

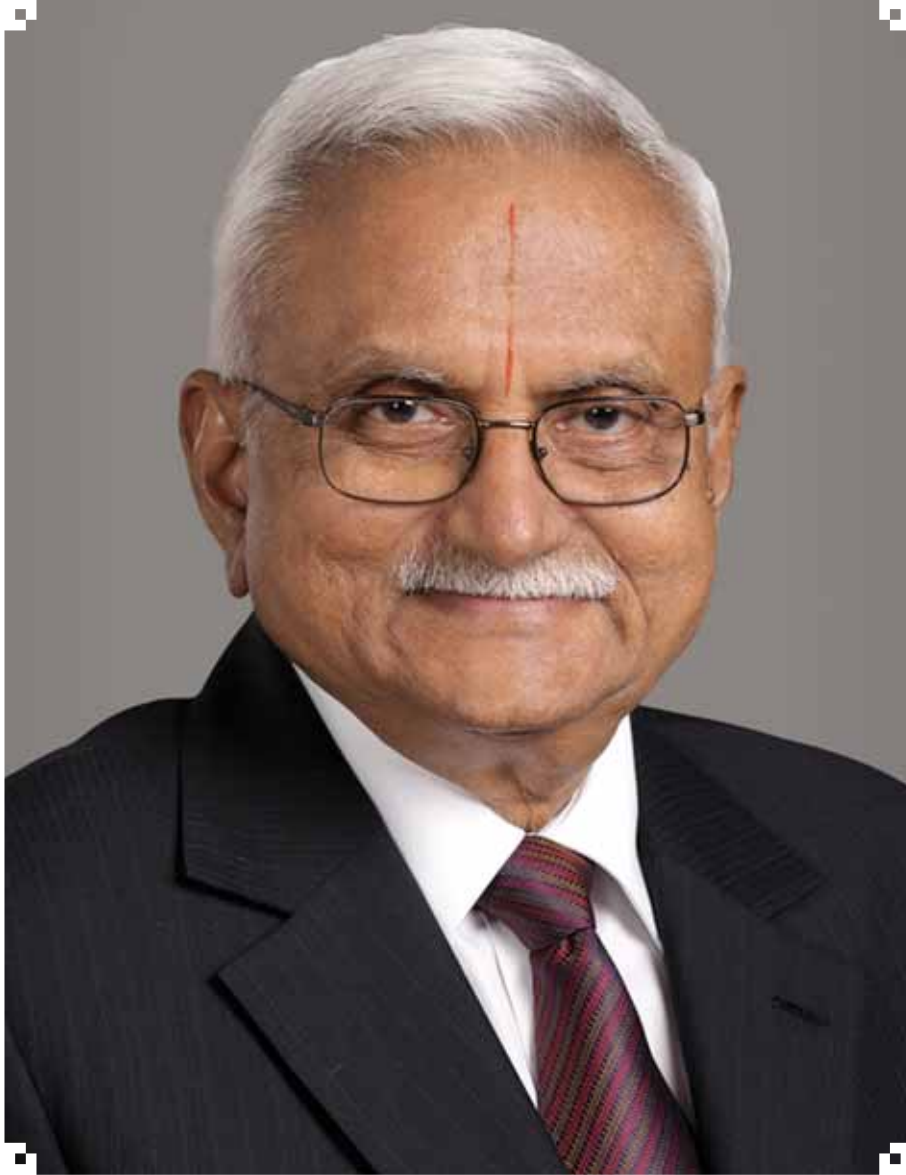
24th

ANNUAL
REPORT
2018

SANDHYA SPINNING MILL LIMITED
RAJAPALAIYAM



SHRI P.A.C. RAMASAMY RAJA



“Gurubakthamani”
SHRI P.R. RAMASUBRAHMANEYA RAJHA
Sridharmarakshakar - Ramco Group

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

Board of Directors

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

Smt. B. SRISANDHYA RAJU
Managing Director

Smt. R. SUDARSANAM

Smt. P.V. NIRMALA RAJU

Shri N.K. SHRIKANTAN RAJA

Shri S. KANTHIMATHINATHAN

Shri P.A.S. KRISHNAMA RAJA

Bankers

Axis Bank Limited

Canara Bank

DCB Bank Limited

Federal Bank Limited

ICICI Bank Limited

IDBI Bank Limited

Indian Bank

Kotak Mahindra Bank Limited

RBL Bank Limited

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. : 04563 - 235009

Fax No. : 04563 - 235405

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.

Auditors

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

Cost Auditors

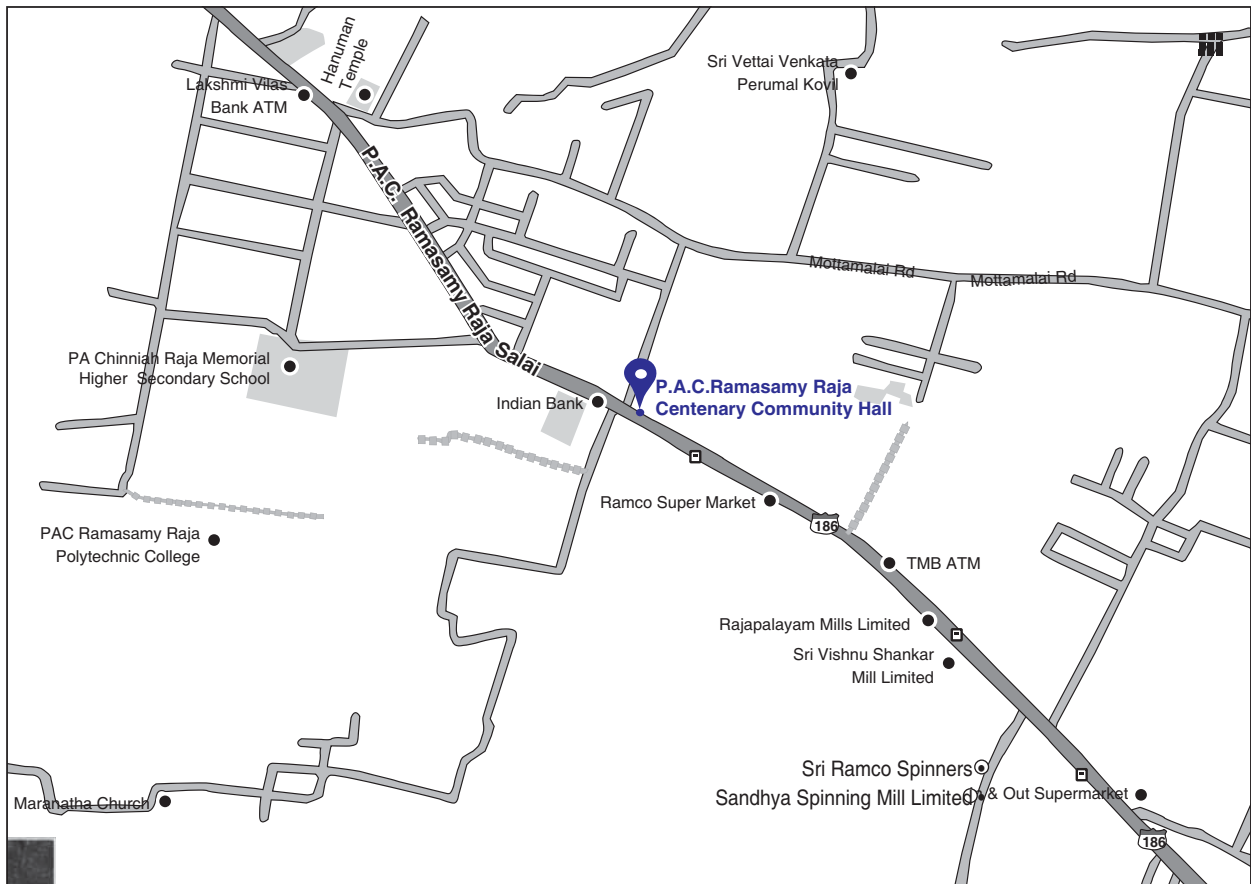
M/s. RKMS & Associates,
Practising Cost Accountants,
IV-B, Akshaya Homes,
9B-20, Barathiyar 4th Street,
Tagore Nagar, S.S. Colony,
Madurai - 625 016.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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Map Showing location of venue of 24th 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 24th Annual General Meeting of the Company will be held at 11.00 A.M. on Friday, the 10th August, 2018 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, 2018, 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 Smt. R. Sudarsanam (DIN: 00433926), who retires by rotation, be and is hereby re-appointed as Director of the Company.”
3. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
“RESOLVED that Sri S. Kanthimathinathan (DIN: 01124581), who retires by rotation, be and is hereby re-appointed as Director of the Company.”

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification, the following Resolution, as a SPECIAL RESOLUTION:
“RESOLVED that pursuant to the provisions of Section 14 and other applicable provisions of the Companies Act, 2013, the Articles of Association of the Company be and is hereby altered the following in place of the existing Clause 27 in the Articles of Association of the Company”.
“27. The Board of Directors may from time to time appoint one of them as Chairman of the Board. The Chairman, if present shall preside at the meetings of the Board and of the General Body. The Chairman shall be liable to retire by rotation and shall be taken into account in determining the retirement of Directors by rotation. He shall ipso facto and immediately ceases to be the Chairman if he ceases to hold office of the Director for any reason”.
5. To consider and pass the following Resolution, as a SPECIAL RESOLUTION:
“RESOLVED that pursuant to Section 149, 152 and such other provisions as applicable of the Companies Act, 2013, and the Rules thereunder, Shri N.K. Shrikantan Raja (DIN 00350693), Independent Director of the Company, Whose term ends on 31-03-2019 be re-appointed as Independent Director for another term of 5 years starting from 01-04-2019 to 31-03-2024.”
6. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
“RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs.53,000/- (Rupees Fifty three thousand only) plus applicable taxes and Out-of-pocket expenses payable to M/s. RKMS & Associates, Cost Accountants (Firm Registration No. 000335) appointed as the Cost Auditors of the Company by the Board of Directors, for the financial year 2018-19 for auditing the Cost Records relating to manufacture of textile products, be and is hereby ratified.”

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

P.R. VENKETRAMA RAJA,
Chairman

Rajapalaiyam,
29th May, 2018.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

NOTICE

NOTES:

- 1) Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning each item of Special Business is annexed hereto.
- 2) **A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and that the Proxy need not be a Member.**
- 3) A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. Proxy Form is enclosed. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of the companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable. Attendance Slip is attached. Members, proxies and Authorised Signatories are requested to bring the duly filled-in and signed, attendance slips to the meeting.
- 4) The cut-off date will be Friday, the 3rd August, 2018 for determining the eligibility to vote by remote e-Voting or in General Meeting.
- 5) Under Section 124 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules, 2016'), the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government .

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

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

| FINANCIAL YEAR ENDED | DATE OF DECLARATION OF DIVIDEND | LAST DATE FOR CLAIMING UNPAID DIVIDEND | DUE DATE FOR TRANSFER TO IEPF FUND |
|----------------------|---------------------------------|--|------------------------------------|
| 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. In accordance with Section 124(6) of the Companies Act, 2013 and IEPF Rules 2016, the shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company to the designated Demat Account of the IEPF Authority ('IEPF Account') within a period of thirty days of such shares becoming due to be transferred to the IEPF Account. Accordingly, the Company had transferred 15,260 shares of Rs. 10/- each to the IEPF Account on which the dividends remained unpaid or unclaimed for seven consecutive years with reference to the due date of 31st October, 2017 after following the prescribed procedure. In this regard, the Company has individually informed the shareholders concerned and also published notice in the newspapers as per the IEPF Rules. The statement containing the details of the Shareholders and the shares due for transfer is also uploaded on the Company's website, for information and necessary action by the Shareholders. In the event of the Shareholders not claiming the dividend and the shares are transferred to IEPF, the Shareholders are still entitled to claim the shares from IEPF by making an online application in Form No: IEPF-5 to the IEPF Authority. The procedure and the form are available at <http://www.sandhyaspinningmill.co.in> and also on www.iepf.gov.in. The notice and the Annual Report are also available on the Company's website www.sandhyaspinningmill.co.in for their download.
7. A Route Map with prominent land mark for easy location of the venue of the meeting is given with this notice as per requirement of Clause No.1.2.4. of the Secretarial Standard - 2 on "General Meeting".

