before Working capital Changes	<u>3,958.80</u>	<u>3,793.05</u>
Adjustments for :		
Trade Receivables	(324.58)	(585.33)
Loans and Advances	(269.95)	88.51
Inventories	(1,805.53)	(909.92)
Trade Payables & Current liabilities	17.94	501.75
Cash generated from Operations	<u>1,576.68</u>	<u>2,888.06</u>
Income tax Paid	(165.63)	(0.96)
<b>Net Cash from Operating activities</b>	<u><u>1,411.05</u></u>	<u><u>2,887.10</u></u>
	A	
<b>B. Cash Flow from Investing activities :</b>		
Purchase of fixed assets	(387.83)	(135.03)
Sale of Investments	-	5.00
Purchase of Investments	(4.84)	-
Sale of assets	3.63	0.67
Interest received	16.40	11.68
Dividend received	0.03	0.03
<b>Net Cash from / (used) in Investing activities</b>	<u><u>(372.61)</u></u>	<u><u>(117.65)</u></u>
	B	
<b>C. Cash Flow from Financing activities :</b>		
Proceeds from Allotment of Equity Shares	350.23	-
Proceeds from Long Term borrowings	3,660.79	-
Repayment of Long Term Loan	(2,818.76)	(2,814.17)
Increase / (Decrease) in working capital borrowings	(418.03)	2,204.04
Interest Paid	(1,833.14)	(2,072.17)
<b>Net cash used in financing activities</b>	<u><u>(1,058.91)</u></u>	<u><u>(2,682.30)</u></u>
	C	
<b>Net Increase in Cash and Cash Equivalent</b>	(A+B+C)	87.15
<b>Opening balance of Cash and Cash Equivalents</b>	D	68.08
<b>Closing balance of Cash and Cash Equivalents</b>	E	155.23
<b>Net Increase in Cash and Cash Equivalent</b>	(E-D)	87.15

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

R. PALANIAPPAN  
Proprietor  
Membership No. 205112

Rajapalaiyam,  
25<sup>th</sup> May, 2014.

P.R. RAMASUBRAHMANEYA RAJHA  
Chairman

SMT. B. SRISANDHYA RAJU  
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N.K. SHRIKANTAN RAJA  
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S. KANTHIMATHINATHAN  
Directors



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

(Rs. in Lakhs)

Particulars	As at 31-03-2014	As at 31-03-2013
-------------	---------------------	---------------------

**Note : 1**

**SHARE CAPITAL**

**Authorised**

1,00,00,000 Equity Shares of Rs.10/- each (PY 20,00,000 Equity Shares of Rs.10/- each)	1,000.00	200.00
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**Issued, Subscribed and fully paid-up**

46,00,000 Equity Shares of Rs.10/- each (PY 16,81,400 Equity Shares of Rs.10/- each)	460.00	168.14
	460.00	168.14

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

Particulars	As at 31-03-2014		As at 31-03-2013	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning	16,81,400	168.14	16,81,400	168.14
Issued during the year - Preferential Allotment	29,18,600	291.86	-	-
Number of Shares at the end	46,00,000	460.00	16,81,400	168.14

**B. Rights attached to Equity Shares**

The Company has only one class of shares referred to as equity shares having paid-up value of Rs.10/- each holder of equity shares is entitled to one vote per share.

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

Particulars	As at 31-03-2014		As at 31-03-2013	
	No. of Shares	% of holding	No. of Shares	% of holding
Smt. B. SriSandhya Raju	28,50,750	61.97%	3,50,750	20.86%
Master Vikramaditya Raju, M/G Smt. B. SriSandhya Raju	4,18,600	9.10%	-	-
Sri P.V. Abinav Ramasubramaniam Raja	-	-	1,40,000	8.33%

