



SANDHYA SPINNING MILL LIMITED
RAJAPALAIYAM



Our Chairman discussing with Mr. Vasudevan, Executive Director Manufacturing Operations, M/s. Himatsingka Linens, our Corporate Customer during his visit.

Our Director Shri S. Kanthimathinathan presenting maximum attendance prize to our worker during the 20th Pongal Sports Day Celebrations.



A view of the 'Mesdan Aqua splicer' attached in Nuvatec Rewinding Machine in our 'A Mill' at Rajapalaiyam.



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

Shri S. KANTHIMATHINATHAN

Shri P.A.S. KRISHNAMA RAJA

BANKERS

Axis Bank Limited

Canara Bank

ICICI Bank Limited

IDBI Bank Limited

Indian Bank

Kotak Mahindra Bank Limited

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.

E-mail : sandhya@ramcotex.com

Phone No. : 04653 - 235009

Fax No. : 04563 - 235405

Auditors :

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

Website :

www.sandhyaspinningmill.co.in

Corporate Identification Number :

U17111TN1994PLC027037

Factories :

Unit I

Krishnapuram Road,
Rajapalaiyam - 626 108,
Tamil Nadu.

Unit II

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

Cost Auditors :

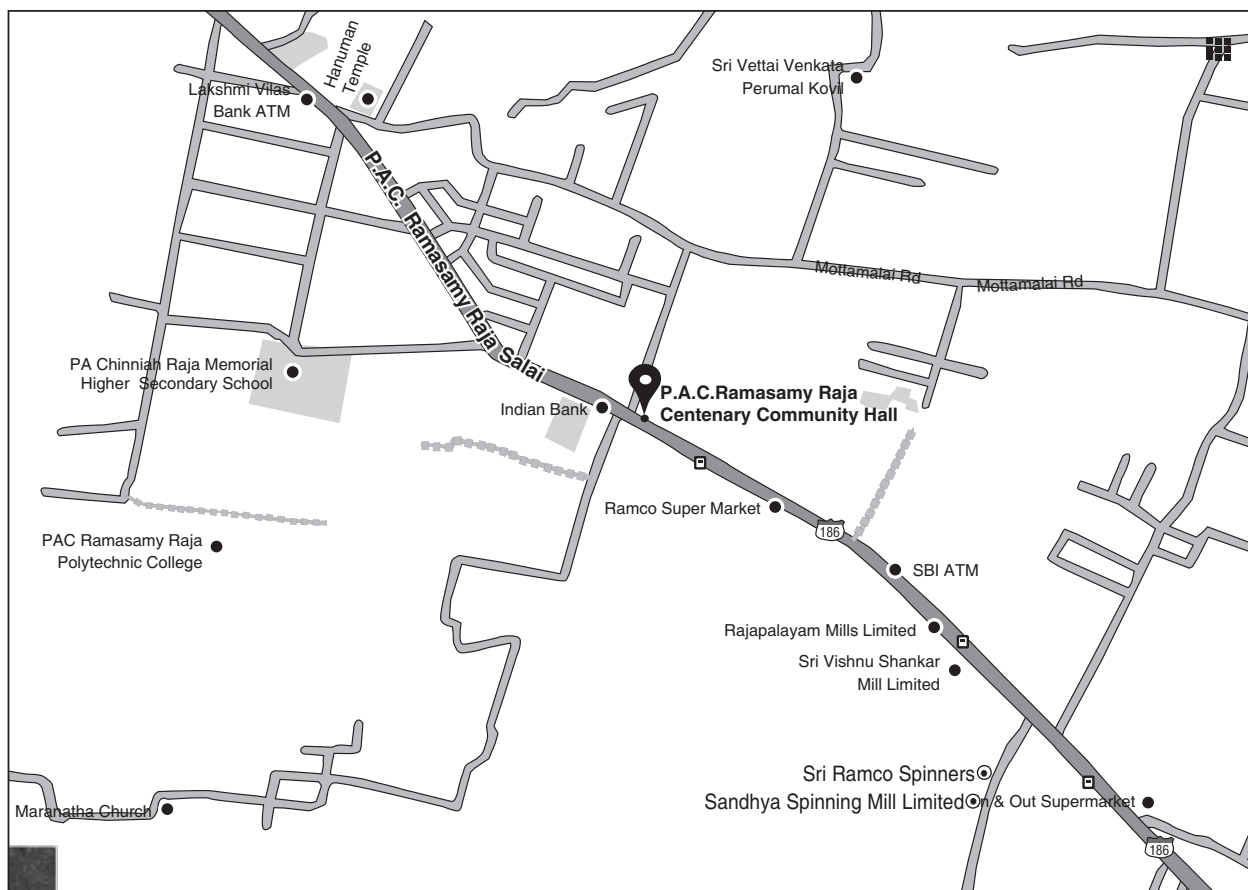
M/s. RKMS & Associates,
Cost Accountants,
IV-B, Akshaya Homes,
9B-20, Barathiyar 4th Street,
Tagore Nagar, S.S. Colony,
Madurai - 625 016.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

CONTENTS

Notice to the Members	3
Directors' Report	11
Independent Auditors' Report	26
Balance Sheet	32
Statement of Profit and Loss	33
Cash Flow Statement	34
Notes forming part of Financial Statements	35

Map Showing location of venue of 22nd Annual General Meeting
Venue Address : P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens,
P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 108, Tamil Nadu



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

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

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

NOTICE TO THE MEMBERS

Notice is hereby given that the 22nd Annual General Meeting of the Company will be held at 11.00 A.M. on Wednesday, the 10th August, 2016 at P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626108, Tamil Nadu to transact the following business:

ORDINARY BUSINESS :

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

“RESOLVED that the Directors' Report and the Company's Statement of Profit & Loss for the year ended 31st March, 2016, Balance Sheet as at that date and Cash Flow Statement for the year ended on that date and the Auditors' Report thereon be and are hereby considered and adopted.”

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

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

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

“RESOLVED that Shri S. Kanthimathinathan (DIN: 01124581), who retires by rotation, be and is hereby elected as Director of the Company.”

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

“RESOLVED that in terms of section 139 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, the appointment of Shri R. Palaniappan, Prop., M/s. N.A. Jayaraman & Co., Chartered Accountants, holding Firm Registration No: 001310S, as Auditors of the Company for the third consecutive year, viz. from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting, out of their term of three consecutive years as approved at the Annual General Meeting held on 04-08-2014, be and is hereby ratified.”

SPECIAL BUSINESS :

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

“RESOLVED that pursuant to Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, approval of the Company be and is hereby accorded to the appointment of Smt. B. SriSandhya Raju (DIN 02325596) as Managing Director of the Company for a period of 3 years with effect from 01-04-2017, 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 authorised to fix the components, quantum and periodicity of the remuneration payable to the Managing Director subject however that the annual remuneration does not exceed 5% of the net profits of the Company in any 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 be the double of the applicable limit as provided under (A) of Section II, Part II of Schedule V of the Companies Act, 2013 along with the following perquisites:

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

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

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

NOTICE

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

“RESOLVED that pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Shri P.A.S. Krishnama Raja (DIN 00487322), appointed as an Additional Director of the Company on 19-05-2016 pursuant to the provisions of Section 161 of the Companies Act, 2013 and who holds office upto the date of this Annual General Meeting, and being eligible, offer himself for appointment and in respect of whom the Company has received a notice in writing from a Member, pursuant to the provisions of Section 160 of the Companies Act, 2013 signifying his intention to propose the candidature of Shri P.A.S. Krishnama Raja, for the office of Director, be and is hereby appointed as a Director of the Company, under Independent Director category for a period of 5 consecutive years from the date of his appointment, viz. 19-05-2016.”

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

“RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs.48,000/- exclusive of Service Tax and Out-of-pocket expenses payable to M/s. RKMS & Associates, Practising Cost Accountants (Firm Registration No. 000335) appointed as the Cost Auditors of the Company by the Board of Directors for the financial year 2016-17 for auditing the Cost Records relating to manufacture of textile products, be and is hereby ratified and confirmed.

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

P.R. RAMASUBRAHMANEYA RAJHA,
Chairman

Rajapalaiyam,
28th May, 2016.

NOTES:

1. Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning each item of Special Business is annexed hereto;
- 2) **A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and that the Proxy need not be a Member.**
- 3) A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total Share Capital of the Company. Proxy Form is enclosed. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of the companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable.
- 4) The cut-off date will be 4th August, 2016 for determining the eligibility to vote by remote e-Voting or in the General Meeting.
- 5) Pursuant to the provisions of Section 205 A(5) and 205 C of the Companies Act, 1956, the Company has transferred the unclaimed / unpaid dividends lying with the Company for a period of over 7 years, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with the Companies) Rules, 2012 the Company has uploaded the details of unclaimed / unpaid dividends lying with the Company on the website of the Company (www.sandhyaspinningmill.co.in), as also on the website of the Ministry of Corporate Affairs (MCA). The dividends remaining unpaid for a period of over 7 years will be transferred to the investor education and Protection 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

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

NOTICE

transferred to the Fund. The details of due dates for transfer of such unclaimed dividend to the said Fund are:

FINANCIAL YEAR ENDED	DATE OF DECLARATION OF DIVIDEND	LAST DATE FOR CLAIMING UNPAID DIVIDEND	DUE DATE FOR TRANSFER TO IEP FUND
31.03.2010	04-08-2010	03-08-2017	01-09-2017
31.03.2011	20-07-2011	19-07-2018	17-08-2018
31.03.2014	04-08-2014	03-08-2021	01-09-2021

6. A Route map with prominent Landmark for easy location of the venue of the meeting is given with this notice as per the requirement of Clause No. 1.2.4 of the Secretarial Standard - 2 on "General Meetings".
7. Voting through electronic means:
- A. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing members remote e-voting facility to exercise their right to vote at the 22nd Annual General Meeting (AGM) and the business may be transacted through such voting, through e-voting services provided by Central Depository Services (India) Limited (CDSL).
- B. The facility for voting, either through electronic voting system or ballot shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
- C. The members who have cast their vote by remote e-Voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

The instructions for e-Voting are as under:

- i) To log on to the e-Voting website 'www.evotingindia.com'.
- ii) To Click on "**Shareholder**" tab.
- iii) Now enter your User ID as given below:
 - Members should enter Folio Number registered with the Company.
- iv) Next enter the Captcha Code as displayed and Click on Login.
- v) **PASSWORD**

If you are first time user follow the steps given below:

PAN	Enter your 10 digit alpha-numeric Sequence Number *
	<ul style="list-style-type: none">• Members are requested to use the first two letters of their name (in capital letters) and the 8 digits of the sequence number in the PAN field. Sequence Number is available in the address label pasted in the cover.• In case the sequence number is less than 8 digit, enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Example, if your name is ARUMUGAVEL with sequence number 1, then enter AR00000001 in the PAN field.
Dividend Bank details#	<ul style="list-style-type: none">• Please enter the Folio Number in the Dividend Bank details field.• Leave Date of Birth column blank.