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

NOTICE

8. Voting through electronic means:

- A. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing Members remote e-Voting facility to exercise their right to vote at the 24th 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 (Folio 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. |
| | <ul style="list-style-type: none">• In case the Folio Number / Sequence number is less than 8 digit, enter the applicable number of 0's before the Folio No. to make it 8 digits after the first two characters of the name in CAPITAL letters. Ex. if your name is SAKTHIVEL with folio number 1, then enters SA00000001 in the PAN Field. |
| Dividend Bank details | <ul style="list-style-type: none">• Please enter the Folio Number in the Dividend Bank details field. |
| Date of Birth | <ul style="list-style-type: none">• Leave Date of Birth column blank. |

- vi) For Members, holding of shares the details can be used only for e-Voting on the Resolutions contained in this notice.
- vii) Click on the relevant EVSN for “SANDHYA SPINNING MILL LIMITED” on which you choose to vote.
- viii) 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.
- ix) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolutions.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

NOTICE

- x) 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.
 - xi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
 - xii) 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.
 - xiii) Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI, etc) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed to helpdesk.evoting@cdslindia.com. After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on. The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com. and on approval of the accounts they would be able to cast their vote. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- D. The facility for remote e-Voting shall remain open from 9.00 A.M. on Monday the 6th August, 2018 to 5.00 P.M. on Thursday the 9th August, 2018. During the period the Members of the Company, as on cut-off-date, viz., Friday the 3rd August, 2018, may opt for remote e-Voting. e-Voting shall not be allowed beyond 5.00 pm on 9th August, 2018.
- E. In case you have any queries or issues regarding e-Voting, you may refer the Frequently Asked Questions (“FAQs”) and e-Voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- F. The voting rights of shareholders shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on Friday the 3rd August, 2018.
- G. Sri K. Srinivasan, Chartered Accountants (Membership No:21510), Partner, M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants has been appointed as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.
- H. The Chairman shall, at the general meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting, with the assistance of scrutinizer, by use of ballot or polling paper or by using an electronic voting system for all those members who are present at the general meeting but have not cast their votes by availing the remote e-Voting facility.
- I. The Scrutinizer shall immediately after conclusion of voting at the Annual General Meeting. First count the votes cast at the meeting thereafter unblock the votes cast through remote e-Voting in the presence of 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.

Rajapalaiyam,
29th May, 2018.

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

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

NOTICE

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4

As per Section 152 of the Companies Act, 2013, not less than 2/3rd of total no. of Directors of a public limited company, shall be persons whose period of office is liable to determination by retirement of Directors by rotation at every annual general meeting. For this purpose, total no. of directors shall not include Independent Directors.

The present strength of our Board is 7 Directors, of which, 2 Directors are independent. Out of remaining 5 Directors, 4 Directors (2/3rd) should be liable to retire by rotation in accordance with the above provision. Presently the office of the following 3 Directors are liable to be determined by retirement of Directors retire by rotation:

1. Smt. R. Sudarsanam (DIN 00433926)
2. Smt. P.V. Nirmala Raju (DIN 00474960)
3. Shri S. Kanthimathinathan (DIN 01124581)

As per clause 21 of the Articles of Association of the Company, a Managing Director shall not, whilst holding that office be subject to retire by rotation or be taken into account in determining the rotation of retirement of Directors.

As per Clause 27 of the Articles of Association of the Company, the Chairman shall not while he continues to hold that office be subject to retire by rotation and he shall not be taken into account in determining the retirement of directors by rotation.

Hence, it is proposed to alter the Clause 27 of the Articles of Association in a manner that the Chairman is liable to retire by rotation in order to comply with the provisions of Section 152 of the Companies Act, 2013. As per Section 14 of the said Act, a Special Resolution is required for alteration of Articles of Association.

Disclosure of Interest:

Shri P.R. Venketrama Raja is deemed to be interested in the Resolution as he is the Chairman of the Company. Smt. B. SriSandhya Raju, Smt. R. Sudarsanam and Smt. P.V. Nirmala Raju are related to Shri P.R. Venketrama Raja.

No other Director or Key Managerial Personnel or any of their relatives are deemed to be interest in this Resolution.

Item No. 5

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

At the Annual General Meeting held on 04-08-2014, Shri N.K. Shrikantan Raja was appointed as Independent Director of the Company, for a period of 5 years from 01-04-2014 to 31-03-2019. In accordance with Section 149(10) of the Companies Act, 2013, he is eligible for re-appointment upon passing of a Special Resolution at the General Meeting of the Company.

The Nomination and Remuneration Committee at its meeting held on 28-05-2018 had recommended to extend the term of office of Shri N.K. Shrikantan Raja by re-appointing him for another period of 5 years starting from 01-04-2019 to 31-03-2024.

In accordance with Proviso to Section 152(5) of the Companies Act, 2013, the Board of Directors have also formed an opinion that Shri N.K. Shrikantan Raja fulfills the conditions specified in the Companies Act, 2013 for such re-appointment.

Shri N.K. Shrikantan Raja is eligible for sitting fee for attending Board / Committee Meetings as applicable to the Directors from time to time. His reappointment and remuneration is in accordance with Nomination and Remuneration Policy of the Company.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

NOTICE

His re-appointment has been included as Special Resolution and the Board of Directors recommend his re-appointment.

His profile in brief is given below:-

Shri N.K. Shrikantan Raja, hold a Degree in Commerce.

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

He is a Member in the Board of Directors of the following Companies:-

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

He is also a Member in the following Committees :-

| Name of the Company | Name of Committee | Position Held (Chairman / Member) |
|--|---|-----------------------------------|
| Sandhya Spinning Mill Limited | Audit Committee | Chairman |
| | Nomination & Remuneration Committee | Chairman |
| | Stakeholders Relationship Committee | Chairman |
| | Share Transfer Committee | Member |
| | Corporate Social Responsibility Committee | Member |
| The Ramaraju Surgical Cotton Mills Limited | Audit Committee | Chairman |
| | Nomination and Remuneration Committee | Chairman |
| | Corporate Social Responsibility Committee | Member |
| | Stakeholders Relationship Committee | Member |
| | Sale Committee - Silvassa Division | Member |
| Sri Harini Textiles Limited | Share Transfer Committee | Member |
| Sri Vishnu Shankar Mill Limited | Share Transfer Committee | Member |
| | Audit Committee | Chairman |
| | Nomination and Remuneration Committee | Chairman |
| | Corporate Social Responsibility Committee | Member |
| Ramco Industries Limited | Nomination and Remuneration Committee | Member |
| | Stakeholders Relationship Committee | Member |

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

NOTICE

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

The draft letter of reappointment for Shri. N.K. Shrikantan Raja as an Independent Director, setting out the terms and conditions is available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day upto the date of the Annual General Meeting.

Disclosure of Interest:

Except Shri. N.K. Shrikantan Raja, being an appointee, none of the Directors and their relatives is concerned or interested in the Resolution.

Item No.6

In accordance with the provisions of Section 148 of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Company is required to appoint a cost auditor to audit the cost records of Company, relating to manufacture of Textile Products for the financial year 2018-19.

On the recommendation of the Audit Committee at its meeting held on 28-05-2018, the Board had approved the appointment of M/s. RKMS & Associates, Cost Accountant as the Cost Auditors of the Company to audit the Company's Cost Records relating to manufacture of Textile products at a remuneration of Rs.53,000/- (Rupees Fifty Three thousand only) plus applicable taxes and out-of-pocket expenses for the financial year 2018-19.

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

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

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

Rajapalayam,
29th May, 2018.

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

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

DIRECTOR'S REPORT

To the Members

Your Directors have pleasure in presenting their 24th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2018.

1. FINANCIAL RESULTS

The financial results for the year ended 31st March, 2018 after charging all expenses but before deducting finance cost and depreciation have resulted in operating profit of Rs. 2,412.41 Lakhs against Rs. 3,221.05 Lakhs for the previous financial year 2016-17.

After deducting Rs. 1,631.30 Lakhs towards finance cost and providing Rs. 1,041.80 Lakhs towards Depreciation, the Net Loss for the year is Rs. (-)260.69 Lakhs, as compared to Rs. 616.93 Lakhs for the previous financial year 2016-17. Taking into account Deferred Tax Asset of Rs.183.01 Lakhs the Net loss for the year is Rs. (-)77.68 Lakhs. Adding the surplus of Rs.200.00 Lakhs brought forward from the previous year, your Directors propose to appropriate the total sum of Rs. 122.32 Lakhs as detailed below:

(Rs. in Lakhs)

| | | |
|---------------------------------------|----------|---------------|
| Preference Dividend | @ 7.50% | 22.50 |
| Tax on Preference Dividend | @20.555% | 4.62 |
| Balance carried over to Balance sheet | | 95.20 |
| Total | | 122.32 |

2. SHARE CAPITAL

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

- 1) 46,00,000 Nos. Equity Shares of Rs.10/- each and
- 2) 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 Company will pay Dividend Distribution Tax under Income Tax Act, 1961 and the amount of tax on preference dividend would be Rs.4.62 Lakhs. The total amount of Dividend outgo for the year will be Rs.27.12 Lakhs.

4. TAXATION

The Company is not liable to pay Income tax under regular income tax provisions and Minimum Alternate Tax. An amount of Rs.183.01 Lakhs has been withdrawn from Deferred Tax Liability provided in the earlier years which is in accordance with the Accounting Standards.

5. MANAGEMENT DISCUSSION AND ANALYSIS

TRADE CONDITIONS

❖ COTTON

In India, the plantation of cotton crop has increased to 123 Lakh hectares in the cotton year 2017-18 (October to September) as against 103 Lakh hectares in the same period of last year. In spite of increase in acreage, the cotton prices have not come down due to pest attack and erratic monsoon rains. The quality of the cotton was also not good during the initial cotton season. Most of the area in Maharashtra and Gujarat have been

DIRECTOR'S REPORT

hit badly by the pink bollworm attack and the cotton arrivals had been slowed down during peak cotton arrival season. The imported cotton provided no respite as the international cotton prices of all the varieties have continued to move upward. The increase in raw material prices has heavily impacted the manufacturing competitiveness of Indian Spinning Mills in the global market. The price of comber noils, which is the raw material for Open End Spinning has also increased steeply due to more exports of noils from India. Because of this, the cost of cotton consumption has increased during the financial year 2017-18.

❖ YARN PRODUCTION

The Company is now focusing on production of customized, fine / super fine yarn to get better contribution as compared coarser / medium fine counts produced during the last financial year 2016-17. Due to this, the production volume has decreased to 62.64 Lakhs Kgs during the financial year 2017-18 as against 66.75 Lakhs Kgs of last year.

❖ SALE OF YARN

The sale volume has decreased in line with production during the financial year 2017-18 and it was 61.22 Lakh Kgs as compared to 69.63 Lakh Kgs of last year. However, the sale value of yarn has increased from 168.83 crores [FY2016-17] to Rs.172.04 Crores [FY 2017-18].

India's spinning sector had witnessed challenges on multiple fronts during the FY 2017-18. The implementation of GST in India with effect from 01-07-2017 had affected off take of yarn during the first quarter of the financial year as many of the customers focused on inventory clearance prior to GST. Post implementation of GST, the Government has reduced the export incentives to yarn as well as fabric and garments. On the other hand, imports of textiles and clothing from other Countries into India have consistently increased by 20%. This has negatively affected the domestic yarn manufacturers as the consumption of yarn by fabric/garment manufacturers has come down sharply. This apart, cotton yarn exports have been under pressure on account of decline in demand from China. Out of total yarn exports from India, China accounted for more than 40% till last year, which has been reduced to 17% during FY 2017-18. Due to subdued export demand and sluggishness in domestic market for yarn, the Company was not able to increase the yarn prices in line with the increase in raw material cost. These factors have affected the profitability of the Company for the financial year 2017-18. The Company's focus on value addition, procuring superior quality of cotton, reducing the production of commodity counts and replacing the same with customized yarn counts has helped to mitigate the impact to some extent. The Company is able to attract more customers from overseas market and continues to have a good demand from export market on account of supply of superior and consistent quality of yarn. The investments made in value added machineries during the past years have given the ability to the Company to customize its products in line with the requirements of its customers.

❖ POWER COST

During the financial year 2017-18, the Company was able to consume electricity from its own wind power to the extent of 59% of total power requirement as compared to 58% consumed from wind mills during the last year. Because of consistent power generation from wind mills as like previous financial year, the Company was able to maintain the substantial power cost reduction as like previous financial year.