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

Particulars	As at 31-03-2014		(Rs. in Lakhs) As at 31-03-2013	
<b>Note : 2</b>				
<b>RESERVES AND SURPLUS</b>				
<b>Securities Premium Reserve</b>				
Balance as per Last Financial Statement	-		-	
Add: Premium on Issue of Equity Shares	<u>58.37</u>	58.37	-	-
<b>General Reserve</b>				
Balance as per Last Financial Statement	22.42		(277.58)	
Add : Transfer from Surplus Account	<u>250.00</u>	272.42	<u>300.00</u>	22.42
<b>Surplus in the Statement of Profit &amp; Loss</b>				
Balance as per Last Financial Statement	91.30		-	
Add: Profit for the Year	<u>433.10</u>		<u>391.30</u>	
	<u>524.40</u>		<u>391.30</u>	
Less: Appropriations				
Proposed Dividend	55.20		-	
Tax on Proposed Dividend	9.38		-	
Transfer to General Reserve	<u>250.00</u>		<u>300.00</u>	
	<u>314.58</u>	209.82	<u>300.00</u>	91.30
		<u>540.61</u>		<u>113.72</u>

**Note : 3**

**LONG TERM BORROWINGS**

Secured

Term Loan from Banks	<u>10,638.53</u>	<u>9,804.69</u>
	<u>10,638.53</u>	<u>9,804.69</u>

- a) The 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
2014-15	-	2,796.00
2015-16	2,794.78	2,274.09
2016-17	2,799.68	2,279.00
2017-18	1,803.68	1,283.00
2018-19	1,618.68	1,098.77
2019-20	590.68	73.83
2020-21	520.68	-
2021-22	510.35	-
<b>Total</b>	<u>10,638.53</u>	<u>9,804.69</u>

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

Particulars	As at 31-03-2014	As at 31-03-2013
<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	3,302.00	3,198.76
<b>Deferred Tax Asset</b>		
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	<u>(2,119.00)</u>	<u>(2,414.76)</u>
Net Deferred Tax Liability	<u><u>1,183.00</u></u>	<u><u>784.00</u></u>
<b>Note : 5</b>		
<b>Long Term Provision</b>		
Provision for Other Employee Benefits	<u>37.86</u>	<u>33.49</u>
	<u><u>37.86</u></u>	<u><u>33.49</u></u>
<b>Note : 6</b>		
<b>SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
Loan Repayable on Demand from Banks *	4,561.97	5,647.82
<b>Unsecured</b>		
Loan Repayable on Demand from Banks	1,448.91	504.03
Deposits	20.10	21.30
Loan from Related Parties	-	186.00
Loan from Directors (Refer Note No. 26(4))	<u>10.18</u>	<u>100.04</u>
	<u><u>6,041.16</u></u>	<u><u>6,459.19</u></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>TRADE PAYABLES</b>		
Trade Payables	<u>221.06</u>	<u>239.97</u>
	<u><u>221.06</u></u>	<u><u>239.97</u></u>
<b>Note : 8</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long Term Debt	2,826.19	2,818.00
Interest Accrued but not Due on Borrowings	5.18	2.83
Unpaid Dividends	7.12	8.22
Liabilities for Other Finance	<u>382.51</u>	<u>418.70</u>
	<u><u>3,221.00</u></u>	<u><u>3,247.75</u></u>
<b>Note : 9</b>		
<b>SHORT TERM PROVISIONS</b>		
Provision for Employee Benefits	163.04	95.60
Provision for Taxation	165.85	5.85
Proposed Dividend Rs. 1.20 per share	55.20	-
Provision for Tax on Proposed Dividend	<u>9.38</u>	<u>-</u>
	<u><u>393.47</u></u>	<u><u>101.45</u></u>