- vi) Members will then directly reach the Company selection screen, kindly note that this password is to be used for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-Voting through CDSL platform. It is recommended not to share your password with any other person and take utmost care to keep your password confidential.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

NOTICE

- vii) Members holding share, the details can be used only for e-voting on the resolutions contained in this Notice.
 - viii) Click on the relevant EVSN for “**SANDHYA SPINNING MILL LIMITED**” on which you choose to vote.
 - ix) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or No as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - x) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolutions.
 - xi) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
 - xii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
 - xiii) You can also take out print of the voting done by you clicking on “Click here to Print” option on the Voting page. It need not be sent to the Company.
 - xiv) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- D. The facility for remote e-Voting shall remain open from 9.00 A.M. on Sunday the 7th August, 2016 to 5.00 P.M. on Tuesday the 9th August, 2016. During this period, the members of the Company, as on cut-off-date, viz., Thursday the 4th August, 2016, may opt for remote e-Voting. e-Voting shall not be allowed beyond 5.00 P.M. on 9th August, 2016.
- E. In case you have any queries or issues regarding e-voting, you may refer the Frequently. Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an e-mail to helpdesk.evoting@cDSLindia.com.
- F. The voting rights of shareholders shall be in proportion to the shares held by them in the paid up Equity Share Capital of the Company as on 04-08-2016.
- G. Sri R. Palaniappan, Chartered Accountant (Membership No: 205112), Proprietor, M/s. N.A. Jayaraman & Co., Chartered Accountants has been appointed as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.
- H. The Chairman shall, at the general meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting, with the assistance of scrutinizer, by use of ballot or by using an electronic voting system for all those members who are present at the general meeting but have not cast their votes by availing the remote e-voting facility.
- I. The Scrutinizer shall immediately after conclusion voting at the Annual General Meeting, First count the votes cast at the meeting there after unblock the votes cast through remote e-Voting in the presence of at least two witnesses not in the employment of the Company and make not later than three days of conclusion of the Meeting, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or person authorised by him in writing who shall countersign the same and the Chairman or a person authorized by him in writing shall declare the result of the voting forthwith.

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

P.R. RAMASUBRAHMANEYA RAJHA,
Chairman

Rajapalaiyam,
28th May, 2016.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

NOTICE

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5

Smt. B. SriSandhya Raju (DIN 02325596) was first appointed as Managing Director of the Company on 25-05-2009. At that time, the net worth of the Company was Rs. 415 Lakhs and Turnover was Rs.6,455 Lakhs. The Company has now progressed to have a net worth of Rs. 1,304.31 Lakhs and Turnover of Rs.14,785.39 Lakhs. The spindles Capacity of the Company has also increased from 39,408 spindles and 672 rotors to 57,552 spindles and 2,464 rotors. The Company's net worth has increased to Rs.1,341.10, Lakhs as on 31-03-2016 with a Total Revenue of Rs.15,065.49 Lakhs for the financial year 2015-16.

Smt. B. SriSandhya Raju was reappointed as Managing Director of the Company by the Board of Directors at their meeting held on 28-05-2016, subject to the approval of the Shareholders at the Annual General Meeting, for a further period of 3 years from 01-04-2017 to 31-03-2020 in accordance with the provisions of Section 197 read with Schedule V and other applicable provisions of the Companies Act, 2013.

Terms of Remuneration:

- 5% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013.
- In any financial year, where the Company has no profits or inadequacy of profits, the Managing Director shall be paid as remuneration, the double of the applicable limit as provided under (A) of Section II, Part II of Schedule V of the Companies Act, 2013 along with the following perquisites:
 - (i) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
 - (ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
 - (iii) Encashment of leave at the end of the tenure and other perquisites as allowed under Section IV of Schedule V of the Companies Act, 2013.

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

The proposed reappointment and the payment of remuneration has also been approved by the Nomination and Remuneration Committee and Audit Committee at their meetings held on 27-05-2016.

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

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

1. Barefoot Dance Company India Private Limited,
2. Satmala Agro-Farms Private Limited,
3. Parimala Chemicals Private Limited,
4. Pranahita Power Generation Private Limited,
5. Barefoot Media & Entertainment Private Limited,
6. Bharani Bio-Tech Private Limited, and
7. Nallamala Agro-Farms Private Limited

None of the Directors and Key Management 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

NOTICE

I. General Information:

1	Nature of Industry	Textiles		
2	Date of Commencement of Business	20-07-1994		
3	Financial performance based on given indicators			
	Year	Total Revenue (Rs. in Crores)	Net Profit after tax (Rs. in Crores)	Dividend per Share (in Rs.)
	2015-16	150.65	1.13	-
	2014-15	174.69	0.91	-
	2013-14	232.76	4.33	1.20
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 and has been on the Board of the Company since 2009. No. of Shares held in the Company : 28,72,680
2	Past Remuneration	She has been paid a remuneration @ 5% on the net profits of the Company and in case of inadequacy profits, she has been paid maximum permissible remuneration as per Schedule V of the Companies Act, 2013.
3	Recognition or awards	--
4	Job profile and her suitability	Overall in-charge for Management of the affairs of the Company.
5	Remuneration proposed	5% of the net profits of the Company and in case of inadequacy of profits, the Managing Director shall be paid as remuneration, the double of the limit as provided under (A) of Section II, Part II of Schedule V of the Companies Act, 2013 along with perquisites as mentioned in the Resolution. She will also be entitled for sitting fees for meetings of the Board or its Committees attended by her.
6	Comparative Remuneration profile	Remuneration is comparable with respect to industry, size of the Company, profile of the position and person.
7	Relationship with managerial personnel / Pecuniary relationship directly or indirectly with the Company.	She is related to Shri P.R. Ramasubrahmaneya Rajha, Chairman Smt. R. Sudarsanam, Shri P.R. Venketrama Raja, and Smt. P.V. Nirmala Raju, Directors of the Company. She has no pecuniary relationship other than the remuneration, she is entitled to receive. Her transactions with the Company are disclosed under "Related Party Transactions" in Note No.26(14).

III. Other Information:

1	Reasons of loss or inadequate profits	Not applicable.
2	Steps taken or proposed to be taken for improvement	
3	Expected increase in productivity and profits in measurable terms	

IV. Disclosures :

Corporate Governance	Not applicable
----------------------	----------------

Item No. 6

The Board of Directors, based on the recommendation of Nomination and Remuneration Committee had appointed Shri P.A.S. Krishnama Raja (DIN 00487322), as Additional Director on 19th May, 2016, under Non-Executive Independent Director category.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

NOTICE

Shri P.A.S. Krishnama Raja, aged 39, holds Bachelor Degree in Commerce.

Shri P.A.S. Krishnama Raja, is also a Director in the following Companies:

CIN	Name of the Company	Designation
U17111TN1995PTC031982	Tirupathi YarnTex Spinners Private Limited	Whole Time Director
U17111TN1961PCL004505	Thanjavur Spinning Mill Limited	Director

He is also a Member in the following Committees:

Name of the Company	Name of the Committee	Position Held (Chairperson / Member)
Thanjavur Spinning Mill Limited	Audit Committee	Member
	Nomination and Remuneration Committee	Member

In terms of Section 161(1) of the Companies Act, 2013, Shri P.A.S. Krishnama Raja, holds office as Additional Director upto the date of the forthcoming Annual General Meeting.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 along with the amount of requisite deposit from a Member signifying his intention to propose the appointment of Shri P.A.S. Krishnama Raja, as a Director.

Shri P.A.S. Krishnama Raja is proposed to be appointed as an Independent Director for 5 consecutive years from the date of his appointment. He has furnished a declaration pursuant to Section 149(6) of the Companies Act, 2013 that he meets the criteria of independence and hence eligible for appointment as an Independent Director. In the opinion of the Board, Shri P.A.S. Krishnama Raja, fulfills the conditions specified in the Act and the Rules made thereunder and that he is Independent of the Management.

He holds 2,100 Equity Shares in Sandhya Spinning Mill Limited.

The Board of Directors is of the opinion that his vast knowledge and experience in textiles will be of great value to the Company and hence recommends the Resolution for the approval of the Members.

The notice received under Section 160 of the Companies Act, 2013 and a copy of letter of appointment issued to Shri P.A.S. Krishnama 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 P.A.S. Krishnama Raja, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

NOTICE

Item No. 7

In accordance with the provisions of Section 148 of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Company is required to appoint a cost auditors to audit the cost records of Company, relating to manufacture Textile Products for the financial year 2016-17.

On the recommendation of the Audit Committee at its meeting held on 27-05-2016, the Board had approved the appointment of M/s. RKMS & Associates, Cost Accountants as the Cost Auditors of the Company to audit the Company's Cost Records relating to manufacture of Textile products at a remuneration of Rs.48,000/- exclusive of Service Tax and out-of-pocket expenses for the financial year 2016-17.

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

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

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

Rajapalaiyam,
28th May, 2016.

By Order of the Board,
For SANDHYA SPINNING MILL LIMITED,
P.R. RAMASUBRAHMANEYA RAJHA,
Chairman

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their 22nd Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2016.

1. FINANCIAL RESULTS

The financial results for the year ended 31st March, 2016 after charging all expenses but before deducting finance cost and depreciation have resulted in operating profit of Rs. 2,801.19 Lakhs against Rs.2,883.21 Lakhs for the previous financial year 2014-15.

After deducting Rs.1,646.24 Lakhs towards finance cost and providing Rs.1,059.76 Lakhs towards Depreciation, the Net Profit for the year is Rs.95.19 Lakhs, as compared to Rs.91.84 Lakhs for the previous financial year 2014-15. Adding the surplus of Rs.189.24 Lakhs brought forward from the previous year, your Directors propose to appropriate the total sum of Rs.284.43 Lakhs as detailed below:

		Rs. in Lakhs
Provision for Taxation	- Current Tax - MAT	20.00
	- Deferred Tax	(38.00)
Preference Dividend	@ 7.50%	22.50
Tax on Dividend	@ 20.358%	4.58
Transfer to General Reserve		100.00
Balance carried over to Balance Sheet		175.35
	Total	<u>284.43</u>

2. SHARE CAPITAL

The Paid-up Capital of the Company is Rs.760 Lakhs (Previous year is Rs. 760 Lakhs) consisting of 46,00,000 Nos. Equity Shares of Rs.10/- each and 30,00,000 Nos. 7.50% Cumulative Redeemable Preference Shares of Rs.10/- each.

3. DIVIDEND

Your Directors have not recommended any equity dividend for the current year. However, Rs.22.50 Lakhs has been appropriated towards Preference Dividend on 7.50% Cumulative Redeemable Preference Shares. The Preference 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 amount of tax on preference dividend would be Rs.4.58 Lakhs. The total amount of Dividend outgo for the year will be Rs.27.08 Lakhs.

4. TAXATION

The Company is not liable to pay income tax under regular Income Tax provisions. However, an amount of Rs.20 Lakhs towards current tax (MAT) has been provided for the year. An amount of Rs.38 Lakhs has been withdrawn from Deferred Tax Liability provided in the earlier years which is in accordance with the Accounting Standards.

5. MANAGEMENT DISCUSSIONS AND ANALYSIS

TRADE CONDITIONS

During the year, the cotton prices have come down by 12% and correspondingly the yarn price was also declined. Sluggish yarn demand in India as well as in export market coupled with oversupply situation in India, dragged the yarn prices both in Domestic as well as Export markets.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

The preferential access being given in major importing nations like European Union to other countries including Bangladesh, Cambodia, Pakistan, South Korea, Turkey and Vietnam has put India in disadvantageous position and hence the export volume of textile goods from India to Europe was severely affected. Indian textile goods attract 4 to 16 per cent duty in Europe, while the majority of the competitors in other countries enjoy zero duty access. The Chinese government's decision to offload its reserve cotton stock has reduced their dependence on import of yarn from India and the Pakistan government's decision to impose regulatory duty for import of cotton yarn into their country have affected the shipments of yarn from India.