❖ FINANCE COST

The finance cost has increased from Rs.1,599.97 to Rs.1,631.13 Lakhs, an ascent of 1.92% mainly due to Booking forward contract for the Buyer's Credit Loans and Availment of Fresh Corporate Term Loan during the year.

In spite of increased cotton cost and labour costs, the strategic decision taken by the Company to make investments in value added machines like Individual Spindle Monitoring System, Twist Angle Geometry, Double Apron Conversion, USTER AFIS PRO Tester etc., has helped the Company to increase its volume

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

DIRECTOR'S REPORT

of sales in 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.63.57 Crores as against Rs.39.69 Crores of the previous year.

7. MODERNISATION

As a part of continuous thrust on modernization programme, the Company has invested about Rs.3.70 Crores for investment in textile machinery & equipments like, Individual Spindle Monitoring System, Twist Angle Geometry, Double Apron Conversion, USTER AFIS PRO Tester etc.,

8. PROSPECTS FOR THE CURRENT YEAR

The BT cotton, which brought white gold revolution to India, has been recently witnessing the incidents of bollworm attack. Due to uncertainty between US and China over trade tariffs, China may import more Indian cotton during the next cotton season. Hence the cotton prices are likely to remain firm on account of a tight supply situation and robust export demand. The Company has well defined system for monitoring demand and supply of required quality of cotton and also the price movements in domestic and international markets. With the Company's expertise in judicious purchase of cotton, it will be able to procure high quality cotton with reasonable price. The rising of textile imports due to the removal of countervailing duty and special additional duty post implementation of Goods and Services Tax (GST) is a matter of concern for Indian Textile Industry. Although these duties have been replaced by Integrated Tax under GST regime, the importer can take credit of Integrated Tax which made the textile imports cheaper and posing a threat to domestic manufacturers. The Company's efforts to increase the customer base across the globe for supply of value added super fine counts has started yielding the results. The Company is concentrating on modernizing the machineries to further improve quality and cost effective production. Thrust is being given for producing value added counts like Mélange yarn, Mercerized yarn, core spun yarn etc, which is expected to fetch higher margin in the forthcoming years. With the flexibility to produce value added super fine counts, the Company will continue to make efforts in expanding the marketing activities across the globe to increase the profitability.

9. WIND MILL

The Company has wind mills with installed capacity of 10.95 MW for its captive power consumption. The wind farm has generated 191 Lakhs Kwh as compared to 192 Lakhs Kwh of the previous year. There was a good wind velocity supported by good evacuation by Tamil Nadu Generation and Distribution Corporation (TANGEDCO) during the financial year 2017-18. All the Units generated by wind mills were adjusted for captive consumption at our Mills in Tamil Nadu. The income during the year from the Wind Mill Division was Rs.12.75 Crores as against Rs.12.84 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.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

DIRECTOR'S REPORT

12. DIRECTORS

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. Smt. R. Sudarsanam (DIN: 00433926)
2. Sri S. Kanthimathinathan (DIN: 01124581)

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

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

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

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

In accordance with Section 178(3) of the Companies Act, 2013 and based upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors have approved a policy relating to appointment and remuneration of Directors, Key Managerial Personnel and Other Employees. 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 Committees and its Members and other required matters. Nomination and Remuneration Committee has laid down evaluation criteria which will be based on attendance, independence, expertise and contribution brought by the Independent Director at the Board Meeting, which shall be taken into account at the time of reappointment of Independent Director.

14. MEETINGS

MEETINGS OF THE BOARD

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

| S. No. | Name of the Director, Director Identification Number (DIN) & Directorship | 25-05-2017 | 04-06-2017 | 09-08-2017 | 11-11-2017 | 31-01-2018 | Attendance at Last AGM held on 10-08-2017 |
|--------|---|------------|------------|------------|------------|------------|---|
| 1 | Shri. P.R. Venketrama Raja Chairman (from 04-06-2017) DIN:00331406, Directorship: P&NE | Yes | Yes | Yes | Yes | Yes | Yes |
| 2 | Smt. B. SriSandhya Raju Managing Director , DIN:02325596, Directorship:P&E | Yes | Yes | No | No | No | No |

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

DIRECTOR'S REPORT

| S. No. | Name of the Director, Director Identification Number (DIN) & Directorship | 25-05-2017 | 04-06-2017 | 09-08-2017 | 11-11-2017 | 31-01-2018 | Attendance at Last AGM held on 10-08-2017 |
|--------|---|------------|------------|------------|------------|------------|---|
| 3 | Smt. R. Sudarsanam DIN:00433926, Directorship:P&NE | Yes | Yes | Yes | Yes | Yes | No |
| 4 | Smt. P.V. Nirmala Raju DIN:00474960, Directorship:P&NE | Yes | Yes | No | No | Yes | No |
| 5 | Shri N.K. Shrikantan Raja DIN:00350693, Directorship:NE&ID | Yes | Yes | Yes | Yes | Yes | Yes |
| 6 | Shri. S. Kathimathinathan DIN: 01124581, Directorship: NE | Yes | Yes | Yes | Yes | Yes | Yes |
| 7 | Shri P.A.S. Krishnama Raja DIN:00487322, Directorship:NE&ID | Yes | Yes | Yes | Yes | Yes | Yes |

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

During the year, one meeting of the Independent Directors was held on 31-01-2018 and both Independent Directors were present at the meetings.

15. MEETINGS OF THE COMMITTEES:

SHARE TRANSFER COMMITTEE

The Composition of the Share Transfer Committee Meeting and the details of its Members are as follows:

| S. No. | Name of the Director | 20-05-2017 | 14-06-2017 | 24-10-2017 | 02-01-2018 | 23-03-2018 |
|--------|--|------------|------------|------------|------------|------------|
| 1. | Shri P.R. Venketrama Raja Chairman of the Committee | No | Yes | Yes | Yes | Yes |
| 2. | Shri N.K. Shrikantan Raja | Yes | Yes | Yes | Yes | Yes |
| 3. | Shri.S.Kathimathinathan | Yes | Yes | Yes | Yes | Yes |

AUDIT COMMITTEE

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

| S. No. | Name of the Director | 24-05-2017 | 09-08-2017 | 10-11-2017 | 30-01-2018 |
|--------|--|------------|------------|------------|------------|
| 1. | Shri N.K. Shrikantan Raja Chairman of the Committee | Yes | Yes | Yes | Yes |
| 2. | Shri S. Kathimathinathan | Yes | Yes | Yes | Yes |
| 3. | Shri P.A.S. Krishnama Raja | Yes | Yes | Yes | Yes |

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

DIRECTOR'S REPORT

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

| S. No. | Name of the Director | 25-05-2017 |
|--------|--|------------|
| 1. | Shri P.R. Venketrama Raja, Chairman of the Committee | Yes |
| 2. | Shri. N.K. Shrikantan Raja | Yes |

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

| S.No. | Name of the Director | 25-05-2017 | 31-03-2018 |
|-------|--|------------|------------|
| 1. | Shri N.K. Shrikantan Raja, Chairman of the Committee | Yes | Yes |
| 2. | Shri.S.Kathimathinathan | Yes | Yes |

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. The Company has no deposit, which is not in compliance with the Chapter V of the Companies Act, 2013.

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 loans or guarantee to any Company. The details of investments made by the Company are disclosed in Note No.11, 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 Organization grows, the Society and Community around it also grows."

Your Directors are pleased to inform that the amount required to be spent on CSR for the year 2017-18 is Rs.5.36 Lakhs. Against this requirement of Rs.5.36 Lakhs, the Company has spent Rs.3.02 Lakhs on CSR. The Company proposes to identify suitable project in the coming year and meet its requirements. Accordingly, the Company has a phased plan for meeting the CSR objective as required by the Companies Act, 2013.

20. AUDITS

STATUTORY AUDIT

M/S. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants, is the Statutory Auditors of the Company. At the 23rd Annual General Meeting, the above Auditors have been appointed as statutory auditors for a period of 5 consecutive financial years commencing from the financial year 2017-18 and to hold office from the conclusion of 23rd Annual General Meeting till the conclusion of 28th Annual General Meeting to be held in the year 2022.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

DIRECTOR'S REPORT

The Auditors have confirmed their eligibility for their reappointment, under Section 141 of the Companies Act, 2013. The Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The report of the Statutory Auditors for the year ended 31st March, 2018 does not contain any qualification, reservation or adverse remark and no instance of fraud has been reported by Auditors under Section 143(12) of Companies Act, 2013.

COST AUDIT

As per notification dated 31-12-2014 issued by MCA under the Companies (Cost Records and Audit) Rules, 2014, 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, 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 2018-19.

The remuneration of the cost auditor is required to be ratified by the Shareholders 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 related to his remuneration is being placed before the Members for ratification at the ensuing Annual General Meeting.

The Cost Audit Report for the financial year 2016-17 due to be filed with Ministry of Corporate Affairs by 30-09-2017 had been filed on 01-09-2017.

The Cost Audit Report for the financial year 2017-18 is due to be filed within 180 days from the closure of the financial year and will be filed within the stipulated period.

21. 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.

22. 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.

23. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

24. INDUSTRIAL RELATIONS AND PERSONNEL

The Company has 1,050 employees as on 31-03-2018. 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.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

DIRECTOR'S REPORT

25. RELATED PARTY TRANSACTION

The transaction with related party entered into by the Company are periodically placed before the Audit Committee for its approval. In accordance with Accounting Standard - 18 (Related Party Disclosure), the details of transactions with the related parties are set out in Note No:26 (13) of disclosures forming part of Financial Statements.

26. 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.

27. DIRECTOR'S 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, 2018;
- (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, 2018 and of the profit and loss of the Company for the year ended on that date;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the Annual Accounts on a going concern basis;
- (e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

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

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

Rajapalaiyam,
29th May, 2018.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

ANNEXURE I TO DIRECTOR'S 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; | Invertor with transuser control for Pneumafil motor in LR 6 Ring Frame. |
| impact on conservation of energy; | Pneumafil motor transuser control system resulted in Power saving of around 9,636 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; | 1. Spinning Geometry angle conversion in Ring frames to reduce end breakage. 2. LR G5/1 Ring Frame Double Apron conversion started to minimise IPI and Raw material cost. |
| (ii) the benefits derived like product improvement, cost reduction, product development or import substitution; | 3. Booster provided in compressor output to minimise the power cost by reducing the compressor running hours. 4. LR6 - 3 Ring Frames P3-1 Toparm changed to Suessen Toparm to get quality improvement. |
| (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) | NIL |
| (a) the details of technology imported; | NIL |
| (b) the year of import; | NIL |
| (c) whether the technology been fully absorbed; | Not Applicable |
| (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and | Not Applicable |
| (iv) the expenditure incurred on Research and Development | Not Applicable |

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

- | | |
|--|--------------------|
| The Foreign Exchange earned in terms of actual inflows during the year and | Rs. 4,883.07 Lakhs |
| The Foreign Exchange outgo during the year in terms of actual outflows. | Rs. 4,959.83 Lakhs |

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

P.R. VENKETRAMA RAJA,
Chairman

Rajapalaiyam,
29th May, 2018.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTOR'S REPORT

Form MGT - 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2018

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Name and Description of main products / services | NIC Code of the Product / service | % to total turnover of the Company |
|--|-----------------------------------|------------------------------------|
| Yarn | 13111 | 99.15% |

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 DIRECTOR'S 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 | - | 36,44,060 | 36,44,060 | 79.22 | - | 36,45,460 | 36,45,460 | 79.25 | 0.03 |
| b) | Central Government | - | - | - | - | - | - | - | - | - |
| c) | State Government(s) | - | - | - | - | - | - | - | - | - |
| d) | Bodies Corporate | - | - | - | - | - | - | - | - | - |
| e) | Financial Institutions / Banks | - | - | - | - | - | - | - | - | - |
| f) | Any Others... | - | - | - | - | - | - | - | - | - |
| | Sub Total (A) (1) | - | 36,44,060 | 36,44,060 | 79.22 | - | 36,45,460 | 36,45,460 | 79.25 | 0.03 |
| (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) | | - | 36,44,060 | 36,44,060 | 79.22 | - | 36,45,460 | 36,45,460 | 79.25 | 0.03 |
| 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* | - | 9,55,940 | 9,55,940 | 20.78 | - | 9,54,540 | 9,54,540 | 20.75 | (0.03) |
| 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) | - | 9,55,940 | 9,55,940 | 20.78 | - | 9,54,540 | 9,54,540 | 20.75 | (0.03) |
| C) | Shares held by Custodians for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| | GRAND TOTAL (A) + (B) + (C) | - | 46,00,000 | 46,00,000 | 100 | - | 46,00,000 | 46,00,000 | 100 | (0.00) |

Note: It includes Shares in Investor Education and Protection Fund Account (Opening: Nil, Closing: 15,260).