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

Note : 10

**FIXED ASSETS**

Particulars	Gross block				Depreciation			Net block		
	Cost as at 01-04-2013	Additions during the year	Sold / withdrawn during the year	Cost as at 31-03-2014	Up to 31-03-2013	For the year	Withdrawn	Up to 31-03-2014	As at 31-03-2014	As at 31-03-2013
<b>TANGIBLE ASSETS</b>										
Land	278.50	-	-	278.50	-	-	-	-	278.50	278.50
Buildings	2,522.16	11.09	-	2,533.25	570.58	84.48	-	655.06	1,878.19	1,951.58
Plant and machinery	18,992.49	345.27	7.84	19,329.92	5,588.11	1,005.59	3.46	6,590.24	12,739.68	13,404.38
Electrical machinery	966.98	14.17	-	981.15	303.80	48.23	-	352.03	629.12	663.18
Furniture & Office Equipments	136.02	3.69	0.69	139.02	62.90	7.58	0.62	69.86	69.16	73.12
Vehicles	28.73	8.25	0.42	36.56	5.31	2.90	0.33	7.88	28.68	23.42
<b>Total - Tangible Assets</b>	22,924.88	382.47	8.95	23,298.40	6,530.70	1,148.78	4.41	7,675.07	15,623.33	16,394.18
Total - Tangible Assets for Previous Year	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
<b>INTANGIBLE ASSETS</b>										
Computer Software	25.70	-	-	25.70	24.12	0.30	-	24.42	1.28	1.58
<b>Total - Intangible Assets</b>	25.70	-	-	25.70	24.12	0.30	-	24.42	1.28	1.58
Total - Intangible Assets for Previous Year	25.70	-	-	25.70	22.52	1.60	-	24.12	1.58	3.18

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

	(Rs. in Lakhs)	
Particulars	As at 31-03-2014	As at 31-03-2013

**Note : 11**

**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	0.050	<u>0.69</u>	<u>0.69</u>
Sub-Total (A)			<u><u>0.69</u></u>	<u><u>0.69</u></u>
<b>b) Unquoted</b>				
(I) SHARES OF JOINT STOCK COMPANIES : FULLY PAID-UP				
<b>Associate Companies</b>				
Ontime Transport Co. Limited	20,000	2.000	<b>2.00</b>	2.00
Ramco Windfarms Limited	3,00,000	3.000	<b>3.00</b>	-
<b>Others</b>				
Ramco Group Employee Co.op. Stores Limited	50	0.005	<b>0.01</b>	0.01
Suryadev Alloys Limited	1,350	0.010	<u>1.84</u>	-
Sub-Total (B)			<u><u>6.85</u></u>	<u><u>2.01</u></u>
Aggregate Value of Investments (A+B)			<u><u>7.54</u></u>	<u><u>2.70</u></u>
<b>Aggregate Value of:</b>				
Quoted Investments - Cost			<b>0.69</b>	0.69
Market Value			<b>1.15</b>	1.20
Unquoted Investments - Cost			<b>6.85</b>	2.01

**Note : 12**

**LONG TERM LOANS AND ADVANCES**

Unsecured, considered good

Security Deposits	<b>146.98</b>	166.39
	<u><u>146.98</u></u>	<u><u>166.39</u></u>

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

Particulars	As at 31-03-2014	As at 31-03-2013
<b>(Rs. in Lakhs)</b>		
<b>Note : 13</b>		
<b>INVENTORIES</b>		
Finished Goods	799.93	736.53
Rawmaterials - Cotton & Cotton Waste	3,071.10	1,414.12
Stores and Spares	54.07	63.26
Work-in-Progress	408.13	313.78
	<u>4,333.23</u>	<u>2,527.69</u>
Details of Process Stock		
Cotton Yarn	408.13	313.78
	<u>408.13</u>	<u>313.78</u>
Mode of valuation of inventories are disclosed in Accounting Policies in Note 25		
<b>Note : 14</b>		
<b>TRADE RECEIVABLES</b>		
Unsecured, considered good		
Other Trade Receivables	1573.23	1248.65
	<u>1573.23</u>	<u>1248.65</u>
<b>Note : 15</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	1.95	3.31
Balance with Bank		
In Current Account	105.86	101.27
In Deposit Account for Margin Money	11.62	3.75
In Unclaimed Dividend Warrant Account	7.12	8.22
Cheques on hand	8.21	38.68
	<u>134.76</u>	<u>155.23</u>
<b>Note : 16</b>		
<b>SHORT TERM LOANS AND ADVANCES</b>		
<b>Unsecured, considered good</b>		
Advance to Suppliers	27.69	24.36
Advance Income-Tax & TDS and Refund Due	183.82	18.19
	<u>211.51</u>	<u>42.55</u>
<b>Note : 17</b>		
<b>OTHER CURRENT ASSETS</b>		
Accrued Income	572.59	339.44
Prepaid Expenses	59.36	42.65
Other Current Assets	57.79	21.61
	<u>689.74</u>	<u>403.70</u>