The power cut imposed in Tamil Nadu during the previous years was lifted during the year. However, the restrictions imposed by the Tamil Nadu Generation and Distribution Corporation (TANGEDCO) in evacuation of power generated by wind mills has continued and even worsened during this year, which has resulted in loss in generation of power from wind mills to the extent of approximately 22.30 million units, which translated into Rs.15 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 set, which are costly compared to wind mills. Due to this, the power cost during the year has gone up substantially.

In spite of reduction in yarn selling price and the increase in power & labour costs, the strategic decision taken by the Company to make investments in value added machines like compact spinning system, TFO, gassing machines, etc., has helped the Company to increase its volume of sales in export / corporate customers, who require high quality value added yarn and also helped the Company to control the costs and to increase its operational and financial performance.

6. EXPORTS

On the export front during the year, we have made export of Cotton Yarn (including merchant exports) for a value of Rs. 35.01 Crores as against Rs. 42.70 Crores of the previous year.

7. MODERNISATION

As a part of modernization programme, the Company has invested about Rs. 184 Lakhs for investment in Autoconer, Contamination Detecting Machines etc.,.

8. PROSPECTS FOR THE CURRENT YEAR

The cotton prices are showing increasing trend due to lower production of cotton projected during the current cotton season 2015-16 because of reduced acreage of cotton plantation and whitefly attack on cotton crops in Punjab and Haryana. Due to sluggish demand for yarn, the Spinning Mills are not able to increase the yarn prices in line with the increased cotton cost. With the flexibility to produce value added super fine counts and by using more imported contamination free cotton, the Company is now focusing more on expanding the marketing activities across the globe during the current year.

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 & improve the profit margins.

9. WIND MILL

The Company has wind mills with installed capacity of 10.95 MW for its captive power consumption. There was delay in the on-set of wind season during the year under review. These wind mills continued to face evacuation constraints imposed by Tamil Nadu Generation and Distribution Corporation (TANGEDCO).

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

Because of this, the windmills were not able to generate power to its full potential and the generation of electricity during the year was less compared to the previous year.

The wind farm has generated 113 Lakhs Kwh as compared to 158 Lakhs Kwh of the previous year. The income during the year from the Wind Mill Division was Rs.7.48 Crores as against Rs.9.09 Crores of previous year.

10. INTERNAL FINANCIAL CONTROLS

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

11. VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

12. DIRECTORS

Smt. B. SriSandhya Raju, (DIN 02325596) was reappointed as Managing Director of the Company for a period of three years starting from 01-04-2014 to 31-03-2017 at the AGM held on 04-08-2014. Based on the recommendation of the Nomination and Remuneration Committee, Audit Committee made at its meeting held on 27-05-2016, the Board of Directors at their meeting held on 28-05-2016 have reappointed her as Managing Director for a further period of 3 years starting from 01-04-2017. Approval of the Members has been sought for her reappointment in the Notice convening the AGM.

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

1. Shri P.R. Venketrama Raja, (DIN: 00331406)
2. Shri S. Kanthimathinathan, (DIN: 01124581)

Shri P.A.S. Krishnama Raja (DIN: 00487322) has been co-opted on 19th May, 2016 as an Additional Director under Independent Director category. He will hold the office till the date of the forthcoming Annual General Meeting. A Notice in writing has been received from a Member signifying his intention to propose the appointment of Shri P.A.S. Krishnama Raja as a Director under Independent Director category at the Annual General Meeting to hold office for 5 consecutive years with effect from 19th May 2016, without being subject to retirement by rotation.

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

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

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

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

In accordance with Section 178(3) of the Companies Act, 2013 and based upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors have approved a policy relating to appointment and remuneration of Directors, Key Managerial Personnel and Other Employees. The objective of the Nomination and Remuneration Policy is to ensure that the level and composition of remuneration is reasonable, the relationship of remuneration to performance is clear and appropriate to the long term goals of the Company.

13. EVALUATION OF BOARD

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

14. MEETINGS OF THE BOARD

During the year under review, four Board Meetings were held, one each on 21-05-2015, 11-08-2015, 07-11-2015 and 14-02-2016.

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

S. No.	Name of the Director	Directorship	No. of Meetings attended
1.	Shri P.R. Ramasubrahmaneya Rajha	Chairman	4
2	Smt. B. SriSandhya Raju	Managing Director	2
3	Shri P.R. Venketrama Raja	Director	4
4	Smt. R. Sudarsanam	Director	4
5	Smt. P.V. Nirmala Raju	Director	2
6	Shri N.K. Shrikantan Raja	Independent Director	4
7	Shri S. Kanthimathinathan	Director	4

15. MEETINGS OF THE COMMITTEES

AUDIT COMMITTEE

Pursuant to Section 177(8) of the Companies Act, 2013, it is reported that there has not being an occasion, where the Board cannot accepted any recommendation of the Audit Committee.

During the year under review four Audit Committee Meetings were held, one each on 21-05-2015, 11-08-2015, 07-11-2015 and 13-02-2016.

Details of attendance of each member at the Audit Committee Meetings held during the year are as follows:

S.No	Name of the Director	Membership	No. of Meetings attended
1	Shri N.K. Shrikantan Raja	Chairman of the Committee	4
2	Shri S. Kanthimathinathan	Member	4

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

NOMINATION AND REMUNERATION COMMITTEE

In accordance with Section 178(3) of the Companies Act, 2013 and based upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors have approved a policy relating to appointment and remuneration of Directors, Key Managerial Personnel. The objective of the Nomination and Remuneration Policy is to ensure that the level and composition of remuneration is reasonable, the relationship of remuneration to performance is clear and appropriate to the long term goals of the Company.

During the year under review meeting held on 21-05-2015.

Details of attendance of members at the Nomination and Remuneration Committee Meeting held during the year are as follows:

S. No.	Name of the Director	Membership	No. of Meetings attended
1	Shri N.K. Shrikantan Raja	Chairman of the Committee	1
2	Shri S. Kanthimathinathan	Member	1

SHARE TRANSFER COMMITTEE

During the year under review, four meetings were held, one each on 15-05-2015, 05-08-2015, 02-11-2015 and 06-02-2016.

Details of attendance of each member at the Share Transfer Committee Meetings held during the year are as follows:

S. No.	Name of the Director	Membership	No. of Meetings attended
1	Shri P.R. Ramasubrahmaneya Rajha	Chairman	4
2	Shri N.K. Shrikantan Raja	Member	4
3	Shri S. Kanthimathinathan	Member	4

16. PUBLIC DEPOSITS

Pursuant to Rule 8(5) (v) & (vi) of Companies (Accounts) Rules, 2014, it is reported that the Company has not accepted any deposit from public during the financial year under review.

17. ORDERS PASSED BY REGULATORS

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

18. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company has not given any loan or guarantee during the year 2015-16 under Section 186 of the Companies Act, 2013. The particulars of investments are provided under Note No. 11 of forming part of financial statements.

19. CORPORATE SOCIAL RESPONSIBILITY

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

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

The CSR obligations pursuant to Section 135(5) of the Companies Act, 2013 for the year 2015-16 is Rs.11.16 Lakhs. As against this the Company has spent Rs.2.68 Lakhs on CSR leaving a shortfall of Rs.8.48 Lakhs. Because of heavy repayment of debt obligation the shortfall had occurred.

20. STATUTORY AUDIT

Shri R.Palaniappan, Prop. M/s. N.A.Jayaraman & Co, Chartered Accountants, Chennai, are the Statutory Auditors of the Company.

At the 20th Annual General Meeting, the above Auditors have been appointed as a statutory auditors for a period of 3 consecutive years being their remaining eligible period in terms of Rule 6 of Companies (Audit and Auditors) Rules, 2014. The matter relating to their appointment for the third year of their term is being placed before the Members for ratification at the ensuing Annual General Meeting, in accordance with the requirements of Section 139(1) of the Companies Act, 2013.

The Auditors have confirmed their eligibility for their reappointment, under Section 141 of the Companies Act, 2013.

The report of the Statutory Auditors for the year ended 31st March, 2016 does not contain any qualification, reservation or adverse remark and no instance of fraud has been reported by Auditors under Section 143(12) of Companies Act, 2013.

21. COST AUDIT

Cost Audit is not applicable to the Company for the financial year 2014-15. However, Ministry of Corporate Affairs has amended the Companies (Cost Records and Audit) Rules, 2014 vide its notification dated 31-12-2014 and Textile Mills are required to file cost audit report with effect from the financial year 2015-16.

The Board of Directors had approved the appointment of M/s RKMS & Associates, Practising Cost Accountants, as the Cost Auditors of the Company to audit the Company's Cost Records relating to manufacture of textile products for the year 2015-16 & 2016-17.

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

The Cost Audit Report for the financial year 2015-16 is due to be filed within 180 days from the closure of the financial year and will be filed within the stipulated period.

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

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

23. EXTRACT OF ANNUAL RETURN

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

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

24. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

25. INDUSTRIAL RELATIONS AND PERSONNEL

The Company has 757 employees as on 31-03-2016. 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.

26. RELATED PARTY TRANSACTION

Prior approval / Omini bus approval is obtained from the Audit Committee for all Related Party transactions and the transaction with related party entered into by the Company are also periodically placed before the Audit Committee for its approval. No transaction with the related party is material in nature, in accordance with Company's "Related Party Transaction Policy". In accordance with Accounting Standard - 18 (Related Party Disclosure), the details of transactions with the related parties are set out in Note No.26 (14) of disclosures forming part of Financial Statements.

27. RISK MANAGEMENT POLICY

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

28. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(5) of the Companies Act, 2013, the Directors confirm that –

- (a) they had followed the applicable accounting standards along with proper explanation relating to material departures, if any, in the preparation of the annual accounts for the year ended 31st March 2016;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2016 and of the profit and loss of the Company for the year ended on that date;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the Annual Accounts on a going concern basis;
- (e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

29. ACKNOWLEDGEMENT

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

Rajapalaiyam,
28th May, 2016.

On behalf of the Board of Directors,
For SANDHYA SPINNING MILL LIMITED,
P.R. RAMASUBRAHMANEYA RAJHA,
Chairman

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

ANNEXURE I TO DIRECTORS' REPORT

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

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

A)	CONSERVATION OF ENERGY:	
	The Company pays attention at all levels to reduce energy consumption, by continuous monitoring maintenances and improvements.	
	(i) the steps taken on conservation of energy; Impact on conservation of energy	Installation of 1300 Nos. of LED Tube lamps in lighting area by replacing conventional tube lamps. Optimisation of lighting in machinery hall. Installation of 1300 Nos. LED lamps resulted power saving of around 2.50 Lakhs units per annum. Optimisation of lighting in machinery hall resulted power saving of around 1.50 Lakhs units per annum.
	(ii) the steps taken by the Company for utilising alternate sources of energy;	NIL
	(iii) the capital investment on energy conservation equipments;	NIL
B)	TECHNOLOGY ABSORPTION:	
	(i) the efforts made towards technology absorption; (ii) the benefits derived like product improvement, cost reduction, product development or import substitution;	The Company installed new modernized contamination detector machines at various stages of production, which effectively eliminate contamination in cotton and yarn.
	(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) (a) the details of technology imported; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	NIL NIL Not Applicable Not Applicable
	(iv) the expenditure incurred on Research and Development	Not Applicable
C)	FOREIGN EXCHANGE EARNINGS AND OUTGO:	
	The Foreign Exchange earned in terms of actual inflows during the year and The Foreign Exchange outgo during the year in terms of actual outflows.	Rs. 1,125.22 Lakhs Rs. 1,304.69 Lakhs

On behalf of the Board of Directors,
For SANDHYA SPINNING MILL LIMITED,
P.R. RAMASUBRAHMANEYA RAJHA,
Chairman