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTOR'S REPORT

ii) Shareholding of Promoters

| Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % Change in Shareholding during the year |
|--|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | No. of Shares | % of Total Shares of the company | % of Shares Pledged / encumbered to total Shares | No. of Shares | % of Total Shares of the company | % of Shares Pledged / encumbered to total Shares | |
| Shri P.R. Ramasubrahmaneya Rajha | 41,560 | 0.90 | - | - | - | - | - |
| Shri P R Venketrama Raja | 42,000 | 0.91 | - | 42,000 | 0.91 | - | - |
| Smt. B. SriSandhya Raju | 29,04,160 | 63.13 | - | 29,47,120 | 64.07 | - | 0.94 |
| Smt. R Sudarsanam | 43,400 | 0.95 | - | 43,400 | 0.95 | - | - |
| Smt. P.V. Nirmala Raju | 42,000 | 0.91 | - | 42,000 | 0.91 | - | - |
| Shri P. V. Abinav Ramasubramaniam Raja | 1,40,000 | 3.04 | - | 1,40,000 | 3.04 | - | - |
| Smt. Ramachandra Raja Chittammal | 7,840 | 0.17 | - | 7,840 | 0.17 | - | - |
| Shri S.S. Ramachandra Raja | 3,500 | 0.08 | - | 3,500 | 0.08 | - | - |
| Shri N.K. Ramasuwami Raja | 1,000 | 0.02 | - | 1,000 | 0.02 | - | - |
| Master Vikramaditya Raju M/G. Smt. B. SriSandhya Raju | 4,18,600 | 9.10 | - | 4,18,600 | 9.10 | - | - |
| TOTAL | 36,44,060 | 79.22 | - | 36,45,460 | 79.25 | - | 0.94 |

iii) Change in Promoter's Shareholding

| Shareholding | | Date | Increase / Decrease in Shareholding | Reason | Cumulative Shareholding during the year (01-04-2017 to 31-03-2018) | |
|---|----------------------------------|------------|-------------------------------------|--------------|--|----------------------------------|
| No. of Shares at the beginning (01-04-2017) end of the year 31-03-2018) | % of total Shares of the Company | | | | No. of shares | % of total shares of the Company |
| 29,04,160 | 63.13 | 01-04-2017 | | | | |
| | | 20-05-2017 | 1,400 | Transfer | 29,05,560 | 63.16 |
| | | 14-06-2017 | 41,560 | Transmission | 29,47,120 | 64.07 |

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

| Sl. No. | Name | Shareholding | | Date | Increase / Decrease in Shareholding | Reason | Cumulative Shareholding during the year (01-04-2017 to 31-03-2018) | |
|---------|---------------------------|--|----------------------------------|------|-------------------------------------|--------|--|----------------------------------|
| | | No. of Shares at the beginning (01-04-2017) / end of the year (31-03-2018) | % 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. N. Shanthy | 7,000 | 0.15 | - | - | - | 7,000 | 0.15 |
| 3. | Smt. Sunitha Goenka | 7,000 | 0.15 | - | - | - | 7,000 | 0.15 |
| 4. | Smt. Neelabh Goenka | 7,000 | 0.15 | - | - | - | 7,000 | 0.15 |
| 5. | Sri Arun Kumar Goenka | 7,000 | 0.15 | - | - | - | 7,000 | 0.15 |
| 6. | Min Aditil Goenka | 7,000 | 0.15 | - | - | - | 7,000 | 0.15 |
| 7. | Smt. Archita Bhagat | 7,000 | 0.15 | - | - | - | 7,000 | 0.15 |
| 8. | Smt. Divya Raju | 7,000 | 0.15 | - | - | - | 7,000 | 0.15 |
| 9. | Sri Venkatapathi Raju | 7,000 | 0.15 | - | - | - | 7,000 | 0.15 |
| 10 | Smt. K. Vishalakshmi Raju | 7,000 | 0.15 | - | - | - | 7,000 | 0.15 |

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTOR'S REPORT

v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | Name | Shareholding | | Date | Increase / (Decrease) in Shareholding | Reason | Cumulative Shareholding during the year (01-04-2017 to 31-03-2018) | |
|---------|----------------------------------|--|----------------------------------|------------|---------------------------------------|--------------|--|----------------------------------|
| | | No. of Shares at the beginning (01-04-2017) / end of the year (31-03-2018) | % 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 | - | (41,560) | Transmission | - | - |
| 2. | Shri P.R. Venketrama Raja | 42,000 | 0.91 | - | - | - | 42,000 | 0.91 |
| 3. | Smt. R. Sudarsanam | 43,400 | 0.95 | - | - | - | 43,400 | 0.95 |
| 4. | Smt. B. SriSandhya Raju | 29,04,160 | 63.13 | - | - | - | - | - |
| | | | | 20-05-2017 | 1,400 | Transfer | 29,05,560 | 63.16 |
| | | | | 14-06-2017 | 41,560 | Transmission | 29,47,120 | 64.07 |
| 5. | Smt. P.V. Nirmala Raju | 42,000 | 0.91 | - | - | - | 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 |
| 8. | Shri P.A. Krishnama Raja | 2,100 | 0.05 | N.A | N.A | N.A | 2,100 | 0.05 |

V. INDEBTEDNESS

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

(Rs. in Lakhs)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the Beginning of the financial year | | | | |
| i) Principal Amount | 14,980 | 2,485 | - | 17,465 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 14,980 | 2,485 | - | 17,465 |
| Change in Indebtedness during the financial year | | | | |
| Addition | - | 1,477 | - | 1,477 |
| Reduction | 1,040 | - | - | 1,040 |
| Net Change | 1,040 | 1,477 | - | 2,917 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 13,940 | 3,962 | - | 17,902 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 13,940 | 3,962 | - | 17,902 |

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTOR'S REPORT

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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 | Sitting Fees | 0.30 | 0.30 |
| 6 | Contribution to Provident Fund | 14.40 | 14.40 |
| 7 | Contribution to Superannuation Fund | 1.50 | 1.50 |
| | Total (A) | 136.20 | 136.20 |
| | Ceiling as per Act | Managing Director remuneration is fixed at 5% of net profits of the Company and in case, no profits or inadequacy of profits, the Managing Director shall be paid the maximum remuneration as per Section II, Part II of Schedule V of the Companies Act, 2013 which works out of Rs.135.90 Lakhs. | |

B. Remuneration to other Directors:

1. Independent Directors

| Particulars of Remuneration | Name of Directors | | Total Amount |
|--|---------------------------|----------------------------|--------------|
| | Shri N.K. Shrikantan Raja | Shri P.A.S. Krishnama Raja | |
| Fee for attending Board / Committee meetings | 2.25 | 1.35 | 3.60 |
| Commission | - | - | - |
| Others | - | - | - |
| Total (1) | 2.25 | 1.35 | 3.60 |

2. Other Non-Executive Directors

| Particulars of Remuneration | Name of Directors | | | | Total Amount |
|---|---------------------------|--------------------|------------------------|---------------------------|--------------|
| | Shri P.R. Venketrana Raja | Smt. R. Sudarsanam | Smt. P.V. Nirmala Raju | Shri S. Kanthimathinathan | |
| Fee for attending board /committee meetings | 1.50 | 0.75 | 0.45 | 2.10 | 4.80 |
| Commission | - | - | - | - | - |
| Others please specify | - | - | - | - | - |
| Total (2) | 1.50 | 0.75 | 0.45 | 2.10 | 4.80 |
| Total (1) + (2) | | | | | 8.40 |

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTOR'S REPORT

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

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

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

Rajapalaiyam,
29th May, 2018.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

ANNEXURE III TO DIRECTOR'S REPORT

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

(APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Particulars of Top 10 Employees in terms of remuneration drawn and Particulars of Employees, employed throughout the Financial Year 2017-18 and was in receipt of remuneration in the aggregate of not less than Rs.102 Lakhs.

| Sl. No. | Name | Age (Yrs) | Designation | Remuneration Paid / Payable Rs. in Lakhs | Qualification and experience (Years) | Date of Commencement of employment | Last Employment |
|---------|-------------------------|-----------|-----------------------|--|--------------------------------------|------------------------------------|----------------------------------|
| 1 | Smt. B. SriSandhya Raju | 31 | Managing Director | 135.90 | 8 Years | May 25,2009 | – |
| 2 | Sri B. Somasundaram | 34 | Manager Maintenance | 6.43 | D.E.E.E. 3 Years | August 3, 2015 | Savio India Limited |
| 3 | Sri Narasimha Goud | 44 | Manager (A) | 5.98 | ICWA 1 Years | February 9, 2017 | RMC Readymix India, Hyderabad |
| 4 | Sri D. Sureshkumar | 38 | Manager (P) | 5.56 | D.T.T. 4 Years | September 1, 2013 | Loyal Textiles Limited |
| 5 | Sri P. Subramanian | 45 | D.M (Electrical) | 5.52 | D.E.E.E. 13 Years | February 21, 2005 | Amaravathi Spinning Mill Limited |
| 6 | Sri G. Perumal Raj | 49 | D.M (Civil) | 5.47 | D.C.E 28 Years | July 11, 1990 | – |
| 7 | Sri S. Muthuvel | 46 | A.M (Production) | 5.04 | D.T.T. 23 Years | October 19,1994 | – |
| 8 | Sri P. Ganesh | 44 | D.M (Human Resources) | 4.75 | D.C.P., M.L.M 23 Years | May 24, 1995 | – |
| 9 | Sri K. Jayakumar | 36 | A.M. (Electrical) | 4.71 | D.E.E.E. 8 Years | October 15, 2007 | – |
| 10 | Sri K. Balasubramanian | 43 | J. M. (Material) | 4.39 | B.Com. 15 Years | February 7, 2003 | – |

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. None of the employees mentioned above is related to any Directors of the Company except Smt. B. SriSandhya Raju, Managing Director, who is related to Shri P.R. Venketrama Raja, Smt. R. Sudarsanam, Director and Smt. P.V. Nirmala Raju, Director.

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

P.R. VENKETRAMA RAJA,
Chairman

Rajapalaiyam,
29th May, 2018.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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, 2018, the Statement of Profit and Loss and Statement of Cash Flow for the year ended on 31st March, 2018 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 the Financial Statements that give a true and fair view of the financial position, Financial Performance and Cash Flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 'Financial Statements' give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs (financial position) of the Company as at 31st March, 2018, its loss (financial performance) and Cash Flows for the year ended on 31st March, 2018.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

AUDITOR'S REPORT TO SHAREHOLDERS

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2) As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
 - e) On the basis of the written representations received from the Directors as on 31st March, 2018 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The details of the pending litigations and its impact on the Financial Statements have been disclosed in Note No 26(4) & (5) of the 'Notes forming part of Financial Statements' for the year ended 31st March, 2018;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

K SRINIVASAN
Partner
Membership No. 21510

Rajapalaiyam
29th May, 2018.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

AUDITOR'S REPORT TO SHAREHOLDERS

“Annexure A” to the Independent Auditor's Report – 31st March, 2018

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with the regular programme of verification which, in our opinion, provides for physical verification of all fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed during such verification.
- (c) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company
- (ii) The Management has conducted the physical verification of inventory at reasonable intervals. The discrepancies noticed on verification between the physical stocks and the book records were properly dealt with in the books of account and were not material.
- (iii) The company has not granted loans to body corporate covered in register maintained under sec 189 of the Companies Act 2013 (The Act). Accordingly para(iii) of the order is not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of loans, investments, guarantees, and security.
- (v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- (vi) The Central government under sub sec(1) of 148 of the Companies Act, 2013 as specified maintenance of cost records for the company and such accounts and records have been made and maintained by the company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess, Goods and Services Tax and any other statutory dues with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of the Provident Fund, Income tax, Sales tax, Service tax, duty of customs, duty of excise, Value added tax, Cess and other statutory dues were in arrears as at 31st March 2018 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the following dues of value added tax has not been deposited by the Company on account of disputes:

| Name of Statue | Forum Where Dispute is Pending | Rs. in Lakhs |
|-----------------|---|--------------|
| Value Added Tax | Joint Commissioner (Commercial Tax – Appellate), Tirunelveli | 21.24 |

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

AUDITOR'S REPORT TO SHAREHOLDERS

“Annexure A” to the Independent Auditor's Report – 31st March, 2018

- (viii) The Company has not defaulted in repayment of loans or borrowings to Financial Institutions or Banks. The Company did not have any loans or borrowings from the Government or borrowing by way of debentures.
- (ix) The Company did not raise any money by way of initial public offer (including debt instruments). The monies raised by the way of term loans were applied for the purpose for which they were raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanation given to us the Company is not a Nidhi Company accordingly para 3 of subclause (xii) not applicable to the Company.
- (xiii) According to the information and explanation given to us and based on our examination of the records of the company transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details of such related parties transaction have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
- (xiv) According to the information and explanation 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 explanation given to us and based on our examination of the records of the company, the Company has not entered into any non-cash transactions with Directors or persons connected with him. Accordingly, the paragraph 3 (xv) of the Order are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

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

K SRINIVASAN
Partner
Membership No. 21510

Rajapalaiyam
29th May, 2018.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

AUDITOR'S REPORT TO SHAREHOLDERS

“ANNEXURE B” TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INDIAN ACCOUNTING STANDARDS OF SANDHYA SPINNING MILL LIMITED.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of The Sandhya Spinning Mill Limited (“the Company”) as of 31st March 2018 in conjunction with our audit of the Financial Statements of the Company for the year ended on 31st March 2018.