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

Particulars	As at 31-03-2014		As at 31-03-2013	
<b>(Rs. in Lakhs)</b>				
<b>Note : 18</b>				
<b>REVENUE FROM OPERATION</b>				
<b>Sale of Products</b>				
Yarn	22, 838.69		13, 959.97	
Waste Cotton	<u>227.08</u>	<u>23,065.77</u>	<u>197.01</u>	14,156.98
<b>Other operating revenues</b>				
Export Incentive		189.21		43.32
Job Work Charges Received		<u>0.07</u>		<u>12.49</u>
		<u><u>23,255.05</u></u>		<u><u>14,212.79</u></u>
<b>Note : 19</b>				
<b>OTHER INCOME</b>				
Interest Received		16.40		11.68
Dividend Income		0.03		0.03
Industrial Promotion Assistance		2.10		4.26
Miscellaneous Income		2.56		0.41
Exchange Gain on Foreign Currency Transactions		<u>-</u>		<u>1.11</u>
		<u><u>21.09</u></u>		<u><u>17.49</u></u>
<b>Note : 20</b>				
<b>COST OF MATERIALS CONSUMED</b>				
<b>Rawmaterials Consumed</b>				
Cotton & Cotton Waste		9,180.16		6,972.93
		<u>9,180.16</u>		<u>6,972.93</u>
<b>Note : 21</b>				
<b>CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>				
<b>Opening Stock</b>				
Finished Goods	736.53		610.62	
Work-in-Progress	<u>313.78</u>	<u>1,050.31</u>	<u>258.50</u>	869.12
<b>Less: Closing Stock</b>				
Finished Goods	799.93		736.53	
Work-in-Progress	<u>408.13</u>	<u>1,208.06</u>	<u>313.78</u>	<u>1,050.31</u>
Net Increase in Stock		<u><u>(157.75)</u></u>		<u><u>(181.19)</u></u>

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

Particulars	As at 31-03-2014	As at 31-03-2013
<b>(Rs. in Lakhs)</b>		
<b>Note : 22</b>		
<b>EMPLOYEE BENEFIT EXPENSES</b>		
Salaries , Wages and Bonus	917.45	745.12
Contribution to Provident and Other Funds	115.81	112.58
Staff and Labour Welfare Expenses	63.82	54.62
	<u>1,097.08</u>	<u>912.32</u>
<b>Note : 23</b>		
<b>FINANCE COSTS</b>		
Interest Expenses	1,819.51	2,065.22
Exchange Loss on Foreign Currency Transactions	6.02	-
Other Borrowing Costs	7.61	6.95
	<u>1,833.14</u>	<u>2,072.17</u>
<b>Note : 24</b>		
<b>OTHER EXPENSES</b>		
<b>Manufacturing Expenses</b>		
Power and Fuel	1,741.11	1,185.73
Packing Materials	226.45	184.25
Repairs to Buildings	40.04	24.66
Repairs to Plant and Machinery	306.31	218.91
Repairs - General	210.71	195.13
Jobwork Charges Paid	1.64	70.57
	<u>2,526.26</u>	<u>1,879.25</u>
<b>Establishment Expenses</b>		
Managing Director Remuneration	27.88	27.88
Rates and Taxes	23.16	16.50
Insurance	21.21	12.61
Postage and Telephone	5.80	4.75
Printing and Stationery	4.78	4.05
Travelling Expenses	33.39	16.19
Vehicle Maintenance	20.31	14.77
Directors Sitting Fees	1.05	1.05
Rent	18.81	-
Audit and Legal Expenses	11.38	10.84
Corporate Social Responsibility Expenses	0.18	0.06
Loss on Sales of Assets	0.91	1.47
Miscellaneous Expenses	61.92	86.01
	<u>230.78</u>	<u>196.18</u>
<b>Selling Expenses</b>		
Sales Commission	231.43	150.69
Export Expenses	119.18	14.79
Other Selling Expenses	119.07	56.46
	<u>469.68</u>	<u>221.94</u>
	<u>3,226.72</u>	<u>2,297.37</u>



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

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**Note 25**

**SIGNIFICANT ACCOUNTING POLICIES**

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

- (i) The financial statements have been prepared under the historical cost convention and in accordance with the generally accepted accounting principles, the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and notified under the Companies (Accounting Standards) Rules, 2006 which continuous to be applicable in respect of Section 133 of the Compaies Act, 2013 in terms of General Circular No. 15/2013 dated 13-9-2013 of the Ministry of Corporate Affairs 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.