Rajapalaiyam,
28th May, 2016.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTORS' REPORT

Form MGT - 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2016

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

I. REGISTRATION AND OTHER DETAILS:

CIN	U17111TN1994PLC027037
Registration Date	16-03-1994
Name of the Company	SANDHYA SPINNING MILL LIMITED
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered office and Contact details	No. 47, P.S.K. Nagar, Rajapalaiyam, Tamilnadu, Pin: 626 108.
Whether listed company	No
Name, address and contact details of Registrar and Transfer Agent, if any	Share Transfer is being carried out in-house.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
Yarn	13111	91.47%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTORS' REPORT

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-Wise Share Holding

Category of Shareholder		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
(1)	Indian									
a)	Individuals/ Hindu Undivided Family	-	36,05,230	36,05,230	78.37	-	36,12,580	36,12,580	78.53	0.16
b)	Central Government	-	-	-	-	-	-	-	-	-
c)	State Government(s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corporate	-	-	-	-	-	-	-	-	-
e)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
f)	Any Others...	-	-	-	-	-	-	-	-	-
	Sub Total (A) (1)	-	36,05,230	36,05,230	78.37	-	36,12,580	36,12,580	78.53	0.16
(2)	Foreign									
a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
b)	Other Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
e)	Any Others	-	-	-	-	-	-	-	-	-
	Sub Total (A) (2)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter (A) = (A) (1) + (A) (2)	-	36,05,230	36,05,230	78.37	-	36,12,580	36,12,580	78.53	0.16
B.	Public shareholding									
(1)	Institutions									
a)	Mutual Funds	-	-	-	-	-	-	-	-	-
b)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
c)	Central Government	-	-	-	-	-	-	-	-	-
d)	State Government(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Others (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (B) (1)	-	-	-	-	-	-	-	-	-
B (2)	Non-institutions									
a)	Bodies Corporate									
i)	Indian	-	-	-	-	-	-	-	-	-
ii)	Overseas	-	-	-	-	-	-	-	-	-
b)	Individuals									
i)	Individual shareholders holding nominal share capital up to Rs 1 lakh	-	9,94,770	9,94,770	21.63	-	9,87,420	9,87,420	21.47	(0.16)
ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	-	-	-	-	-	-	-	-	-
(c)	Others (specify)									
	Sub-Total (B) (2)	-	-	-	-	-	-	-	-	-
B	Total Public Shareholding (B) = (B) (1) + (B) (2)	-	9,94,770	9,94,770	21.63	-	9,87,420	9,87,420	21.47	(0.16)
C)	Shares held by Custodians for GDRs & ADRs									
	GRAND TOTAL (A) + (B) + (C)	-	46,00,000	46,00,000	100.00	-	46,00,000	46,00,000	100.00	-

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTORS' REPORT

ii) Shareholding of Promoters

S. No.	Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares	% of Total Shares of the company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of Total Shares of the company	% of Shares Pledged / encumbered to total Shares	
1.	Shri P R Ramasubrahmaneya Rajha	41,560	0.90	-	41,560	0.90	-	-
2.	Shri P R Venketrama Raja	42,000	0.91	-	42,000	0.91	-	-
3.	Smt. B SriSandhya Raju	28,65,330	62.29	-	28,72,680	62.45	-	0.16
4.	Smt. R Sudarsanam	43,400	0.95	-	43,400	0.95	-	-
5.	Smt. P V Nirmala Raju	42,000	0.91	-	42,000	0.91	-	-
6.	Shri P V Abinav Ramasubramaniam Raja	1,40,000	3.04	-	1,40,000	3.04	-	-
7.	Smt. Ramachandra Raja Chittammal	7,840	0.17	-	7,840	0.17	-	-
8.	Shri S S Ramachandra Raja	3,500	0.08	-	3,500	0.08	-	-
9.	Shri N K Ramasuwami Raja	1,000	0.02	-	1,000	0.02	-	-
10.	Master Vikramaditya Raju M/G. Smt. B. SriSandhya Raju	4,18,600	9.10	-	4,18,600	9.10	-	-
	TOTAL	36,05,230	78.37		36,12,580	78.53		0.16

iii) Change in Promoters' Shareholding

Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total Shares of the Company				No. of shares	% of total shares of the company
28,65,330	62.29	01-04-2015				
		15-05-2015	350	Transfer	28,65,680	62.30
28,72,680	62.45	05-08-2015	7,000	Transfer	28,72,680	62.45

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

S. No.	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Smt. R. Vijayalakshmi	7,000	0.15				7,000	0.15
2.	Smt. R. Jayanthi	7,000	0.15				7,000	0.15
3.	Smt. N. Shanthi	7,000	0.15				7,000	0.15
4.	Smt. Sunitha Goenka	7,000	0.15				7,000	0.15
5.	Smt. Neelabh Goenka	7,000	0.15				7,000	0.15
6.	Sri Arun Kumar Genka	7,000	0.15				7,000	0.15
7.	Min Aditil Goenka	7,000	0.15				7,000	0.15
8.	Smt. Archita Bhagat	7,000	0.15				7,000	0.15
9.	Smt. J. Sethulakshmi	4,900	0.11				4,900	0.11
10.	Smt. R. Janagam	4,500	0.10				4,500	0.10

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTORS' REPORT

v) Shareholding of Directors:

S. No.	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Shri P.R. Ramasubrahmaneya Rajha	41,560	0.90	N.A	N.A	N.A	41,560	0.90
2.	Shri P.R. Venketrama Raja	42,000	0.91	N.A	N.A	N.A	42,000	0.91
3.	Smt. R. Sudarsanam	43,400	0.95	N.A	N.A	N.A	43,400	0.95
4.	Smt. B. SriSandhya Raju	28,72,680	62.45	05-08-2015	7,350	Transfer	28,72,680	62.45
5.	Smt. P.V. Nirmala Raju	42,000	0.91	N.A	N.A	N.A	42,000	0.91
6.	Shri N.K. Shrikantan Raja	2,100	0.05	N.A	N.A	N.A	2,100	0.05
7.	Shri S. Kanthimathinathan	N.A	N.A	N.A	N.A	N.A	N.A	N.A

V. INDEBTEDNESS

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

(Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the Beginning of the financial year				
i) Principal Amount	15,890	1,608	-	17,498
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	15,890	1,608	-	17,498
Change in Indebtedness during the financial year				
Addition	-	643	-	643
Reduction	1,608	-	-	1,608
Net Change	(1,608)	643	-	(965)
Indebtedness at the end of the financial year				
i) Principal Amount	14,282	2,251	-	16,533
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	14,282	2,251	-	16,533

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTORS' REPORT

VI. REMUNERATION OF DIRECTORS

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

Sl. No.	Particulars of Remuneration	Smt. B. SriSandhya Raju, Managing Director	Total Amount
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	120.00	120.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission as % of profit	-	-
5	Others	-	-
	Sitting Fees	0.30	0.30
	Contribution to Provident Fund	14.40	14.40
	Contribution to Superannuation Fund	1.00	1.00
	Total	135.70	135.70
	Ceiling as per Act	5% of net profits of the Company calculated as per Section 198 of the Companies Act, 2013 plus sitting fees for Board / Committee meetings attended during the year 2015-16.	

B. Remuneration to other Directors:

1. Independent Directors

Particulars of Remuneration	Name of Director		Total Amount
	Shri N.K. Shrikantan Raja		
Fee for attending board / committee meetings	1.95		1.95
Commission	-		-
Others	-		-
Total B (1)	1.95		1.95

2. Other Non-Executive Directors

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Shri P.R. Ramasubrahmaneya Rajha	Smt. R. Sudarsanam	Shri P.R. Venketrama Raja	Shri P.V. Nirmala Raju	Shri S. Kanthimathinathan	
	Fee for attending board / committee meetings	1.20	0.60	0.60	0.30	1.95	4.65
	Commission	-	-	-	-	-	-
	Others please specify	-	-	-	-	-	-
	Total B (2)	1.20	0.60	0.60	0.30	1.95	4.65
	Total B (1) + B (2)						6.60
	Total Managerial Remuneration (A+B)						142.30

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTORS' REPORT

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

Sr. No	Particulars of Remuneration	Key Managerial Personnel	Total Amount (Rs. in Lakhs)
		-	
1	Gross salary	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- Others, specify...	-	-
5	Others, please specify	-	-
	Total		

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

ANNEXURE III TO DIRECTORS' REPORT

DISCLOSURE RELATAING TO REMUNERATION UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013, READ WITH THE RULE 5(2) AND (3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Employed throughout the financial year 2015-16 under review and was in receipt of remuneration in the aggregate of not less than Rs. 60 Lakhs.

Sl. No.	Name of Employee	Age (Years)	Designation	Remuneration Paid / Payable (Rs. in Lakhs)	Qualification and experience (Years)	Date of Commencement of employment	Last Employment
1	Smt. B. SriSandhya Raju	29 Years	Managing Director	135.70	6 Years	25 th May, 2009	---

NOTE:

1. The Managing Director's employment is contractual.
2. Remuneration includes Salary, Company's contribution to Provident Fund and Superannuation Fund, but does not include Provision for Gratuity and Leave encashment.
3. The Managing Director is related to Shri. P.R. Ramasubrahmaneya Rajha, Chairman, Smt. R. Sudarsanam, Shri. P.R. Venketrama Raja, and Smt. P.V. Nirmala Raju, Directors.

Rajapalaiyam,
28th May, 2016.

On behalf of the Board of Directors,
For SANDHYA SPINNING MILL LIMITED,
P.R. RAMASUBRAHMANEYA RAJHA,
Chairman

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

AUDITORS' REPORT TO SHAREHOLDERS

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Sandhya Spinning Mill Limited ('the Company') which comprise the Balance Sheet as at 31st March, 2016, the Statement of profit and loss and the Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the State of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

INDEPENDENT AUDITOR'S REPORT

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the Directors as on 31st March, 2016 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2016 from being appointed as a Director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such control, refer to our separate report in "Annexure B"; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer to Note 26(1) to the financial statements;
 - ii. The company did not have any long term contracts including any derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

R. Palaniappan
Proprietor.
Membership No. 205112

Rajapalaiyam
28th May, 2016.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

ANNEXURE – A TO THE INDEPENDENT AUDITORS’ REPORT - 31ST MARCH, 2016

(Referred to Paragraph 1 under the heading of – “Report on other Legal and Regulatory Requirements” of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets.
- (c) According to the information and explanations given to us on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventories, except goods in transit, have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of inventories lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on verification between the physical stocks and book records were not material.
- (iii) The Company has not granted any loan to body corporate covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly paragraph (iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans, investments, guarantees and security made.
- (v) The Company has not accepted any deposits within the meaning of Section 73 to 76 of the act and Companies (Acceptance of Deposits) Rules, 2014 from the public during the year.
- (vi) The Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 has specified maintenance of cost records for the Company and the such accounts and records have been made and maintained by the Company.

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company is regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues were in arrears as at 31st March, 2016 for a period of more than six months from the date they become payable.