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.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

AUDITOR'S REPORT TO SHAREHOLDERS

“ANNEXURE B” TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INDIAN ACCOUNTING STANDARDS OF SANDHYA SPINNING MILL LIMITED.

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Rajapalaiyam
29th May, 2018.

K SRINIVASAN
Partner
Membership No. 21510

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM
BALANCE SHEET AS AT 31ST MARCH, 2018

| (Rs. in Lakhs) | | | | | |
|---|------|------------------|-------------------------|------------------|-------------------------|
| | Note | As at 31-03-2018 | | As at 31-03-2017 | |
| I EQUITY AND LIABILITIES | | | | | |
| (1) Shareholders' Fund | | | | | |
| (a) Share Capital | 1 | 760.00 | | 760.00 | |
| (b) Reserves and Surplus | 2 | <u>797.15</u> | 1,557.15 | <u>901.95</u> | 1,661.95 |
| (2) Non Current Liabilities | | | | | |
| (a) Long Term Borrowings | 3 | 5,387.15 | | 7,506.58 | |
| (b) Deferred Tax Liabilities (Net) | 4 | 1,065.20 | | 1,248.21 | |
| (c) Long Term Provisions | 5 | <u>85.30</u> | 6,537.65 | <u>101.48</u> | 8,856.27 |
| (3) Current Liabilities | | | | | |
| (a) Short Term Borrowings | 6 | 9,495.41 | | 6,915.55 | |
| (b) Trade Payables | 7 | 448.91 | | 405.80 | |
| (c) Other Current Liabilities | 8 | 3,336.15 | | 3,511.48 | |
| (d) Short Term Provisions | 9 | <u>533.06</u> | 13,813.53 | <u>522.88</u> | 11,355.71 |
| TOTAL | | | <u><u>21,908.33</u></u> | | <u><u>21,873.93</u></u> |
| II ASSETS | | | | | |
| (1) Non-Current Assets | | | | | |
| (a) Fixed Assets | | | | | |
| (i) Tangible Assets | 10 | 12,397.47 | | 12,939.29 | |
| (ii) Intangible Assets | 10 | 3.04 | | 11.11 | |
| (iii) Capital Work-in-Progress | | <u>30.19</u> | 12,430.70 | <u>9.51</u> | 12,959.91 |
| (b) Non-Current Investments | 11 | | 4.67 | | 5.54 |
| (c) Long term Loans and Advances | 12 | | 393.11 | | 467.66 |
| (2) Current Assets | | | | | |
| (a) Inventories | 13 | 4,732.68 | | 5,301.42 | |
| (b) Trade Receivables | 14 | 2,735.12 | | 1,659.95 | |
| (c) Cash and Cash Equivalents | 15 | 119.59 | | 118.92 | |
| (d) Short Term Loan and Advances | 16 | 743.37 | | 591.88 | |
| (e) Other Current Assets | 17 | <u>749.09</u> | 9,079.85 | <u>768.65</u> | 8,440.82 |
| TOTAL | | | <u><u>21,908.33</u></u> | | <u><u>21,873.93</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 M.S. JAGANNATHAN & N. KRISHNASWAMI,
Chartered Accountants
Firm Registration No. 001208S

B. SRISANDHYA RAJU
MANAGING DIRECTOR

P.R. VENKETRAMA RAJA
CHAIRMAN

K. SRINIVASAN
Partner
Membership No. 21510

Rajapalaiyam,
29th May, 2018.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

| | | (Rs. in Lakhs) | |
|-------------|--|----------------------------------|----------------------------------|
| | Note | For the year ended 31-03-2018 | For the year ended 31-03-2017 |
| I | REVENUE | | |
| | Revenue from Operations | 17,467.13 | 17,053.66 |
| II | Other Income | 49.58 | 41.83 |
| III | Total Revenue (I+II) | 17,516.71 | 17,095.49 |
| IV | EXPENSES | | |
| | Cost of Materials Consumed | 9,283.07 | 8,617.65 |
| | Trade Purchases | 1,030.44 | 196.54 |
| | Changes in Inventories of Finished Goods and Work-in-progress | 21 (180.22) | 342.08 |
| | Employee Benefit Expenses | 22 1,512.91 | 1,417.76 |
| | Finance Costs | 23 1,631.30 | 1,599.97 |
| | Depreciation and Amortization Expenses | 1,041.80 | 1,004.15 |
| | Other Expenses | 24 3,458.10 | 3,300.41 |
| | Total Expenses | 17,777.40 | 16,478.56 |
| V | (Loss) / Profit Before Exceptional and Extraordinary Items and Tax (III-IV) | (260.69) | 616.93 |
| VI | Exceptional & Extraordinary items | - | - |
| VII | (Loss) / Profit Before Tax (V+VI) | (260.69) | 616.93 |
| VIII | Income Tax Expenses | | |
| | Current Tax - MAT | - | 128.00 |
| | Deferred Tax (Asset) / Liability | (183.01) | 141.00 |
| | Total Tax Expenses | (183.01) | 269.00 |
| IX | (Loss) / Profit after Tax (VII-VIII) | (77.68) | 347.93 |
| X | Earnings per Equity Share of Rs. 10/- each | | |
| | Basic & Diluted (In Rupees) [Refer to Note 26(12)] | (1.69) | 7.56 |
| | 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 M.S. JAGANNATHAN & N. KRISHNASWAMI,
Chartered Accountants
Firm Registration No. 001208S

B. SRISANDHYA RAJU
MANAGING DIRECTOR

P.R. VENKETRAMA RAJA
CHAIRMAN

K. SRINIVASAN
Partner
Membership No. 21510

Rajapalaiyam,
29th May, 2018.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

| | (Rs. in Lakhs) | |
|---|----------------------------|-----------------|
| | 2017-18 | 2016-17 |
| A. Cash Flow from Operating Activities | | |
| Net Profit before tax and extraordinary items | (260.69) | 616.93 |
| Adjustments for : | | |
| Depreciation | 1,041.80 | 1,004.15 |
| Interest paid | 1,631.30 | 1,599.97 |
| Interest Received | (32.45) | (34.40) |
| Dividend Received | (0.02) | - |
| Loss on sale of assets | 0.66 | 25.84 |
| Operating Profit before Working Capital Changes | <u>2,380.60</u> | <u>3,212.49</u> |
| Adjustments for : | | |
| Trade Receivables | (1,075.17) | (214.68) |
| Loans and Advances | (52.37) | (138.49) |
| Inventories | 568.74 | (1,999.63) |
| Trade Payables & Current liabilities | (114.77) | 386.96 |
| Cash generated from Operations | <u>1,707.03</u> | <u>1,246.65</u> |
| Income tax Paid | (5.01) | (282.17) |
| Net Cash generated from Operating Activities | <u>A</u> <u>1,702.02</u> | <u>964.48</u> |
| B. Cash Flow from Investing Activities : | | |
| Purchase of Fixed Assets | (513.77) | (285.89) |
| Sale of Investments | 0.87 | 0.88 |
| Sale of assets | 0.52 | 55.58 |
| Interest received | 32.45 | 34.40 |
| Dividend received | 0.02 | - |
| Net Cash used in Investing Activities | <u>B</u> <u>(479.91)</u> | <u>(195.03)</u> |
| C. Cash Flow from Financing Activities : | | |
| Proceeds from Long Term borrowings | 1,000.00 | 2,000.00 |
| Repayment of Long Term Loan | (3,142.88) | (2,824.88) |
| Availment of Short Term Borrowings (Net) | 2,579.86 | 1,756.45 |
| Payment of Dividend and Tax thereon | (27.12) | (27.08) |
| Interest Paid | (1,631.30) | (1,599.97) |
| Net Cash used in Financing Activities | <u>C</u> <u>(1,221.44)</u> | <u>(695.48)</u> |
| Net Increase in Cash and Cash Equivalent | <u>(A+B+C)</u> <u>0.67</u> | <u>73.97</u> |
| Opening balance of Cash and Cash Equivalents | D <u>118.92</u> | 44.95 |
| Closing balance of Cash and Cash Equivalents | E <u>119.59</u> | 118.92 |
| Net Increase in Cash and Cash Equivalent | <u>(E-D)</u> <u>0.67</u> | <u>73.97</u> |

As per our report annexed

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

B. SRISANDHYA RAJU
MANAGING DIRECTOR

P.R. VENKETRAMA RAJA
CHAIRMAN

K. SRINIVASAN
Partner
Membership No. 21510

Rajapalaiyam,
29th May, 2018.

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

(Rs. in Lakhs)

| Particulars | As at 31-03-2018 | As at 31-03-2017 |
|-------------|---------------------|---------------------|
|-------------|---------------------|---------------------|

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 |
| | <u>1,000.00</u> | <u>1,000.00</u> |

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 |
| | <u>760.00</u> | <u>760.00</u> |

A. Reconciliation of the number of shares outstanding

| Particulars | As at 31-03-2018 | | As at 31-03-2017 | |
|-----------------------------------|------------------|--------|------------------|--------|
| | 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 | 30,00,000 | 300.00 |
| Issued during the year | - | - | - | - |
| 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 31-03-2018 | | As at 31-03-2017 | |
|---|------------------|--------------|------------------|--------------|
| | No. of Shares | % of holding | No. of Shares | % of holding |
| (I) Equity Shares | | | | |
| Smt. B. SriSandhya Raju | 29,47,120 | 64.07% | 29,04,160 | 63.13% |
| 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 multiple instalments, at the option of the company.