**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 non-current and non-trade are stated at cost less permanent diminution in value, if any.

**7. Inventories**

- (i) Raw materials, stores, spares, packing materials etc., are valued at cost computed on a moving weighted average basis including the cost incurred in bringing the inventories to their present location and condition.
- (ii) Work-in-progress 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.

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

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**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, Trade Discount, Rebates and Returns.
- (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. The value of unadjusted units available if any, at the end of the financial year and sold to the Electricity Board at an agreed rate / tariff rate are recognized and shown as income from wind mills.

**9. Employee Benefits**

- (i) Short-term employee benefit viz., Salaries and Wages, are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.
- (ii) Defined Contribution plan viz., Contributions to Provident fund and Superannuation fund are recognized as an expense in the Statement of Profit and Loss for the year in which the employees have rendered services. 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 per annum, is remitted to "Sandhya Spinning Mill Limited Officers' Superannuation Fund" 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 Financial Statements. 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 LIMITED, 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. The difference in exchange rates arising on the settlement of monetary items are recognized as income or expenses in the Statement of Profit and Loss.
- (ii) 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. The exchange difference on account of this is recognized in the Statement of Profit and Loss as per Accounting Standard-11 (The Effects of Changes in Foreign Exchange Rates)
- (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.

**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 LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**Note 26**

**OTHER DISCLOSURES**

(Rs. in Lakhs)

	As at 31-03-2014	As at 31-03-2013
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	NIL
(iv) Liability on guarantees given to the bankers	NIL	NIL
(v) Disputed VAT Liability	21.24	21.24
(vi) In respect of Electricity matters Appeals / Writ petition are pending with TNERC / APTEL / High Court / Supreme Court for various matters for which no provision has been made in the books of accounts to the extent of Rs.180.51 Lakhs.		
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, 2009 has been completed.		
4. Details of Loans from Directors under "Loan from Related Parties" are :		
	Closing Balance as on	
Name	31-03-2014	31-03-2013
	Interest Paid	
	2013-14	2012-13
Smt. P.V. Nirmala Raju	2.74	4.84
Smt. B. SriSandhya Raju	7.44	95.20
	1.00	0.57
	10.99	11.05
5. Contribution to Gratuity Fund recognized in the current period is in accordance with Accounting Standard -15 (Revised).		
6. Auditors' remuneration (excluding Service Tax) & expenses:		
	2013-14	2012-13
A) Statutory Auditors:		
a. As Auditors		
- Fees	0.75	0.55
b. In other Capacities		
- For Tax Audit / VAT - Fees	0.70	0.40
c. Representation		
- Certification Work - Fees	0.57	0.56
- Expenses reimbursed	0.20	0.19
	2.22	1.70
B) Cost Auditor:		
As Auditor	0.48	0.40
7. As at 31-03-2014, 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 31-03-2014 are 6.49 Lakhs KWH ( PY 2.06 Lakhs KWH) and its monetary value of Rs.37.50 Lakhs (PY Rs.11.93 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.937.22 Lakhs (PY Rs.1,241.40 Lakhs) have been set - off against cost of power "Power and Fuel".		

**SANDHYA SPINNING MILL LIMITED, 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:

**Defined Contribution Plan:**

	2013-14	(Rs. in Lakhs) 2012-13
Employer's Contribution to Provident Fund	25.17	21.05
Employer's Contribution to Superannuation Fund	2.26	2.50

**Details of the post retirement gratuity plan (Funded) are as follows:**

**Reconciliation of opening and closing balances of defined benefit plan:**

Defined Benefit Obligation as on 01.04.2013	105.00	80.96
Current Service Cost	13.07	12.66
Past Service Cost	Nil	Nil
Interest Cost	8.00	6.72
Actuarial (gain) / loss	2.73	13.85
Benefits paid	(-) 17.15	(-) 9.19
Defined Benefit obligation as on 31.03.2014	111.65	105.00