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

Name of the Statute	Amount (Rs.in Lakhs)	Forum where the dispute is pending
VAT	21.24	JC (CT) Tirunelveli

- (viii) The Company has not defaulted in repayment of loans or borrowing to financial institutions or bank. The Company did not have any loans or borrowings from the government or borrowings by way of debentures.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

ANNEXURE – A TO THE INDEPENDENT AUDITORS' REPORT - 31ST MARCH 2016

- (ix) The Company has not raised any money by way of initial public offer (including debt instruments). The moneys raised by way of Term Loans were applied for the purposes for which they were raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us, and based on our examination of the records of the Company, the Company has paid for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to information and explanations given to us, and based on our examination of the records of the Company, transactions with related parties are in compliance with Sections 177 and 188 of the Act where applicable. The details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934. Accordingly the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

R. Palaniappan
Proprietor.
Membership No. 205112

Rajapalaiyam
28th May, 2016.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SANDHYA SPINNING MILL LIMITED

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)

We have audited the internal financial controls over financial reporting of Sandhya Spinning Mill Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

ANNEXURE – B TO THE INDEPENDENT AUDITORS' REPORT - 31ST MARCH 2016

of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

R. Palaniappan
Proprietor.
Membership No. 205112

Rajapalaiyam
28th May, 2016.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM
BALANCE SHEET AS AT 31ST MARCH, 2016

	Note		As at 31-03-2016		(Rs. in Lakhs) As at 31-03-2015
I EQUITY AND LIABILITIES					
(1) Shareholders' Fund					
(a) Share Capital	1	760.00		760.00	
(b) Reserves and Surplus	2	<u>581.10</u>	1,341.10	<u>533.02</u>	1,293.02
(2) Non Current Liabilities					
(a) Long Term Borrowings	3	8,549.45		8,374.34	
(b) Deferred Tax Liabilities (Net)	4	1,107.21		1,164.00	
(c) Long Term Provisions	5	<u>88.82</u>	9,745.48	<u>80.98</u>	9,619.32
(3) Current Liabilities					
(a) Short Term Borrowings	6	5,159.10		6,304.16	
(b) Trade Payables	7	259.65		368.77	
(c) Other Current Liabilities	8	3,209.40		3,358.36	
(d) Short Term Provisions	9	<u>365.60</u>	8,993.75	<u>344.55</u>	10,375.84
TOTAL			<u><u>20,080.33</u></u>		<u><u>21,288.18</u></u>
II ASSETS					
(1) Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	10	13,736.77		14,694.67	
(ii) Intangible Assets	10	21.00		30.91	
(iii) Capital Work-in-Progress		<u>1.82</u>	13,759.59	<u>5.02</u>	14,730.60
(b) Non-Current Investments	11		6.42		5.70
(c) Long term Loans and Advances	12		356.77		187.09
(2) Current Assets					
(a) Inventories	13	3,301.79		3,568.37	
(b) Trade Receivables	14	1,437.88		1,682.21	
(c) Cash and Cash Equivalents	15	44.95		171.21	
(d) Short Term Loan and Advances	16	241.23		192.78	
(e) Other Current Assets	17	<u>931.70</u>	5,957.55	<u>750.22</u>	6,364.79
TOTAL			<u><u>20,080.33</u></u>		<u><u>21,288.18</u></u>
Significant Accounting Policies	25				
Notes on Financial Statements	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,
28th May, 2016.

For and on behalf of the Board

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(Rs. in Lakhs)			
	Note	For the year ended 31-03-2016	For the year ended 31-03-2015
I	REVENUE		
	Revenue from Operations	15,005.54	17,446.38
II	Other Income	59.95	22.62
III	Total Revenue (I+II)	15,065.49	17,469.00
IV	EXPENSES		
	Cost of Materials Consumed	7,679.11	9,244.81
	Trade Purchases	223.84	216.65
	Changes in Inventories of Finished Goods and Work-in-progress	(864.38)	290.97
	Employee Benefit Expenses	1,243.51	1,229.77
	Finance Costs	1,646.24	1,825.34
	Depreciation and Amortization Expenses	1,059.76	966.03
	Other Expenses	3,982.22	3,603.59
	Total Expenses	14,970.30	17,377.16
V	Profit Before Exceptional and Extraordinary Items and Tax (III-IV)	95.19	91.84
VI	Exceptional & Extraordinary items	-	-
VII	Profit Before Tax (V+VI)	95.19	91.84
VIII	Income Tax Expenses		
	Current Tax - MAT	20.00	20.00
	Deferred Tax (Asset) / Liability	(38.00)	(19.00)
	Total Tax Expenses	(18.00)	1.00
IX	Profit after Tax (VII-VIII)	113.19	90.84
X	Earnings per Equity Share of Rs. 10/- each		
	Basic & Diluted (In Rupees) [Refer to Note No. 26(13)]	2.46	1.97
	Significant Accounting Policies	25	
	Notes on Financial Statements	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,
28th May, 2016.

For and on behalf of the Board
P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

	(Rs. in Lakhs)	
	2015-16	2014-15
A. Cash Flow from Operating Activities		
Net Profit before tax and extraordinary items	95.19	91.84
Adjustments for :		
Depreciation	1,059.76	966.03
Interest paid	1,646.24	1,825.34
Interest Received	(27.48)	(15.84)
Dividend Received	(0.03)	(0.01)
Profit / (Loss) on Sale of Assets	(18.78)	0.72
Operating Profit before Working Capital Changes	2,754.90	2,868.08
Adjustments for :		
Trade Receivables	244.33	(108.98)
Loans and Advances	(374.64)	(79.76)
Inventories	266.58	764.86
Trade Payables & Current liabilities	(269.77)	878.65
Cash generated from Operations	2,621.40	4,322.85
Income tax Paid	(24.97)	(2.10)
Net Cash generated from Operating Activities	2,596.43	4,320.75
	A	
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(181.09)	(152.32)
Sale of Investments	-	1.84
Purchase of Investments	(0.72)	-
Sale of assets	54.30	7.66
Interest received	27.48	15.84
Dividend received	0.03	0.01
Net Cash from / (used) in Investing activities	(100.00)	(126.97)
	B	
C. Cash Flow from Financing Activities :		
Proceeds from Allotment of Preference Shares	-	300.00
Proceeds from Long Term Borrowings	3,000.00	-
Repayment of Long Term Loan	(2,819.97)	(2,830.41)
Repayment of Short Term Borrowings (Net)	(1,145.06)	263.00
Payment of Dividend and Tax thereon	(11.42)	(64.58)
Interest Paid	(1,646.24)	(1,825.34)
Net Cash used in Financing Activities	(2,622.69)	(4,157.33)
	C	
Net Increase / (Decrease) in Cash and Cash Equivalent	(A+B+C) (126.26)	36.45
Opening balance of Cash and Cash Equivalents	D 171.21	134.76
Closing balance of Cash and Cash Equivalents	E 44.95	171.21
Net Increase in Cash and Cash Equivalent	(E-D) (126.26)	36.45

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

Rajapalaiyam,
28th May, 2016.

For and on behalf of the Board

P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

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

(Rs. in Lakhs)

Particulars	As at 31-03-2016	As at 31-03-2015
-------------	---------------------	---------------------

Note : 1

SHARE CAPITAL

Authorised

60,00,000 Equity Shares of Rs.10/- each (PY: 60,00,000 Equity Shares of Rs.10/- each)	600.00	600.00
40,00,000 7.50% Cumulative Redeemable Preference Shares of Rs.10/- each (PY: 40,00,000 7.50% Cumulative Redeemable Preference Shares of Rs.10/- each)	400.00	400.00
	1,000.00	1,000.00

Issued, Subscribed and fully paid-up

46,00,000 Equity Shares of Rs.10/- each (PY: 46,00,000 Equity Shares of Rs.10/- each)	460.00	460.00
30,00,000 7.50% Cumulative Redeemable Preference Shares of Rs.10/- each* (PY: 30,00,000 7.50% Cumulative Redeemable Preference Shares of Rs.10/- each*)	300.00	300.00
	760.00	760.00

A. Reconciliation of the number of shares outstanding

Particulars	As at 31-03-2016		As at 31-03-2015	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares				
Number of shares at the beginning	46,00,000	460.00	46,00,000	460.00
Issued during the year	-	-	-	-
Number of Shares at the end	46,00,000	460.00	46,00,000	460.00
Preference Shares				
Number of shares at the beginning	30,00,000	300.00	-	-
Issued during the year	-	-	30,00,000	300.00
Number of Shares at the end	30,00,000	300.00	30,00,000	300.00

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

Particulars	As at 31-03-2016		As at 31-03-2015	
	No. of Shares	% of holding	No. of Shares	% of holding
(I) Equity Shares				
Smt. B. SriSandhya Raju	28,72,680	62.45%	28,65,330	62.29%
Master Vikramaditya Raju, M/G Smt. B. SriSandhya Raju	4,18,600	9.10%	4,18,600	9.10%
(II) 7.50% Cumulative Redeemable Preference Shares				
Smt.B. SriSandhya Raju	30,00,000	100.00%	30,00,000	100.00%

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

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

(Rs. in Lakhs)

Particulars	As at 31-03-2016	As at 31-03-2015
-------------	---------------------	---------------------

Note : 2

RESERVES AND SURPLUS

Securities Premium Reserve

Balance as per Last Financial Statement	58.37	58.37
---	-------	-------

General Reserve

Balance as per Last Financial Statement	285.41	272.42
Add : Transfer from Surplus Account	100.00	100.00
Less: Residual Value of Assets whose remaining useful life is nil, net of Deferred Tax. [Refer to Note No. 26(10)]	38.03	87.01
	347.38	285.41

Surplus in the Statement of Profit & Loss

Opening Balance	189.24	209.82
Add: Profit for the Year	113.19	90.84
	302.43	300.66
Less: Appropriations		
Proposed Dividends	22.50	9.49
Tax on Proposed Dividend	4.58	1.93
Transfer to General Reserve	100.00	100.00
	127.08	111.42
	175.35	189.24
	581.10	533.02

Note : 3

LONG TERM BORROWINGS

Secured

Term Loan from Banks	7,989.45	7,814.34
----------------------	----------	----------

Unsecured

Loan from Other Parties	560.00	560.00
	8,549.45	8,374.34

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

Year	Amount	Amount
2016-17	-	2,824.89
2017-18	2,792.88	1,821.45
2018-19	2,569.43	1,598.00
2019-20	1,341.43	570.00
2020-21	785.71	500.00
2021-22	500.00	500.00
Total	7,989.45	7,814.34

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

Particulars	As at 31-03-2016	As at 31-03-2015
(Rs. in Lakhs)		
Note : 4		
DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability		
Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	3,007.91	3,107.00
Deferred Tax Asset		
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	(1,829.60)	(1,943.00)
Tax effect on Provision for Bonus and Leave Encashment	(71.10)	-
Net Deferred Tax Liability	<u>1,107.21</u>	<u>1,164.00</u>
Deferred Tax Assets calculated on the unabsorbed depreciation is based on the recent assessment orders & estimated depreciation loss calculated as per the provision of the Income Tax Act, 1961 for the current financial year.		
Note : 5		
Long Term Provision		
Provision for Employee Benefits	88.82	80.98
	<u>88.82</u>	<u>80.98</u>
Note : 6		
SHORT TERM BORROWINGS		
Secured		
Loan Repayable on Demand from Banks *	4,160.78	5,465.13
Unsecured		
Loan Repayable on Demand from Banks	726.05	696.50
Loan from Related Parties [Refer to Note No.26(6)]	272.27	142.53
	<u>5,159.10</u>	<u>6,304.16</u>
* Loan Repayable on Demand from Banks are secured by pari-passu first charge on the current assets of the Company and pari-passu second charge on the fixed assets of the Company.		
Note : 7		
TRADE PAYABLES		
Trade Payables	259.65	368.77
	<u>259.65</u>	<u>368.77</u>
Note : 8		
OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debt	2,824.89	2,819.97
Unclaimed Dividends	6.02	8.20
Liabilites for Other Finance	378.49	530.19
	<u>3,209.40</u>	<u>3,358.36</u>
Note : 9		
SHORT TERM PROVISIONS		
Provision for Employee Benefits	132.67	147.28
Provision for Taxation	205.85	185.85
Preference Dividend	22.50	9.49
Provision for Tax on Preference Dividend	4.58	1.93
	<u>365.60</u>	<u>344.55</u>