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

| | (Rs. in Lakhs) | |
|--|---------------------|---------------------|
| Particulars | As at 31-03-2018 | As at 31-03-2017 |
| 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 | 643.58 | 347.38 |
| Add : Transfer from Surplus Account | - | 296.20 |
| | 643.58 | 643.58 |
| Surplus in the Statement of Profit & Loss | | |
| Opening Balance | 200.00 | 175.35 |
| Add: (Loss) / Profit for the Year | (77.68) | 347.93 |
| | 122.32 | 523.28 |
| Less: Appropriations | | |
| Preference Dividends | 22.50 | 22.50 |
| Tax on Preference Dividend | 4.62 | 4.58 |
| Transfer to General Reserve | - | 296.20 |
| | 27.12 | 323.28 |
| | 95.20 | 200.00 |
| | 797.15 | 901.95 |

Note : 3

LONG TERM BORROWINGS

Secured

Term Loan from Banks 3,927.15 6,946.58

Unsecured

Term Loan from Banks 900.00 -

Loan from Other Parties (Refer Note No. 26(13e)) 560.00 560.00

5,387.15 **7,506.58**

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

| Year | Amount | Amount |
|--------------|-----------------|-----------------|
| 2018-19 | - | 2,819.43 |
| 2019-20 | 1,991.43 | 1,791.43 |
| 2020-21 | 1,635.72 | 1,435.72 |
| 2021-22 | 1,100.00 | 900.00 |
| 2022-23 | 100.00 | - |
| Total | 4,827.15 | 6,946.58 |

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

| | (Rs. in Lakhs) | |
|--|---------------------|---------------------|
| Particulars | As at 31-03-2018 | As at 31-03-2017 |
| Note : 4 | | |
| DEFERRED TAX LIABILITY (NET) | | |
| Deferred Tax Liability | | |
| Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961 | 2,334.65 | 3,013.07 |
| Deferred Tax Asset | | |
| Tax effect on unabsorbed depreciation under Income Tax Act, 1961 | (1,218.96) | (1,699.89) |
| Tax effect on Provision for Bonus and Leave Encashment | (50.49) | (64.97) |
| Net Deferred Tax Liability | 1,065.20 | 1,248.21 |
| Note : 5 | | |
| Long Term Provision | | |
| Provision for Employee Benefits | 85.30 | 101.48 |
| | 85.30 | 101.48 |
| Note : 6 | | |
| SHORT TERM BORROWINGS | | |
| Secured | | |
| Loan Repayable on Demand from Banks * | 6,993.11 | 4,991.00 |
| Unsecured | | |
| Loan Repayable on Demand from Banks | 2,215.98 | 1,658.75 |
| Loan from Related Parties [Refer Note No.26(13e)] | 62.49 | 32.00 |
| Loan from Related Parties [Refer Note No.26(6)] | 223.83 | 233.80 |
| | 9,495.41 | 6,915.55 |
| * 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 | 448.91 | 405.80 |
| | 448.91 | 405.80 |
| Note : 8 | | |
| OTHER CURRENT LIABILITIES | | |
| Current Maturities of Long Term Debt | 3,019.43 | 3,042.88 |
| Interest Accrued but not Due on Borrowings | 6.08 | 7.22 |
| Unclaimed Dividends | 4.84 | 6.01 |
| Liabilities for Other Finance | 305.80 | 455.37 |
| | 3,336.15 | 3,511.48 |
| Note : 9 | | |
| SHORT TERM PROVISIONS | | |
| Provision for Employee Benefits | 173.98 | 163.84 |
| Provision for Taxation | 331.96 | 331.96 |
| Preference Dividend | 22.50 | 22.50 |
| Provision for Tax on Preference Dividend | 4.62 | 4.58 |
| | 533.06 | 522.88 |

SANDHYA SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Note : 10
FIXED ASSETS

(Rs. in Lakhs)

| Particulars | Year | Gross block | | | Depreciation | | | Net block | | | |
|----------------------------------|---------|-----------------------|--------------------------------|----------------------------------|-----------------------|------------------|--------------|-----------|------------------|------------------|------------------|
| | | Cost as at 01-04-2017 | Additions made during the year | Sold / withdrawn during the year | Cost as at 31-03-2018 | Up to 31-03-2017 | For the year | Withdrawn | Up to 31-03-2018 | As At 31-03-2018 | As at 31-03-2017 |
| Tangible Assets | | | | | | | | | | | |
| Land | 2017-18 | 278.50 | - | - | 278.50 | - | - | - | - | 278.50 | 278.50 |
| | 2016-17 | 278.50 | - | - | 278.50 | - | - | - | - | 278.50 | 278.50 |
| Buildings | 2017-18 | 2,554.42 | 30.10 | - | 2,584.52 | 931.36 | 78.25 | - | 1,009.61 | 1,574.91 | 1,623.06 |
| | 2016-17 | 2,554.42 | - | - | 2,554.42 | 851.59 | 79.77 | - | 931.36 | 1,623.06 | 1,702.83 |
| Plant and machinery | 2017-18 | 19,631.78 | 370.06 | 2.61 | 19,999.23 | 8,880.16 | 857.64 | 1.46 | 9,736.34 | 10,262.89 | 10,751.62 |
| | 2016-17 | 19,510.55 | 254.58 | 133.35 | 19,631.78 | 8,123.22 | 808.90 | 51.96 | 8,880.16 | 10,751.62 | 11,387.33 |
| Electrical machinery | 2017-18 | 989.41 | 7.42 | 0.08 | 996.75 | 760.66 | 86.60 | 0.05 | 847.21 | 149.54 | 228.75 |
| | 2016-17 | 968.63 | 21.42 | 0.64 | 989.41 | 665.62 | 95.65 | 0.61 | 760.66 | 228.75 | 303.01 |
| Furniture & Office Equipments | 2017-18 | 147.49 | 7.67 | - | 155.16 | 110.45 | 5.92 | - | 116.37 | 38.79 | 37.04 |
| | 2016-17 | 145.36 | 2.20 | 0.07 | 147.49 | 105.34 | 5.18 | 0.07 | 110.45 | 37.04 | 40.02 |
| Vehicles | 2017-18 | 39.37 | 77.84 | - | 117.21 | 19.05 | 5.32 | - | 24.37 | 92.84 | 20.32 |
| | 2016-17 | 39.37 | - | - | 39.37 | 14.29 | 4.76 | - | 19.05 | 20.32 | 25.08 |
| Total - Tangible Assets | 2017-18 | 23,640.97 | 493.09 | 2.69 | 24,131.37 | 10,701.68 | 1,033.73 | 1.51 | 11,733.90 | 12,397.47 | 12,939.29 |
| | 2016-17 | 23,496.83 | 278.20 | 134.06 | 23,640.97 | 9,760.06 | 994.26 | 52.64 | 10,701.68 | 12,939.29 | 13,736.77 |
| Intangible Assets | | | | | | | | | | | |
| Computer Software | 2017-18 | 25.70 | - | - | 25.70 | 24.42 | - | - | 24.42 | 1.28 | 1.28 |
| | 2016-17 | 25.70 | - | - | 25.70 | 24.42 | - | - | 24.42 | 1.28 | 1.28 |
| Dedicated Feeder Line | 2017-18 | 35.14 | - | - | 35.14 | 25.31 | 8.07 | - | 33.38 | 1.76 | 9.83 |
| | 2016-17 | 35.14 | - | - | 35.14 | 15.42 | 9.89 | - | 25.31 | 9.83 | 19.72 |
| Total - Intangible Assets | 2017-18 | 60.84 | - | - | 60.84 | 49.73 | 8.07 | - | 57.80 | 3.04 | 11.11 |
| | 2016-17 | 60.84 | - | - | 60.84 | 39.84 | 9.89 | - | 49.73 | 11.11 | 21.00 |

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

(Rs. in Lakhs)

As at
31-03-2018 As at
31-03-2017

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 | 0.05 | 0.69 | 0.69 |
| Total quoted Investment | (A) | | 0.69 | 0.69 |
| b) Unquoted | | | | |
| Ontime Industrial Services Limited | 20,000 | 2.00 | 2.00 | 2.00 |
| Ramco Windfarms Limited | 1,53,000 | 1.53 | 1.53 | 2.40 |
| ARS.Energy Pvt Limited | 160 | 0.16 | 0.44 | 0.44 |
| Total un-quoted Investments | (B) | | 3.97 | 4.84 |
| II. Other Non-current Investment, Non-Trade | | | | |
| Ramco Group Employees' Co-operative Stores Limited | 50 | 0.01 | 0.01 | 0.01 |
| Total other Investment | (C) | | 0.01 | 0.01 |
| Aggregate Value of Investments | (A+B+C) | | 4.67 | 5.54 |
| Aggregate Value of: Quoted Investments - Cost | | | 0.69 | 0.69 |
| Market Value | | | 5.47 | 4.24 |
| Unquoted Investments - Cost | | | 3.97 | 4.84 |

Note : 12

LONG TERM LOANS AND ADVANCES

Unsecured, Considered Good

| | | |
|-------------------|---------------|--------|
| Security Deposits | 393.11 | 467.66 |
| | 393.11 | 467.66 |

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

| Particulars | As at 31-03-2018 | As at 31-03-2017 |
|---|---------------------|---------------------|
| (Rs. in Lakhs) | | |
| Note : 13 | | |
| INVENTORIES | | |
| Finished Goods | 879.20 | 1,066.53 |
| Rawmaterials - Cotton & Cotton Waste | 3,034.29 | 3,789.23 |
| Stores, Spares, Fuel and Packing Materials | 78.78 | 72.80 |
| Work-in-Progress (Cotton Yarn) | 740.41 | 372.86 |
| | <u>4,732.68</u> | <u>5,301.42</u> |
| Mode of valuation of inventories are disclosed in Significant Accounting Policies in Note 25. | | |
| Note : 14 | | |
| TRADE RECEIVABLES | | |
| Unsecured, considered good | | |
| Trade Receivables less than six months | 2,735.12 | 1,659.95 |
| | <u>2,735.12</u> | <u>1,659.95</u> |
| Note : 15 | | |
| CASH AND BANK BALANCES | | |
| Cash on Hand | 1.18 | 0.88 |
| Balance with Bank | | |
| In Current Account | 5.43 | 5.04 |
| In Deposit Account for Margin Money | 99.21 | 102.96 |
| In Unclaimed Dividend Warrant Account | 4.84 | 6.01 |
| Cheques on hand | 8.93 | 4.03 |
| | <u>119.59</u> | <u>118.92</u> |
| Note : 16 | | |
| SHORT TERM LOANS AND ADVANCES | | |
| Unsecured, considered good | | |
| Advance to Suppliers / Others | 373.30 | 226.82 |
| Advance Income-Tax paid and TDS | 370.07 | 365.06 |
| | <u>743.37</u> | <u>591.88</u> |
| Note : 17 | | |
| OTHER CURRENT ASSETS | | |
| Accrued Income | 668.99 | 648.82 |
| Prepaid Expenses | 78.56 | 83.61 |
| Other Current Assets | 1.54 | 36.22 |
| | <u>749.09</u> | <u>768.65</u> |

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

| Particulars | For the year ended 31-03-2018 | | For the year ended 31-03-2017 | |
|--|----------------------------------|-------------------------|----------------------------------|-------------------------|
| (Rs. in Lakhs) | | | | |
| Note : 18 | | | | |
| REVENUE FROM OPERATION | | | | |
| Sale of Products | | | | |
| Yarn | 17,204.09 | | 16,704.78 | |
| Fabric | - | | 177.99 | |
| Waste Cotton | <u>147.29</u> | <u>17,351.38</u> | <u>94.13</u> | 16,976.90 |
| Other operating revenues | | | | |
| Export Incentive | | 70.20 | | 59.74 |
| Textile Processing Charges Received | | <u>45.55</u> | | <u>17.02</u> |
| | | <u><u>17,467.13</u></u> | | <u><u>17,053.66</u></u> |
| Note : 19 | | | | |
| OTHER INCOME | | | | |
| Interest Received | | 32.45 | | 34.40 |
| Dividend Income | | 0.02 | | - |
| Miscellaneous Income | | 17.11 | | 2.73 |
| Exchange Gain on Foreign Currency Transactions | | <u>-</u> | | <u>4.70</u> |
| | | <u><u>49.58</u></u> | | <u><u>41.83</u></u> |
| Note : 20 | | | | |
| COST OF MATERIALS CONSUMED | | | | |
| Raw Material Consumed | | | | |
| Cotton & Cotton Waste | | <u>9,283.07</u> | | <u>8,617.65</u> |
| | | <u><u>9,283.07</u></u> | | <u><u>8,617.65</u></u> |
| Note : 21 | | | | |
| CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS | | | | |
| Opening Stock | | | | |
| Finished Goods | 1,066.53 | | 1,314.54 | |
| Work-in-Progress | <u>372.86</u> | <u>1,439.39</u> | <u>466.93</u> | 1,781.47 |
| Less: | | | | |
| Closing Stock | | | | |
| Finished Goods | 879.20 | | 1,066.53 | |
| Work-in-Progress | <u>740.41</u> | <u>1,619.61</u> | <u>372.86</u> | <u>1,439.39</u> |
| Net Decrease / (Increase) in Stock | | <u><u>(180.22)</u></u> | | <u><u>342.08</u></u> |