**Reconciliation of opening and closing balances of fair value of plan assets:**

Fair value of plan assets as on 01.04.2013	92.05	68.84
Expected return on plan assets	7.32	6.18
Actuarial gain / (loss)	0.32	0.11
Employer Contribution	16.15	26.10
Benefits paid	(-) 17.15	(-) 9.19
Fair value of plan assets as on 31.03.2014	98.69	92.04

**Actual Return of plan assets:**

Expected return of plan assets	7.32	6.18
Actuarial gain / (loss) on plan assets	0.32	0.11
Actual return on plan assets	7.64	6.29

**Reconciliation of fair value of assets and obligations:**

Fair value of plan assets	98.69	92.04
Present value of obligation	111.65	105.00
Difference	12.96	12.96
Unrecognized transitional liability	Nil	Nil
Unrecognized past service cost non vested benefits	Nil	Nil
Amount recognized in Balance Sheet	12.96	12.96

**Expense recognized during the year:**

Current Service Cost	13.06	12.65
Interest Cost	8.00	6.72
Expected return on plan assets	(-) 7.32	(-) 6.18
Actuarial (gain) / loss	2.41	13.74
Transitional liability recognized in the year	Nil	Nil
Past service cost-non-vested benefits	Nil	Nil
Past service cost-vested benefits	Nil	Nil
Net Cost	16.15	26.93

**Investment Details as on 31-03-2014:**

GOI Securities	Nil	Nil
State Government Securities	Nil	Nil
High Quality Corporate Bonds	Nil	Nil
Funds with LIC	100%	100%
Bank balance	Nil	Nil
Others	Nil	Nil
Total	100%	100%

**Actuarial assumptions:**

LIC 1994-96 Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a.	9.10%	8.30%
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 LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	2013-14	2012-13
<b>(Rs. in Lakhs)</b>		
<b>Details of the Leave encashment plan (Un-Funded) are as follows:</b>		
<b>Reconciliation of opening and closing balances of obligation:</b>		
Defined Benefit Obligation as on 01.04.2013	33.60	21.31
Current Service Cost	5.36	4.78
Interest Cost	2.61	1.70
Actuarial (gain) / loss	0.62	9.71
Benefits paid	(-) 4.33	(-) 3.90
Defined Benefit obligation as on 31.03.2014	37.86	33.60
<b>Reconciliation of opening and closing balances of fair value of plan assets:</b>		
Fair value of plan assets as on 01-04-2013	Nil	Nil
Expected return on plan assets	Nil	Nil
Actuarial gain / (loss)	Nil	Nil
Employer Contribution	4.33	3.90
Benefits paid	(-) 4.33	(-) 3.90
Fair value of plan assets as on 31-03-2014	Nil	Nil
<b>Actual Return of plan assets:</b>		
Expected return of plan assets	Nil	Nil
Actuarial gain / (loss) on plan assets	Nil	Nil
Actual return on plan assets	Nil	Nil
Fair value of plan assets	Nil	Nil
Present value of obligation	37.86	33.60
Difference	37.86	33.60
Unrecognized transitional liability	Nil	Nil
Unrecognized past service cost non vested benefits	Nil	Nil
Amount recognized in Balance Sheet	37.86	33.60
<b>Expense recognized during the year:</b>		
Current Service Cost	5.36	4.78
Interest Cost	2.61	1.70
Expected return on plan assets	Nil	Nil
Actuarial (gain) / loss	0.61	9.71
Transitional liability recognized in the year	Nil	Nil
Past service cost-non-vested benefits	Nil	Nil
Past service cost-vested benefits	Nil	Nil
Net Cost	8.58	16.19
<b>Investment Details as on 31-03-2014:</b>		
GOI Securities	Nil	Nil
State Government Securities	Nil	Nil
High Quality Corporate Bonds	Nil	Nil
Funds with LIC	Nil	Nil
Bank balance	Nil	Nil
Others	Nil	Nil
Total	Nil	Nil
<b>Actuarial assumptions</b>		
LIC 1994-96 Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a.	9.10%	8.80%
Expected rate of return on plan assets p.a.	NA	NA
Rate of escalation in salary p.a.	6.00%	6.00%
Attrition Rate	1.00%	1.00%