SANDHYA SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Note : 10
FIXED ASSETS

(Rs. in Lakhs)

Particulars	Gross block			Depreciation					Net block		
	Cost as at 01-04-2015	Additions made during the year	Sold / withdrawn during the year	Cost as at 31-03-2016	Up to 31-03-2015	For the year	Adjustment	Withdrawn 2015-16	Up to 31-03-2016	As At 31-03-2016	As at 31-03-2015
Tangible Assets											
Land	278.50	-	-	278.50	-	-	-	-	-	278.50	278.50
Buildings	2,550.76	3.66	-	2,554.42	769.39	82.20	-	-	851.59	1,702.83	1,781.37
Plant and machinery	19,447.41	156.84	93.70	19,510.55	7,306.02	825.25	52.45	60.50	8,123.22	11,387.33	12,141.39
Electrical machinery	958.95	9.96	0.28	968.63	529.19	132.33	4.37	0.27	665.62	303.01	429.76
Furniture & Office Equipments	141.06	6.11	1.81	145.36	101.58	5.45	-	1.69	105.34	40.02	39.48
Vehicles	36.56	7.72	4.91	39.37	12.39	4.62	-	2.72	14.29	25.08	24.17
Total - Tangible Assets	23,413.24	184.29	100.70	23,496.83	8,718.57	1,049.85	56.82#	65.18	9,760.06	13,736.77	14,694.67
Total - Tangible Assets for Previous Year	23,263.26	162.39	12.41	23,413.24	7,673.12	962.47	87.01*	4.03	8,718.57	14,724.30	15,623.33
Intangible Assets											
Computer Software	25.70	-	-	25.70	24.42	-	-	-	24.42	1.28	1.28
Dedicated Feeder Line	35.14	-	-	35.14	5.51	9.91	-	-	15.42	19.72	29.63
Total - Intangible Assets	60.84	-	-	60.84	29.93	9.91	-	-	39.84	21.00	30.91
Total - Intangible Assets for Previous Year	60.84	-	-	60.84	26.36	3.56	-	-	29.93	1.28	1.28

Adjustment made during the year in Depreciation represents residual value of key components of assets, whose remaining useful life is NIL. [Refer Note No. 26(10)(a)].

* Adjustment made during the P.Y. 2014-15 in Depreciation represents residual value of assets, whose remaining useful life is NIL. [Refer Note No. 26(10)(b)].

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

(Rs. in Lakhs)

As at
31-03-2016

As at
31-03-2015

Note : 11

NON-CURRENT INVESTMENTS

I. Investment in Equity Instruments, Non - Trade

Name of the Company	No.of. Shares	Total face Value Rs.	Cost	Cost
a) Quoted				
Rajapalayam Mills Limited	500	0.050	0.69	0.69
Total quoted Investment	(A)		0.69	0.69
b) Unquoted				
Ontime Industrial Services Limited	20,000	2.000	2.00	2.00
Ramco Windfarms Limited	300,000	3.000	3.00	3.00
ARS.Energy Pvt Ltd Equity Shares	260	0.003	0.72	-
Total un-quoted Investments	(B)		5.72	5.00
II. Other Non-current Investment, Non-Trade				
Ramco Group Employees' Co-operative Stores Limited	50	0.005	0.01	0.01
Total other Investment	(C)		0.01	0.01
Aggregate Value of Investments	(A+B+C)		6.42	5.70
Aggregate Value of: Quoted Investments - Cost			0.69	0.69
Market Value			1.72	1.48
Unquoted Investments - Cost			5.72	5.00

Note : 12

LONG TERM LOANS AND ADVANCES

Unsecured, Considered Good

Security Deposits	356.77	187.09
	356.77	187.09

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

Particulars	As at 31-03-2016	As at 31-03-2015
(Rs. in Lakhs)		
Note : 13		
INVENTORIES		
Finished Goods	1,314.54	586.95
Rawmaterials - Cotton & Cotton Waste	1,453.21	2,608.35
Stores, Spares, Fuel and Packing Materials	67.10	42.93
Work-in-Progress (Cotton Yarn)	466.94	330.14
	3,301.79	3,568.37
	3,301.79	3,568.37
Mode of valuation of inventories are disclosed in Significant Accounting Policies in Note 25(3).		
Note : 14		
TRADE RECEIVABLES		
Unsecured, considered good		
Trade Receivables less than six months	1,437.88	1,682.21
	1,437.88	1,682.21
	1,437.88	1,682.21
Note : 15		
CASH AND BANK BALANCES		
Cash on Hand	1.40	2.10
Balance with Bank		
In Current Account	13.13	50.25
In Deposit Account for Margin Money	23.53	102.83
In Unclaimed Dividend Warrant Account	6.02	8.20
Cheques on hand	0.87	7.83
	44.95	171.21
	44.95	171.21
Note : 16		
SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Advance to Suppliers / Others	30.34	6.86
Advance Income-Tax paid and TDS	210.89	185.92
	241.23	192.78
	241.23	192.78
Note : 17		
OTHER CURRENT ASSETS		
Accrued Income	791.38	609.68
Prepaid Expenses	79.03	65.97
Other Current Assets	61.29	74.57
	931.70	750.22
	931.70	750.22

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

Particulars	For the year ended 31-03-2016		For the year ended 31-03-2015	
	(Rs. in Lakhs)			
Note : 18				
REVENUE FROM OPERATION				
Sale of Products				
Yarn	13,595.41		16,950.90	
Fabric	1,189.98		155.28	
Waste Cotton	<u>77.44</u>	<u>14,862.83</u>	<u>214.94</u>	17,321.12
Other operating revenues				
Export Incentive		33.02		123.50
Textile Processing Charges Received		<u>109.69</u>		<u>1.76</u>
		<u><u>15,005.54</u></u>		<u><u>17,446.38</u></u>
Note : 19				
OTHER INCOME				
Interest Received		27.48		15.84
Dividend Income		0.03		0.01
Profit on Sale of Assets		18.78		-
Carbon Credit Sale		0.29		-
Industrial Promotion Assistance		4.20		1.01
Miscellaneous Income		1.98		1.81
Exchange Gain on Foreign Currency Transactions		<u>7.19</u>		<u>3.95</u>
		<u><u>59.95</u></u>		<u><u>22.62</u></u>
Note : 20				
COST OF MATERIALS CONSUMED				
Yarn				
Cotton & Cotton Waste		<u>7,679.11</u>		<u>9,244.81</u>
		<u><u>7,679.11</u></u>		<u><u>9,244.81</u></u>
Note : 21				
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS				
Opening Stock				
Finished Goods	586.95		799.93	
Work-in-Progress	<u>330.14</u>	<u>917.09</u>	<u>408.13</u>	1,208.06
Closing Stock				
Finished Goods	1,314.53		586.95	
Work-in-Progress	<u>466.94</u>	<u>1,781.47</u>	<u>330.14</u>	<u>917.09</u>
Net Increase / (Decrease) in Stock		<u><u>(864.38)</u></u>		<u><u>290.97</u></u>

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

Particulars	(Rs. in Lakhs)	
	For the year ended 31-03-2016	For the year ended 31-03-2015
Note : 22		
EMPLOYEE BENEFITS EXPENSES		
Salaries , Wages and Bonus	1,026.33	981.28
Contribution to Provident and Other Funds	152.77	176.60
Staff and Labour Welfare Expenses	64.41	71.89
	<u>1,243.51</u>	<u>1,229.77</u>
Note : 23		
FINANCE COSTS		
Interest Expenses	1,605.89	1,807.28
Exchange Loss on Foreign Currency Transactions	24.72	11.22
Other Borrowing Costs	15.63	6.84
	<u>1,646.24</u>	<u>1,825.34</u>
Note : 24		
OTHER EXPENSES		
Manufacturing Expenses		
Power and Fuel	2,233.93	1,998.57
Packing Materials Consumptions	258.37	257.88
Repairs to Buildings	25.09	34.82
Repairs to Plant and Machinery	313.10	337.08
Repairs - General	248.95	244.48
Jobwork Charges Paid	297.15	43.70
	<u>3,376.59</u>	<u>2,916.53</u>
Establishment Expenses		
Managing Director Remuneration	135.40	135.40
Rates and Taxes	27.94	42.67
Insurance	19.31	18.30
Postage and Telephone	6.55	6.54
Printing and Stationery	6.28	4.76
Travelling Expenses	39.20	20.80
Vehicle Maintenance	21.65	19.68
Directors Sitting Fees	6.90	6.75
Rent	25.62	20.89
Audit and Legal Expenses	16.02	10.11
Corporate Social Responsibility Expenses	2.68	2.45
Loss on Sale of Assets	-	0.72
Miscellaneous Expenses	62.52	73.01
	<u>370.07</u>	<u>362.08</u>
Selling Expenses		
Sales Commission	140.51	189.54
Export Expenses	24.84	41.34
Other Selling Expenses	70.21	94.10
	<u>235.56</u>	<u>324.98</u>
	<u>3,982.22</u>	<u>3,603.59</u>

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

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 in India, and in compliance of the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with the Rule 7 of the Companies(Accounts) Rules, 2014 and the relevant provisions of Companies Act, 2013 and Companies Act, 1956 to the extent applicable.
- (ii) The accounting policies that are adopted in preparation of the financial statements are consistently followed as in the previous years except for change in the accounting policy for depreciation as given below:

The Company was previously depreciating its tangible assets based on useful life prescribed by the Schedule II of the Companies Act, 2013. With effect from 01-04-2015, it became mandatory that the computation of depreciation has to be done based on useful life of significant components that are materially different from the remaining components of those assets. Accordingly, the useful life and the value of such components of tangible asset have been determined based on technical advice.

As per the transitional provisions of Schedule II of the Companies Act, 2013 the Company opted to adjust the carrying amount of the components of asset (net of deferred tax) as on 01-04-2015 in the General Reserve, where the remaining useful life of components of such assets is Nil after retaining the residual value of 5%.

- (iii) The financial statements are presented in Indian Rupees and the amounts are rounded to the nearest Lakhs with two decimals, except as stated otherwise.
- (iv) The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.
- (v) The Company has considered its operating cycle as 12 months for the purpose of Current or Non-current classification of assets and liabilities.
- (vi) The previous year figures are regrouped / restated wherever necessary.

2. Use of Estimates

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

3. Inventories

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

4. Cash flow statement

- (i) Cash flows are presented using indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

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

- (ii) Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances, highly liquid investments that are readily convertible into cash.

5. Depreciation & Amortization

- (i) Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount for assets is the cost of an asset or other amount substituted for cost, less 5% being its residual value, except for process control systems whose residual value is considered as Nil.
- (ii) Freehold lands are not depreciated.
- (iii) Depreciation is provided on straight-line method based on useful life of significant components of certain class of tangible assets viz., Plant & Machinery and Electrical Machinery based on technical advice.
- (iv) The Company determines the useful life of the significant components of certain class of tangible assets on best estimate basis upon technical advice, which is different from the useful life of remaining asset as prescribed under Part C of Schedule II of the Companies Act, 2013, as below:

Type of Plant and Machinery	Useful life of such components ranging from
Textile Machineries / Equipment	10 to 25 Years
Wind Mills	22 to 30 Years
DG Sets	12 to 25 Years
Electrical Machineries	3 to 5 years

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

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

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

6. Revenue recognition

- (i) Revenue is recognised to the extent that is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- (ii) Revenue from Operations:
- a. Sale of products is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer. Sale value excludes Excise Duty, Education Cess, Secondary and Higher Education Cess, Trade Discounts, VAT /CST and Sales Returns, if any.
 - b. Income from Textile Processing:
Income from textile processing is recognized on the basis of work executed as per the contract / agreement.
 - c. Power generated from Wind Mills:
The monetary value of the power generated at wind farms that are consumed at Mills under wheeling and banking arrangement with TANGEDCO are not treated as revenue but have been set off against the cost of Power & Fuel.