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

| Particulars | (Rs. in Lakhs) | |
|--|----------------------------------|----------------------------------|
| | For the year ended 31-03-2018 | For the year ended 31-03-2017 |
| Note : 22 | | |
| EMPLOYEE BENEFIT EXPENSES | | |
| Salaries , Wages and Bonus | 1,262.01 | 1,187.90 |
| Contribution to Provident and Other Funds | 160.33 | 165.05 |
| Staff and Labour Welfare Expenses | 90.57 | 64.81 |
| | <u>1,512.91</u> | <u>1,417.76</u> |
| Note : 23 | | |
| FINANCE COSTS | | |
| Interest Expenses | 1,541.20 | 1,532.89 |
| Exchange Fluctuation (Net) applicable to Finance Costs | 85.53 | 62.11 |
| Other Borrowing Costs | 4.57 | 4.97 |
| | <u>1,631.30</u> | <u>1,599.97</u> |
| Note : 24 | | |
| OTHER EXPENSES | | |
| Manufacturing Expenses | | |
| Power and Fuel | 1,564.88 | 1,494.25 |
| Packing Materials Consumption | 223.92 | 247.84 |
| Repairs to Building | 37.57 | 25.58 |
| Repairs to Plant and Machinery | 369.63 | 441.71 |
| Repairs - General | 291.77 | 280.51 |
| Jobwork Charges Paid | 148.28 | 63.06 |
| | <u>2,636.05</u> | <u>2,552.95</u> |
| Establishment Expenses | | |
| Managing Director Remuneration | 120.00 | 135.90 |
| Rates and Taxes | 36.98 | 35.00 |
| Insurance | 24.17 | 18.75 |
| Postage and Telephone | 5.59 | 4.87 |
| Printing and Stationery | 9.62 | 6.47 |
| Travelling Expenses | 15.22 | 26.73 |
| Vehicle Maintenance | 25.00 | 22.88 |
| Exchange Loss on Foreign Currency Transactions | 10.79 | - |
| Directors Sitting Fees | 8.70 | 7.80 |
| Rent | 28.12 | 23.22 |
| Audit and Legal Expenses | 16.87 | 13.62 |
| Corporate Social Responsibility Expenses | 3.02 | 7.96 |
| Loss on Sales of Assets | 0.66 | 25.84 |
| Miscellaneous Expenses | 135.61 | 61.75 |
| | <u>440.35</u> | <u>390.79</u> |
| Selling Expenses | | |
| Sales Commission | 207.03 | 197.14 |
| Export Expenses | 120.89 | 51.45 |
| Other Selling Expenses | 53.78 | 108.08 |
| | <u>381.70</u> | <u>356.67</u> |
| | <u>3,458.10</u> | <u>3,300.41</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.
- (iii) The financial statements are presented in Indian Rupees and the amounts are rounded to the nearest Lakhs with two decimals, except as stated otherwise.
- (iv) The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.
- (v) The Company has considered its operating cycle as 12 months for the purpose of Current or Non-current classification of assets and liabilities.
- (vi) The previous year figures are regrouped / restated wherever necessary.

2. Use of Estimates

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

3. Inventories

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

4. Cash flow statement

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

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

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 25 Years |

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

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

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

6. Revenue recognition

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

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

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

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

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

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

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

8. 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

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

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.
- (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 under 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.

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

- (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. 1.50 Lakh per employee to "Sandhya Spinning Mill Limited Officers Superannuation fund" administered by trustees and managed by LIC of India.

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

(v) **Defined Benefit Plan:**

Gratuity:

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

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.

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

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

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

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 Company's grinding unit is capitalised as the Company is expected to yield future economic benefits for its unrestricted usage.
- iii. The intangible assets that are not yet ready for their intended use are carried at cost including related expenses and attributable interest are recognised as Intangible assets under development.

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 31-03-2018 | As at 31-03-2017 |
|--|---------------------|---------------------|
| 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, 2016, has been completed.

4. Income tax assessment has been completed upto the Accounting Year ended on 31-03-2014 i.e., Assessment year 2014-15. The Company has preferred Appeals before Appellate Authorities in respect of Sec. 14A disallowance of Rs.0.45 Lakhs for the Assessment year 2014-15.

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.237.02 Lakhs (P.Y. Rs. 188.41 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:

| Name | Closing Balance as on | | Interest Paid | |
|-------------------------|-----------------------|------------|---------------|---------|
| | 31-03-2018 | 31-03-2017 | 2017-18 | 2016-17 |
| Smt. B. SriSandhya Raju | 215.04 | 220.34 | 21.43 | 25.88 |
| Smt. P.V. Nirmala Raju | 8.79 | 13.46 | 17.29 | 1.51 |
| | 223.83 | 233.80 | 38.72 | 27.39 |

7. Auditors' remuneration (excluding Service Tax) & expenses: 2017-18 2016-17

 Statutory Auditors:

 a. As Auditors

 - Fees

0.85 0.75

 - Expenses reimbursed

NIL 0.18

 b. In other Capacities

 (i) Tax Audit Fees

0.50 0.50

 (ii) IT Representation Fees

- 0.30

 (iii) Certification Work Fees

0.46 0.61

 (iv) VAT Audit Fees

0.30 0.30

2.19 2.64

8. There are no dues to micro, small and medium enterprises as at 31-03-2018 (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 31-03-2018 are 4.59 Lakhs KWH (PY. 3.10 Lakhs KWH) and its monetary value of Rs. 30.60 Lakhs (PY. Rs.20.64 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. As per Accounting Standard -15 (Revised 2005) "Employee Benefits", the disclosures of employee benefits as defined in the Accounting Standard are given below:

| Defined Contribution Plan: | (Rs. in Lakhs) | |
|---|-----------------------|----------------|
| | 2017-18 | 2016-17 |
| Employer's Contribution to Provident Fund | 109.32 | 102.61 |
| Employer's Contribution to Superannuation Fund | 3.54 | 2.66 |
| 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 at the beginning of the year | 233.11 | 205.08 |
| Current Service Cost | 29.25 | 25.58 |
| Past Service Cost | Nil | Nil |
| Interest Cost | 17.47 | 15.42 |
| Actuarial (gain) / loss | (-) 69.89 | 6.94 |
| Benefits paid | (-) 13.74 | (-) 19.91 |
| Defined Benefit obligation as at the end of the year | 196.20 | 233.11 |
| Reconciliation of opening and closing balances of fair value of plan assets: | | |
| Fair value of plan assets as at beginning of the year | 221.09 | 193.06 |
| Expected return on plan assets | 17.60 | 15.93 |
| Actuarial gain / (loss) | (-) 0.16 | (-) 0.07 |
| Employer Contribution | 12.10 | 32.07 |
| Benefits paid | (-) 13.74 | (-) 19.90 |
| Fair value of plan assets as at end of the year | 236.89 | 221.09 |
| Actual Return of plan assets: | | |
| Expected return of plan assets | 17.62 | 15.93 |
| Actuarial gain / (loss) on plan assets | (-) 0.17 | (-) 0.07 |
| Actual return on plan assets | 17.45 | 15.86 |
| Reconciliation of fair value of assets and obligations: | | |
| Fair value of plan assets | 236.89 | 221.09 |
| Present value of obligation | 196.20 | 233.11 |
| Difference | (-) 40.69 | 12.02 |
| Unrecognized transitional liability | Nil | Nil |
| Amount recognized in Balance Sheet | Nil | 12.02 |
| Expense recognized during the year: | | |
| Current Service Cost | 29.26 | 25.58 |
| Interest Cost | 17.47 | 15.41 |
| Expected return on plan assets | (-) 17.62 | (-) 15.93 |
| Actuarial (gain) / loss | (-) 69.72 | 7.01 |
| Past service cost-non-vested benefits | Nil | Nil |
| Past service cost-vested benefits | Nil | Nil |
| Net Cost | (-) 40.61 | 32.07 |
| Investment Details as on 31-03-2018: | | |
| GOI Securities | Nil | Nil |
| Funds with LIC | 100% | 100% |
| Bank balance | Nil | Nil |
| Others | Nil | Nil |
| Total | 100% | 100% |

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

| | 2017-18 | 2016-17 |
|---|------------------|-----------|
| (Rs. in Lakhs) | | |
| Actuarial assumptions: | | |
| Indian Assured Lives (2006-08) Ultimate Table applied for Service Mortality rate | Yes | Yes |
| Discount rate p.a. | 7.72% | 7.60% |
| Expected rate of return on plan assets p.a. | 8.00% | 8.00% |
| Rate of escalation in salary p.a. | 4.00% | 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 01.04.2017 | 101.48 | 88.82 |
| Current Service Cost | 12.73 | 10.58 |
| Interest Cost | 7.45 | 6.51 |
| Actuarial (gain) / loss | (-) 29.55 | 8.45 |
| Benefits paid | (-) 6.81 | (-) 12.88 |
| Defined Benefit obligation as on 31.03.2018 | 85.30 | 101.48 |
| Reconciliation of opening and closing balances of fair value of plan assets: | | |
| Fair value of plan assets as on 01-04-2017 | Nil | Nil |
| Expected return on plan assets | Nil | Nil |
| Actuarial gain / (loss) | Nil | Nil |
| Employer Contribution | 6.81 | 12.88 |
| Benefits paid | (-) 6.81 | (-) 12.88 |
| Fair value of plan assets as on 31-03-2018 | 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 | 85.30 | 101.48 |
| Difference | 85.30 | 101.48 |
| Unrecognized past service cost non vested benefits | Nil | Nil |
| Amount recognized in Balance Sheet | 85.30 | 101.48 |
| Expense recognized during the year: | | |
| Current Service Cost | 12.73 | 10.58 |
| Interest Cost | 7.45 | 6.51 |
| Expected return on plan assets | Nil | Nil |
| Actuarial (gain) / loss | (-) 29.55 | 8.45 |
| Net Cost | (-) 9.36 | 25.54 |
| Investment Details as on 31-03-2018: | | |
| 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 |
| Actuarial assumptions | | |
| Indian Assured Lives (2006-08) Ultimate Table applied for Service Mortality rate | Yes | Yes |
| Discount rate p.a. | 7.72% | 7.60% |
| Expected rate of return on plan assets p.a. | NA | NA |
| Rate of escalation in salary p.a. | 4.00% | 6.00% |
| Attrition Rate | 1.00% | 1.00% |

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

(Rs. in Lakhs)

11. The Segment Information for the year ended 31st March, 2018

| Particulars | Textiles | | Power from Windmills | | Total | |
|--------------------------------------|------------------|------------------|----------------------|-----------------|------------------|------------------|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| REVENUE | | | | | | |
| External Sales (Net) | 17,467.13 | 17,053.66 | - | - | 17,467.13 | 17,053.66 |
| Inter Segment Sale | - | - | 1,275.31 | 1,284.06 | 1,275.31 | 1,284.06 |
| Total Sales | 17,467.13 | 17,053.66 | 1,275.31 | 1,284.06 | 18,742.44 | 18,337.72 |
| Other Income | 49.58 | 41.83 | - | - | 49.58 | 41.83 |
| Total Revenue | 17,516.71 | 17,095.49 | 1,275.31 | 1,284.06 | 18,792.02 | 18,379.55 |
| RESULT | | | | | | |
| Segment Result | (1,034.89) | (115.78) | 741.75 | 698.31 | (293.14) | 582.53 |
| Unallocated Income | | | | | 32.45 | 34.40 |
| Operating Profit | | | | | (260.69) | 616.93 |
| Interest Expenses | | | | | 1,631.30 | 1,599.97 |
| Interest Income | | | | | 32.45 | 34.40 |
| Provision for Taxation | | | | | | |
| Current Tax | | | | | - | 128.00 |
| Deferred Tax | | | | | (183.01) | 141.00 |
| Profit from ordinary activities | | | | | (77.68) | 347.93 |
| Exceptional Items | | | | | - | - |
| Net (Loss) / Profit after Tax | | | | | (77.68) | 347.93 |
| OTHER INFORMATION | | | | | | |
| Segment Assets | 19,035.16 | 18,800.24 | 2,873.17 | 3,073.69 | 21,908.33 | 21,873.93 |
| Unallocated Assets | | | | | - | - |
| Total Assets | | | | | 21,908.33 | 21,873.93 |
| Segment Liabilities | | | | | 19,285.95 | 18,963.77 |
| Unallocated Liabilities | | | | | 1,065.20 | 1,248.21 |
| Total Liabilities | | | | | 20,351.15 | 20,211.98 |
| Capital Expenditure | 493.09 | 278.20 | | | 493.09 | 278.20 |
| Unallocated Capital Expenditure | | | | | - | - |
| Depreciation | 841.28 | 803.63 | 200.52 | 200.52 | 1,041.80 | 1,004.15 |
| Unallocated Depreciation Expenditure | | | | | - | - |

12. Earning per Share

| Particulars | | 2017-18 | 2016-17 |
|--|---------|---------|---------|
| Net (loss) / profit after tax (Rs. in Lakhs) | (A) | (77.68) | 347.93 |
| Number of Equity Shares - (in Lakhs) | (B) | 46.00 | 46.00 |
| Basic & Diluted earnings per share for - (in Rupees) | (A)/(B) | (1.69) | 7.56 |
| Nominal Value of Equity Share (in Rs.) | | 10.00 | 10.00 |

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

13. RELATED PARTY TRANSACTIONS

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

(a) Key Management Personnel & Relatives:

Shri. P.R. Venketrama Raja, Chairman
 Smt. B. SriSandhya Raju, Managing Director
 Smt. R. Sudarsanam, Director
 Smt. P.V. Nirmala Raju, Director

The Company's transaction with the above person are furnished in note 6 above.