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

**10. The Segment Information for the year ended 31st March, 2014**

(Rs. in Lakhs)

Particulars	Textiles		Windmill Power		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>REVENUE</b>						
External Sales (Net)	<b>23,254.98</b>	14,200.30	-	-	<b>23,254.98</b>	14,200.30
Inter Segment Sale	-	-	<b>937.22</b>	1,241.40	<b>937.22</b>	1,241.40
Total Sales	<b>23,254.98</b>	14,200.30	<b>937.22</b>	1,241.40	<b>24,192.20</b>	15,441.70
Other Income	<b>21.15</b>	29.98	-	-	<b>21.15</b>	29.98
Total Revenue	<b>23,276.13</b>	14,230.28	<b>937.22</b>	1,241.40	<b>24,213.35</b>	15,471.68
<b>RESULT</b>						
Segment Result	<b>3,264.97</b>	2,845.93	<b>692.95</b>	945.67	<b>3,957.92</b>	3,791.61
Unallocated Income					-	-
Unallocated Expenses					-	-
Operating Profit					<b>3,957.92</b>	3,791.61
Interest Expenses					<b>1,833.14</b>	2,072.17
Interest Income	-	-	-	-	<b>16.40</b>	11.68
Provision for Taxation					-	-
Current Tax					<b>160.00</b>	-
Deferred Tax	<b>399.00</b>		-		<b>399.00</b>	199.00
Profit from ordinary activities	<b>593.10</b>				<b>593.10</b>	391.30
Exceptional Items					-	-
<b>Net Profit</b>					<b>593.10</b>	391.30
<b>OTHER INFORMATION</b>						
Segment Assets	<b>19,220.76</b>	17,081.15	<b>3,515.92</b>	3,871.25	<b>22,736.68</b>	20,952.40
Unallocated Assets					-	-
Total Assets					<b>22,736.68</b>	20,952.40
Segment Liabilities			-	-	<b>1,009.33</b>	771.18
Unallocated Liabilities					<b>20,726.74</b>	19,899.36
Total Liabilities					<b>21,736.07</b>	20,670.54
Capital Expenditure	<b>382.47</b>	134.65			<b>382.47</b>	134.65
Unallocated Capital Expenditure					-	-
Depreciation	<b>878.88</b>	862.59	<b>270.20</b>	278.23	<b>1,149.08</b>	1,140.82
Unallocated Depreciation Expenditure					-	-
Non-Cash expenses other "than Depreciation"	-	-			-	-

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

	(Rs. in Lakhs)	
	2013-14	2012-13
<b>11. Earning per Share</b>		
<b>Particulars</b>		
Net Profit after tax (A)	433.10	391.30
Number of Equity Shares - in lakhs (B)	46.00	16.81
Basic & Diluted earnings per share for Rs.10/- each (A)/(B) (in Rs.)	9.42	23.27

**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:

**(a) List of Key Management Personnel & Relatives.**

Shri. P.R. Ramasubrahmaneya Rajha, Chairman  
Smt. B. 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.

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

M/s. The Ramco Cements Limited  
M/s. Rajapalayam Mills Limited  
M/s. Sri Vishnu Shankar Mill Limited  
M/s. The Ramaraju Surgical Cotton Mills Limited  
M/s. Thanjavur Spinning Mill Limited  
M/s. Ramco Industries Limited  
M/s. Ramco Systems Limited  
M/s. Rajapalayam 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		Outstanding as on	
	2013-14	2012-13	31-03-2014	31-03-2013
Rajapalayam Mills Limited	186	186	NIL	186

**Interest on ICD**

Name of the Related Party	Interest		Outstanding as on	
	2013-14	2012-13	31-03-2014	31-03-2013
Rajapalayam Mills Limited	14.61	20.81	NIL	NIL



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

(Rs. in Lakhs)