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

(iii) Other Income:

- a. Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.
- b. Industrial promotion assistance (IPA) is recognised when the Company's right to receive the same is established.
- c. Interest income and Rental income are recognised on time proportion basis.
- d. Scrap Sales does not include Excise duty, Education Cess, Secondary and Higher education cess, VAT / CST.
- e. Sale of carbon credits are recognised upon execution of firm sale contract for the eligible credits.

7. 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. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

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

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

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

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

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

8. Foreign Currency Transactions

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

9. Government Subsidy / Grant

- (i) Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under Loans and advances.

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

- (ii) Revenue related grants are recognised upon fulfilment of condition attached thereto on accrual basis, wherever there is reasonable certainty and are disclosed as under:
 - (a) Interest subsidy under Technology Up-gradation Fund Scheme (TUFS) is recognised on accrual basis and credited to the Interest and Finance cost.
 - (b) Power Subsidy under Industrial Investment Promotion Policy of Andhra Pradesh is credited to the Power & Fuel cost.
 - (c) Other subsidies under Industrial Investment Promotion Policy of Andhra Pradesh are credited to Industrial Promotion Assistance and disclosed Note No.19 "Other Income".

10. Investments

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

11. Investment Property

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

12. Employee Benefits

- (i) Short-term employee benefit viz., Salaries and Wages, are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.
- (ii) Defined Contribution plan viz., Contributions to Provident Fund and Superannuation Fund are recognized as an expense in the Statement of Profit and Loss for the year in which the employees have rendered services.
- (iii) The Company contributes to Provident Fund administered by the Government on a monthly basis at 12% of employee's basic salary.
- (iv) The Company also contributes for superannuation a sum equivalent to 15% of the employee's eligible annual basic salary subject to a maximum of Rs. 1 Lakh per employee to Sandhya Spinning Mill Limited Officers' Superannuation Fund administered by trustees and managed by LIC of India.

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

- (v) **Defined Benefit Plan:**

(a) 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

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

years of continuous service. The Company makes annual contributions to Sandhya Spinning Mill Limited Employees' Gratuity Fund administered by trustees and managed by LIC of India, based on the actuarial valuation by an independent external actuary as at the Balance sheet date using the projected unit credit method.

(b) Leave Encashment:

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

Actuarial gains / losses, if any, in respect of retired benefit plans are charged to Statement of Profit and Loss.

13. Borrowing Costs

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

14. Segment Reporting

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

15. Earnings per share

Basic earnings per share is computed by dividend net profit after tax by weighted average number of equity shares outstanding during the year.

16. Income tax

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

17. Intangible Assets

- i. The costs of computer software that are installed are accounted at cost of acquisition of such software and are carried at cost less accumulated amortisation and impairment, if any. Internally generated software is not capitalized and the expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.
 - ii. The cost incurred for establishing power transmission system for drawl of power from State grid to the mills is capitalised as the Company is expected to yield future economic benefits for its unrestricted usage.
-

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

- iii. The intangible assets that are not yet ready for their intended use are carried at cost including related expenses and attributable interest are recognised as Intangible assets under development.

18. Impairment of Assets

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

19. Provision, Contingent Liabilities and Contingent Assets

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

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

Note 26

OTHER DISCLOSURES

(Rs. in Lakhs)

	As at 31-03-2016	As at 31-03-2015																									
1. Contingent Liabilities																											
Liability on Letter of Credit opened																											
Capital Goods	NIL	NIL																									
Others	NIL	NIL																									
2. Commitments																											
(i) Estimated amount of contracts remaining to be executed on capital account not provided	NIL	NIL																									
(ii) Other Commitments:																											
Liability on guarantees given by the bankers	NIL	NIL																									
Liability on guarantees given to the bankers	NIL	NIL																									
Disputed VAT Liability	21.24	21.24																									
3. Sales Tax Assessment upto year ended 31st March, 2010, 2012 and 2013 has been completed.																											
4. Income tax assessment has been completed upto the Accounting Year ended on 31-03-2013 i.e., Assessment year 2013-14. The Company has preferred Appeals before Appellate Authorities in respect of Sec.14A disallowance of Rs.0.54 Lakhs.																											
5. In respect of Electricity matters, Appeals / Writ petition are pending with TNERC / APTEL / High Court for various matters for which no provision has been made in the books of accounts to the extent of Rs.188.41 Lakhs (P.Y. Rs. 197.97 Lakhs).																											
In the opinion of the management, there may not be any tax liability on the above matters mentioned in point no. 4 and 5 above.																											
6. Details of Loans from Directors under "Loan from Related Parties" are:																											
	<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;"></th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">Closing Balance as on</th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">Interest Paid</th> </tr> <tr> <td></td> <th style="text-align: center; border-bottom: 1px solid black;">31-03-2016</th> <th style="text-align: center; border-bottom: 1px solid black;">31-03-2015</th> <th style="text-align: center; border-bottom: 1px solid black;">2015-16</th> <th style="text-align: center; border-bottom: 1px solid black;">2014-15</th> </tr> </thead> <tbody> <tr> <td>Smt. B. SriSandhya Raju</td> <td style="text-align: right;">256.16</td> <td style="text-align: right;">140.00</td> <td style="text-align: right;">22.28</td> <td style="text-align: right;">15.24</td> </tr> <tr> <td>Smt. P.V. Nirmala Raju</td> <td style="text-align: right;">16.11</td> <td style="text-align: right;">2.53</td> <td style="text-align: right;">0.65</td> <td style="text-align: right;">0.29</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">272.27</td> <td style="text-align: right; border-top: 1px solid black;">142.53</td> <td style="text-align: right; border-top: 1px solid black;">22.93</td> <td style="text-align: right; border-top: 1px solid black;">15.53</td> </tr> </tbody> </table>			Closing Balance as on		Interest Paid			31-03-2016	31-03-2015	2015-16	2014-15	Smt. B. SriSandhya Raju	256.16	140.00	22.28	15.24	Smt. P.V. Nirmala Raju	16.11	2.53	0.65	0.29		272.27	142.53	22.93	15.53
	Closing Balance as on		Interest Paid																								
	31-03-2016	31-03-2015	2015-16	2014-15																							
Smt. B. SriSandhya Raju	256.16	140.00	22.28	15.24																							
Smt. P.V. Nirmala Raju	16.11	2.53	0.65	0.29																							
	272.27	142.53	22.93	15.53																							
7. Auditors' remuneration (excluding Service Tax) & expenses:	2015-16	2014-15																									
Statutory Auditors:																											
a. As Auditors																											
- Fees	0.75	0.75																									
- Expenses reimbursed	0.20	0.21																									
b. In other Capacities																											
(i) Tax Audit Fees	0.50	0.50																									
(ii) IT Representation Fees	0.80	-																									
(iii) Certification Work Fees	1.10	0.60																									
(iv) VAT Audit Fees	0.30	0.30																									
	3.65	2.36																									
8. There are no dues to micro, small and medium enterprises as at 31-03-2016 (P.Y. Rs. Nil). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.																											
9. The unadjusted units generated from the Windmills as on 31-03-2016 are 2.44 Lakhs KWH (PY. 3.26 Lakhs KWH) and its monetary value of Rs. 16.28 Lakhs (PY. Rs.21.72 Lakhs) has been included in Other Current Assets, which will be adjusted in the forthcoming months.																											

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

10. a) Pursuant to the Schedule II of the Companies Act, 2013 the Company has componentised its fixed assets based on technical advice and separately assessed the useful life of the significant components, forming part of the main asset. Consequently, the depreciation for the year ended 31-03-2016 is higher by Rs.107.76 Lakhs. The Company has opted to adjust the carrying value of the significant component of Rs. 56.82 Lakhs to the General Reserves as per the transitional provisions of the said Act. The deferred tax impact of Rs. 18.79 Lakhs on the said transitional adjustment is credited to the General Reserves.
- b) During last year, pursuant to implementation of Schedule II of the Companies Act, 2013 with effect from 01-04-2014, the Company has calculated the depreciation on all the assets under Straight Line Method based on the useful life prescribed under the said schedule. Accordingly, the value of assets whose useful life is exhausted as on 01-04-2014, as per the new Act, amounting to Rs. 87.01 Lakhs had been charged off to the General Reserves.
11. As per Accounting Standard -15 "Employee Benefits", the disclosures of employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Plan:	(Rs. in Lakhs)	
	2015-16	2014-15
Employer's Contribution to Provident Fund	91.21	84.38
Employer's Contribution to Superannuation Fund	4.29	2.37
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 01-04-2015	175.31	111.65
Current Service Cost	23.01	13.47
Interest Cost	13.19	9.70
Actuarial (gain) / loss	6.00	50.46
Benefits paid	(-) 12.43	(-) 9.97
Defined Benefit obligation as on 31-03-2016	205.08	175.31
Reconciliation of opening and closing balances of fair value of plan assets:		
Fair value of plan assets as on 01.04.2015	162.36	98.69
Expected return on plan assets	13.76	10.07
Actuarial gain / (loss)	(-) 2.52	(-) 0.66
Employer Contribution	31.89	64.23
Benefits paid	(-) 12.43	(-) 9.97
Fair value of plan assets as on 31.03.2016	193.06	162.36
Actual Return of plan assets:		
Expected return of plan assets	13.76	10.07
Actuarial gain / (loss) on plan assets	(-) 2.52	(-) 0.66
Actual return on plan assets	11.24	9.41
Reconciliation of fair value of assets and obligations:		
Fair value of plan assets	193.06	162.36
Present value of obligation	205.08	175.31
Difference	12.02	12.95
Unrecognized transitional liability	Nil	Nil
Amount recognized in Balance Sheet	12.02	12.95
Expense recognized during the year:		
Current Service Cost	23.01	13.47
Interest Cost	13.18	9.70
Expected return on plan assets	(-) 13.76	(-) 10.07
Actuarial (gain) / loss	8.52	51.11
Past service cost-non-vested benefits	Nil	Nil
Past service cost-vested benefits	Nil	Nil
Net Cost	30.95	64.21