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

(i) Companies

M/s. The Ramco Cements Limited
 M/s. Rajapalayam Mills Limited
 M/s. Sri Vishnu Shankar Mill Limited
 M/s. The Ramaraju Surgical Cotton Mills Limited
 M/s. Thanjavur Spinning Mill Limited
 M/s. Ramco Industries Limited
 M/s. Ramco Systems Limited
 M/s. Rajapalayam Textiles Limited
 M/s. Shri Harini Media Limited
 M/s. Digvijai Polytex Private Limited
 M/s. Pranahita Power Generation Private Limited
 M/s. Chitta Farms Private Limited

(ii) Public Trusts

P.A.C.R. Sethurammam Charity Trust

(c) Employees Benefit Funds whose control exists

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

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

(d) Amount paid to Key Managerial Personnel (Rs. in Lakhs)

| Name of the Related Party | Amount | | Nature of Payment |
|---------------------------|---------|---------|-------------------------|
| | 2017-18 | 2016-17 | |
| Shri P.R. Venketrama Raja | 1.50 | 0.30 | Sitting Fees |
| Smt. B. SriSandhya Raju | 135.90 | 135.90 | Managerial Remuneration |
| | 21.43 | 25.88 | Interest Paid |
| | 0.30 | 0.15 | Sitting Fees |
| | 22.50 | 22.50 | Dividend Paid |
| Smt. R. Sudarsanam | 0.75 | 0.45 | Sitting Fees |
| Smt. P.V. Nirmala Raju | 17.29 | 1.51 | Interest Paid |
| | 0.45 | 0.15 | Sitting Fees |

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

(Rs. in Lakhs)

(e) Inter Corporate Deposits Accepted:

| Name of the Related Party | Maximum Outstanding | | Outstanding as on | |
|--|---------------------|---------|-------------------|------------|
| | 2017-18 | 2016-17 | 31-03-2018 | 31-03-2017 |
| Pranahita Power Generation Private Limited | Nil | 560.00 | Nil | 560.00 |
| Chitta Farms Private Limited | 560.00 | Nil | 560.00 | Nil |
| Dig Vijai Polytex Private Limited | 62.49 | 32.00 | 62.49 | 32.00 |

(f) Interest paid on Inter Corporate Deposits Accepted

| Name of the Related Party | Interest Paid | | Outstanding as on | |
|--|---------------|---------|-------------------|------------|
| | 2017-18 | 2016-17 | 31-03-2018 | 31-03-2017 |
| Pranahita Power Generation Private Limited | 22.69 | 61.60 | Nil | Nil |
| Chitta Farms Private Limited | 29.41 | Nil | | |
| Digvijai Polytex Private Limited | 4.37 | 0.27 | Nil | Nil |

(g) Corporate Guarantee Availed:

| Name of the Related Party | 2017-18 | 2016-17 |
|---------------------------|-----------|-----------|
| Rajapalayam Mills Limited | 12,780.00 | 11,780.00 |

(h) Sale of Assets:

| Name of the Related Party | Value | | Outstanding as on | |
|---------------------------|---------|---------|-------------------|------------|
| | 2017-18 | 2016-17 | 31-03-2018 | 31-03-2017 |
| Ramco Industries Limited | Nil | 1.77 | Nil | Nil |

(i) Sale of Goods / Services rendered:

| Name of the Related Party | Value | | Outstanding as on | |
|--|----------|---------|-------------------|------------|
| | 2017-18 | 2016-17 | 31-03-2018 | 31-03-2017 |
| The Ramaraju Surgical Cotton Mills Limited | 328.06 | 654.18 | Nil | Nil |
| Sri Vishnu Shankar Mill Limited | 218.57 | 120.99 | Nil | Nil |
| Rajapalayam Mills Limited | 1,181.87 | 295.60 | Nil | Nil |
| Ramco Industries Limited | 604.26 | 409.22 | Nil | Nil |
| Thanjavur Spinning Mill Limited | 2.74 | 0.08 | Nil | Nil |
| Rajapalayam Textile Limited | 16.37 | 0.06 | Nil | Nil |

(j) Purchase of Fixed Assets:

| Name of the Related Party | Value | | Outstanding as on | |
|---------------------------------|---------|---------|-------------------|------------|
| | 2017-18 | 2016-17 | 31-03-2018 | 31-03-2017 |
| Sri Vishnu Shankar Mill Limited | 3.48 | Nil | NIL | NIL |

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

(Rs. in Lakhs)

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

| Name of the Related Party | Value | | Outstanding as on | |
|--|---------|---------|-------------------|------------|
| | 2017-18 | 2016-17 | 31-03-2018 | 31-03-2017 |
| The Ramaraju Surgical Cotton Mills Limited | 525.58 | 686.34 | Nil | Nil |
| Sri Vishnu Shankar Mill Limited | 693.66 | 282.20 | Nil | Nil |
| Rajapalayam Mills Limited | 706.82 | 602.33 | Nil | Nil |
| Thanjavur Spinning Mill Limited | 4.22 | 153.95 | Nil | Nil |
| Ramco Industries Limited | 377.20 | 15.68 | Nil | Nil |
| The Ramco Cements Limited | 3.00 | 1.15 | Nil | Nil |
| Ramco Systems Limited | 10.65 | 10.02 | Nil | Nil |
| P.A.C.R. Sethurammam Charity Trust | 46.52 | 7.69 | Nil | Nil |
| Shri Harini Media Limited | 0.35 | 0.35 | Nil | Nil |
| Rajapalayam Textile Limited | - | 0.07 | Nil | Nil |

(l) Sale of Investments:

| Name of the Related Party | Value | | Outstanding as on | |
|--|---------|---------|-------------------|------------|
| | 2017-18 | 2016-17 | 31-03-2018 | 31-03-2017 |
| The Ramaraju Surgical Cotton Mills Limited | 0.12 | Nil | Nil | Nil |
| Ramco Industries Limited | 0.75 | Nil | Nil | Nil |

(m) (i) Security Deposit given:

| Name of the Related Party | Interest Free Security Deposit Outstanding as on | | Nature of Transaction |
|----------------------------------|--|------------|--|
| | 31-03-2018 | 31-03-2017 | |
| 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 |
|---------------------------|-------------|---------|---|
| | 2017-18 | 2016-17 | |
| The Ramco Cements Limited | 3.47 | 1.92 | The Company is paying 10 paise per unit to TRCL for the power supplied by APGPCL to the Company by virtue of above Joint Ownership of the Shares. |

(n) Dividend Received

| Name of the Related Party | 2017-18 | 2016-17 |
|---------------------------|---------|---------|
| Rajapalayam Mills Limited | 0.02 | Nil |

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

(o) **Rent Paid** (Rs. in Lakhs)

| Name of the Related Party | 2017-18 | 2016-17 |
|---------------------------------|---------|---------|
| Rajapalayam Mills Limited | 29.20 | 23.78 |
| Sri Vishnu Shankar Mill Limited | 0.63 | Nil |

(p) **Rent Received**

| Name of the Related Party | 2017-18 | 2016-17 |
|---------------------------------|---------|---------|
| Sri Vishnu Shankar Mill Limited | 0.65 | Nil |

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

| Particulars | 2017-18 | 2016-17 |
|---|---------|---------|
| Sandhya Spinning Mill Limited Officers' Superannuation Fund | 3.53 | 2.66 |
| Sandhya Spinning Mill Limited Employees' Gratuity Fund | - | 32.74 |

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

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

| Particulars | 2017-18 | 2016-17 |
|-----------------------|----------|----------|
| Raw Materials | 4,724.53 | 3,655.05 |
| Components and Spares | 27.44 | 28.44 |
| Capital Goods | 39.19 | 0.00 |

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

| Particulars | 2017-18 | 2016-17 |
|-------------------------|---------|---------|
| Interest | 65.91 | 33.67 |
| Export Sales Commission | 102.76 | 32.06 |
| Foreign Travel | - | 3.40 |
| Total | 168.67 | 69.13 |

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

| Particulars | 2017-18 | | 2016-17 | |
|-----------------------|----------|----|----------|----|
| | Amount | % | Amount | % |
| Raw Materials | | | | |
| Imported | 3,990.55 | 43 | 3,542.39 | 41 |
| Indigenous | 5,293.91 | 57 | 5,075.26 | 59 |
| Spares and Components | | | | |
| Imported | 19.33 | 3 | 38.97 | 5 |
| Indigenous | 715.28 | 97 | 754.71 | 95 |

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

| Particulars | 2017-18 | 2016-17 |
|----------------|----------|----------|
| Export of Yarn | 4,883.07 | 2,271.12 |

As per our report annexed

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

B. SRISANDHYA RAJU
MANAGING DIRECTOR

P.R. VENKETRAMA RAJA
CHAIRMAN

K. SRINIVASAN
Partner
Membership No. 21510

Rajapalayam,
29th May, 2018.

PROXY FORM

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

SANDHYA SPINNING MILL LIMITED

[CIN : U17111TN1994PLC027037]

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

Name of the Member(s) :

Registered address :

E-mail ID :

Folio No./DP ID-Client ID:

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

1. Name : Address :

E-mail ID : Signature :, or failing him

2. Name : Address :

E-mail ID : Signature :, or failing him

3. Name : Address :

E-mail ID: Signature :

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 24th Annual General Meeting of the Company, to be held on Friday, the 10th August, 2018 at 11.00 A.M. at P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu and at any adjournment thereof in respect of such resolutions as are indicated below :

| Resolution No. | Resolutions |
|----------------|---|
| | Ordinary Business |
| 1. | Adoption of Financial Statements for the year ended 31 st March, 2018. |
| 2. | Appointment of Smt. R. Sudarsanam, as Director, who retires by rotation. |
| 3. | Appointment of Shri S. Kanthimathinathan, as Director, who retires by rotation. |

Please see overleaf

SANDHYA SPINNING MILL LIMITED

[CIN : U17111TN1994PLC027037]

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

ATTENDANCE SLIP

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

I / We hereby record my / our presence at the 24th Annual General Meeting of the Company.

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

Date & Time : Friday, 10th August, 2018, at 11.00 AM

Name of the Member _____ Folio No./DP ID - Client ID _____

Name of the Proxy* _____ Signature of Member / Proxy Attending _____

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

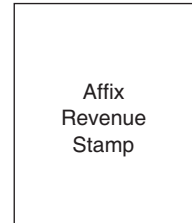
SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

| Resolution No. | Resolutions |
|----------------|--|
| | Special Business - Special Resolutions |
| 4. | Alteration of Articles of Association. |
| 5. | Re-appointment of Shri N.K. Srikanthan Raja, as an Independent Director. |
| | Special Business - Ordinary Resolution |
| 6. | Ratification of fee payable to M/s. RKMS & Associates, Cost Accountant, appointed as Cost Auditor of the Company for the financial year 2018-19. |

Signed this day of 2018

Signature of Shareholder :

Signature of Proxy holder(s) :



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



The Company has received best 5S practices certificate for world class workplace organizing system in Spinning Industries from M/s.ABK-AOTS DOSOKAI, Chennai.

Our Chairman presenting Best Worker Prize to our worker during the 22nd Pongal Sports Day Celebrations.



A view of the "Rieter K441 Compact Spinning Ring Frames in our Mill at Rajapalaiyam.



SANDHYA SPINNING MILL LIMITED
RAJAPALAIYAM