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

	Value		Outstanding as on	
	2013-14	2012-13	31-03-2014	31-03-2013
The Ramaraju Surgical Cotton Mills Limited	78.88	4.59	NIL	NIL
Sri Vishnu Shankar Mill Limited	0.13	88.01	NIL	NIL
Rajapalayam Mills Limited	1,158.31	511.64	NIL	NIL
Ramco Industries Limited	0.09	299.72	NIL	NIL
Thanjavur Spinning Mill Limited	112.55	4.51	NIL	NIL
Rajapalayam Spinners Limited	NIL	41.22	NIL	NIL
Sri Harini Textiles Limited	16.59	NIL	NIL	NIL

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

Name of the Related Party	Value		Outstanding as on	
	2013-14	2012-13	31-03-2014	31-03-2013
The Ramaraju Surgical Cotton Mills Limited	104.66	158.50	NIL	NIL
Sri Vishnu Shankar Mill Limited	147.29	35.66	NIL	NIL
Rajapalayam Mills Limited	5,432.24	191.11	NIL	NIL
The Ramco Cements Limited	247.23	131.58	NIL	NIL
The Ramco Industries Limited	764.81	232.34	NIL	NIL
Ramco System Limited	5.20	5.50	NIL	NIL
Sri Harini Textiles Limited	NIL	1.97	NIL	NIL
Thanjavur Spinning Mill Limited	118.14	127.27	NIL	NIL

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

Name of the Related Party	Value		Outstanding as on	
	2013-14	2012-13	31-03-2014	31-03-2013
The Ramco Cements Limited	3.60	2.99	NIL	NIL

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

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

	2013-14	2012-13
Raw Materials	1,225.66	196.26
Components and Spares	51.34	31.89
Capital Goods	9.13	NIL

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

	2013-14	2012-13
Total Value	1,279.02	219.17

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

**(c) Value of Raw Materials, Stores & Spare parts consumed** (Rs. in Lakhs)

	2013-14		2012-13	
	Amount	%	Amount	%
Raw Materials				
Imported	40.59	1	278.02	4
Indigenous	9,139.57	99	6,694.91	96
Spares and Components				
Imported	47.12	7	33.80	5
Indigenous	602.08	93	699.61	95

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

	2013-14	2012-13
Export on Yarn	7,365.14	940.63

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,  
25<sup>th</sup> May, 2014.

P.R. RAMASUBRAHMANEYA RAJHA  
Chairman

SMT. B. SRISANDHYA RAJU  
Managing Director

SMT R. SUDARSANAM  
N.K. SHRIKANTAN RAJA  
DR. K.T. KRISHNAN  
S. KANTHIMATHINATHAN  
Directors

## PROXY FORM

# SANDHYA SPINNING MILL LIMITED

[CIN : U17111TN1994PLC027037]

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

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

Registered address : .....

E-mail ID : .....

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

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

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

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

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

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 20<sup>th</sup> Annual General Meeting of the company, to be held on Monday, the 4<sup>th</sup> August, 2014 at 11.00 A.M. at P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.	Resolution
Ordinary Business:	
1	Adoption of Financial Statements for the year ended 31st March, 2014.
2	Declaration of Dividend for the year 2013-14.
3 (a)	Appointment of Shri P.R. Venketrana Raja, who retires by rotation and is eligible for re-appointment.
(b)	Appointment of Shri S. Kanthimathinathan, who retires by rotation and is eligible for re-appointment.
4	Appointment of Shri R. Palaniappan, Proprietor, M/s. N.A. Jayaraman & Co., Chartered Accountants, as Auditor.
Special Business:	
5	Appointment of Smt. B. SriSandhya Raju as Managing Director.
6	Appointment of Dr. K.T. Krishnan as Independent Director.
7	Appointment of Shri N.K. Shrikantan Raja as Independent Director
8	Authority to borrow money upto Rs. 300 Crores.

Signed this ..... day of ..... 2014

Signature of Shareholder : .....

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

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

Affix  
Re. 1  
Revenue  
Stamp







A view of the "Compact System" attached in KTTM Ring Frame during the year in our "A" Mill Spinning Hall at Rajapalaiyam.



A view of the "LR 60/AX" model Ring Frame of 1200 spindles installed in our AP Unit during the year.



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