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

	(Rs. in Lakhs)	
	2015-16	2014-15
Investment Details as on 31-03-2016:		
GOI Securities	Nil	Nil
Funds with LIC	100%	100%
Bank balance	Nil	Nil
Others	Nil	Nil
Total	100%	100%
Actuarial assumptions:		
Indian Assured Lives (2006-08) Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a.	7.90%	7.80%
Expected rate of return on plan assets p.a.	8.00%	8.00%
Rate of escalation in salary p.a.	6.00%	6.00%
Details of the Leave encashment plan (Un-Funded) are as follows:		
Reconciliation of opening and closing balances of obligation:		
Defined Benefit Obligation as on 01.04.2015	80.98	37.86
Current Service Cost	8.26	5.94
Interest Cost	6.04	3.23
Actuarial (gain) / loss	0.75	38.60
Benefits paid	(-) 7.21	(-) 4.65
Defined Benefit obligation as on 31.03.2016	88.82	80.98
Reconciliation of opening and closing balances of fair value of plan assets:		
Fair value of plan assets as on 01-04-2015	Nil	Nil
Expected return on plan assets	Nil	Nil
Actuarial gain / (loss)	Nil	Nil
Employer Contribution	7.21	4.65
Benefits paid	(-) 7.21	(-) 4.65
Fair value of plan assets as on 31-03-2016	Nil	Nil
Actual Return of plan assets:		
Expected return of plan assets	Nil	Nil
Actuarial gain / (loss) on plan assets	Nil	Nil
Actual return on plan assets	Nil	Nil
Reconciliation of fair value of Assets and obligations		
Fair value of plan assets	Nil	Nil
Present value of obligation	88.82	80.98
Difference	88.82	80.98
Unrecognized past service cost non vested benefits	Nil	Nil
Amount recognized in Balance Sheet	88.82	80.98
Expense recognized during the year:		
Current Service Cost	8.26	5.94
Interest Cost	6.04	3.23
Expected return on plan assets	Nil	Nil
Actuarial (gain) / loss	0.75	38.60
Net Cost	15.05	47.77
Investment Details as on 31-03-2016:		
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

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

(Rs. in Lakhs)

2015-16 2014-15

Actuarial assumptions

Indian Assured Lives (2006-08) Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a.	7.90%	7.80%
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%

12. The Segment Information for the year ended 31st March, 2016

Particulars	Textiles		Power from Windmills		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
REVENUE						
External Sales (Net)	14,895.84	17,444.62	-	-	14,895.84	17,444.62
Inter Segment Sale	-	-	748.20	909.41	748.20	909.41
Total Sales	14,895.84	17,444.62	748.20	909.41	15,644.04	18,354.03
Other Income	169.64	24.38	-	-	169.64	24.38
Total Revenue	15,065.48	17,469.00	748.20	909.41	15,813.68	18,378.41
RESULT						
Segment Result	(56.21)	(141.14)	123.92	217.14	67.71	76.00
Unallocated Income					27.48	15.84
Unallocated Expenses					-	-
Operating Profit					95.19	91.84
Interest Expenses					1,646.24	1,825.34
Depreciation					1,059.76	966.03
Interest Income					27.48	15.84
Provision for Taxation					-	-
Current Tax					20.00	20.00
Deferred Tax					(38.00)	(19.00)
Profit from ordinary activities					113.19	90.84
Exceptional Items					-	-
Net Profit					113.19	90.84
OTHER INFORMATION						
Segment Assets	16,806.12	17,812.90	3,274.21	3,475.28	20,080.33	21,288.18
Unallocated Assets					-	-
Total Assets					20,080.33	21,288.18
Segment Liabilities					17,632.02	18,831.16
Unallocated Liabilities					1,107.21	1,164.00
Total Liabilities					18,739.23	19,995.16
Capital Expenditure	184.29	162.39			184.29	162.39
Unallocated Capital Expenditure					-	-
Depreciation	858.69	760.37	201.07	205.66	1,059.76	966.03
Unallocated Depreciation Expenditure					-	-

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

13. Earning per Share

Particulars		2015-16	2014-15
Net Profit after tax - (Rs. in Lakhs)	(A)	113.19	90.84
Number of Equity Shares - (in Lakhs)	(B)	46.00	46.00
Basic & Diluted earnings per share for Rs.10/- each - (in Rupees)	(A)/(B)	2.46	1.97

14. RELATED PARTY TRANSACTIONS

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

(a) Key Management Personnel & Relatives.

Shri. P.R. 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

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

(i) Companies

M/s. The Ramco Cements Limited
M/s. Rajapalayam Mills Limited
M/s. Sri Vishnu Shankar Mill Limited
M/s. The Ramaraju Surgical Cotton Mills Limited
M/s. Thanjavur Spinning Mill Limited
M/s. Ramco Industries Limited
M/s. Ramco Systems Limited
M/s. Rajapalayam Textiles Limited

(ii) Public Trust

P.A.C.R. Sethurammammal Charity Trust

(c) Employees Benefit Funds whose control exists

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

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

(d) Amount paid to Key Managerial Personnel

(Rs. in Lakhs)

Name of the Related Party	Amount		Nature of Payment
	2015-16	2014-15	
Shri P.R. Ramasubrahmaneya Rajha	1.20	1.35	Sitting Fees
Smt. B. SriSandhya Raju	135.40	135.40	Managerial Remuneration
	22.28	15.24	Interest Paid
	0.30	0.15	Sitting Fees
	9.49	-	Dividend Paid
Smt. R. Sudarsanam	0.60	0.75	Sitting Fees
Shri P.R. Venketrama Raja	0.60	0.15	Sitting Fees
Smt. P.V. Nirmala Raju	0.65	0.29	Interest Paid
	0.30	0.15	Sitting Fees

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

(Rs. in Lakhs)

(d) Inter Corporate Deposits Accepted

Name of the Related Party	Maximum Outstanding		Outstanding as on	
	2015-16	2014-15	31-03-2016	31-03-2015
Pranahita Power Generation Private Limited	560.00	560.00	560.00	560.00

(e) Interest paid on Inter Corporate Deposits Accepted

Name of the Related Party	Interest		Outstanding as on	
	2015-16	2014-15	31-03-2016	31-03-2015
Pranahita Power Generation Private Limited	61.77	36.95	NIL	NIL

(f) Corporate Guarantee Availed

Name of the Related Party	2015-16		2014-15	
	The Ramco Cements Limited	3,438.00		3,438.00
Rajapalayam Mills Limited	14,346.00		12,346.00	

(g) Sale of Goods / Services rendered

Name of the Related Party	Value		Outstanding as on	
	2015-16	2014-15	31-03-2016	31-03-2015
The Ramaraju Surgical Cotton Mills Limited	75.97	43.65	Nil	Nil
Sri Vishnu Shankar Mill Limited	836.02	200.18	Nil	Nil
Rajapalayam Mills Limited	292.67	14.73	Nil	Nil
Ramco Industries Limited	463.52	0.14	Nil	Nil
Rajapalayam Textile Limited	162.24	Nil	Nil	Nil

(h) Sales of Assets:

Name of the Related Party	Value		Outstanding as on	
	2015-16	2014-15	31-03-2016	31-03-2015
Rajapalayam Mills Limited	0.32	Nil	Nil	Nil
Rajapalayam Textile Limited	54.08	Nil	Nil	Nil

(i) Cost of Goods Purchased & Services availed

Name of the Related Party	Value		Outstanding as on	
	2015-16	2014-15	31-03-2016	31-03-2015
The Ramaraju Surgical Cotton Mills Limited	38.61	19.49	Nil	Nil
Sri Vishnu Shankar Mill Limited	221.03	21.45	Nil	Nil
Rajapalayam Mills Limited	175.18	314.81	Nil	Nil
Thanjavur Spinning Mill Limited	0.41	203.37	Nil	Nil
Ramco Industries Limited	-	260.61	Nil	Nil
The Ramco Cements Limited	75.51	273.36	Nil	Nil
Ramco Systems Limited	8.32	8.00	Nil	Nil
P.A.C.R. Sethurammam Charity Trust	9.41	14.03	Nil	Nil

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

(j) Purchase of Fixed Assets (Rs. in Lakhs)

Name of the Related Party	Value		Outstanding as on	
	2015-16	2014-15	31-03-2016	31-03-2015
Rajapalayam Mills Limited	3.00	Nil	Nil	Nil
Thanjavur Spinning Mill Limited	91.65	Nil	Nil	Nil

(k) (i) Security Deposit given:

Name of the Related Party	Interest free Security Deposit Outstanding		Nature of Transaction
	2015-16	2014-15	
The Ramco Cements Limited (TRCL)	12.00	12.00	3,21,600 Shares of Andhra Pradesh Gas Power Corporation Ltd (APGPCL) purchased by TRCL are being held jointly by the Company & TRCL. The Joint Ownership entitles the Company to purchase from APGPCL. To have the Joint Ownership of above shares, the Company has deposited this amount with TRCL.

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

Name of the Related Party	Amount Paid		Nature of Transaction
	2015-16	2014-15	
The Ramco Cements Limited	2.05	1.91	The Company is paying 10 paise per unit to TRCL for the power supplied by APGPCL to the Company by virtue of above Joint Ownership of the Shares

(l) Investments made and Dividend Received

Investment details are given under Note No. 11

Name of the Related Party	2015-16	2014-15
Rajapalayam Mills Limited	0.03	0.01

(m) Contribution to Superannuation Fund / Gratuity Fund

Particulars	2015-16	2014-15
Sandhya Spinning Mill Limited Officers' Superannuation Fund	4.29	2.37
Sandhya Spinning Mill Limited Employees' Gratuity Fund	32.63	64.23

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

(a) Value of Imports calculated on CIF Value

Particulars	2015-16	2014-15
Raw Materials	1,230.65	334.69
Components and Spares	39.44	17.83
Capital Goods	1.88	71.18

NOTES FORMING PART OF FINANCIAL STATEMENTS

(b) Expenditure in Foreign Exchange during the year (Rs. in Lakhs)

Particulars	2015-16	2014-15
Interest	9.99	5.14
Export Sales Commission	11.34	20.29
Foreign Travel	11.39	-
Total	32.72	25.43

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

Particulars	2015-16		2014-15	
	Amount	%	Amount	%
Raw Materials				
Imported	752.60	10	630.38	7
Indigenous	6,933.02	90	8,614.49	93
Spares and Components				
Imported	28.80	4	23.61	3
Indigenous	714.92	96	798.37	97

(d) Earnings in Foreign exchange (FOB Value)

	2015-16	2014-15
Export of Yarn	1,125.22	1,381.32

As per our report annexed
For N.A. JAYARAMAN & CO.,
Chartered Accountants
FRN-001310S
R. PALANIAPPAN
Proprietor
Membership No. 205112
Rajapalaiyam,
28th May, 2016.

For and on behalf of the Board
P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

PROXY FORM

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

SANDHYA SPINNING MILL LIMITED

[CIN : U17111TN1994PLC027037]

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

- Name : Address :
E-mail ID : Signature :, or failing him
- Name : Address :
E-mail ID : Signature :, or failing him
- 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 22nd Annual General Meeting of the Company, to be held on Wednesday, the 10th August, 2016 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 31 st March, 2016.
2	Appointment of Shri P.R. Venketrama Raja, as Director, who retires by rotation.
3	Appointment of Shri S. Kanthimathinathan, as Director, who retires by rotation.
4	Ratification of appointment of Shri R. Palaniappan, Prop. M/s. N.A. Jayaraman & Co., Chartered Accountants as Auditors.
Special Business:	
5	Re-appointment of Smt. B. SriSandhya Raju, as the Managing Director.
6	Appointment of Shri P.A.S. Krishnama Raja, as an Independent Director.
7	Ratification of fee payable to M/s. RKMS & Associates, Cost Accountants, appointed as Cost Auditors of the Company for the financial year 2016-17.

Signed this day of 2016

Signature of Shareholder :

Signature of Proxy holder(s) :

Affix
Revenue
Stamp

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





A view of the Rieter B71 Unimix Machine installed in our OE Blow Room at Rajapalaiyam.

A view of the Rieter SB20 Drawing Machine installed in our 'B Mill' at Rajapalaiyam.



A view of the Savio Polar – L Auto Coner Machine installed in our 'A Mill' at Rajapalaiyam.



SANDHYA SPINNING MILL LIMITED
RAJAPALAIYAM