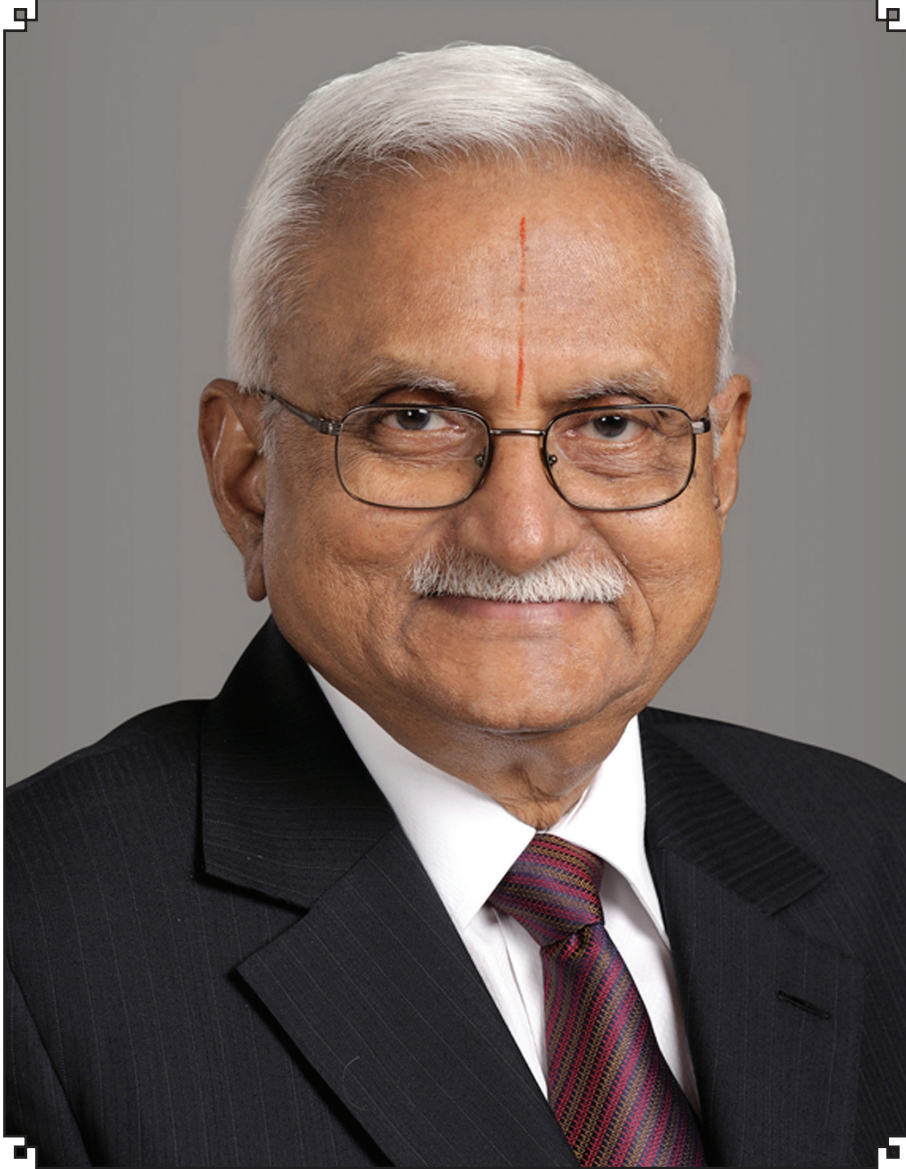




**SANDHYA SPINNING MILL LIMITED**  
RAJAPALAIYAM



SHRI P.A.C. RAMASAMY RAJA



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

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

## Board of Directors

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

Smt. B. SRISANDHYA RAJU  
*Managing Director*

Smt. R. SUDARSANAM

Smt. P.V. NIRMALA RAJU

Shri N.K. SHRIKANTAN RAJA

Shri S. KANTHIMATHINATHAN

Shri P.A.S. KRISHNAMA RAJA

## Secretary

Shri V. GURUSAMY

## Registered Office

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

E-mail : sandhya@ramcotex.com

Phone No. : 04563 - 235009

Fax No. : 04563 - 235405

## Website

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

## Corporate Identification Number

U17111TN1994PLC027037

## Auditors

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

## Cost Auditors

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

## Bankers

Axis Bank Limited

Canara Bank

DCB Bank Limited

ICICI Bank Limited

IDBI Bank Limited

Indian Bank

Kotak Mahindra Bank Limited

RBL Bank Limited

Tamilnad Mercantile Bank Limited

The Federal Bank Limited

## Factory

Krishnapuram Road,  
Rajapalaiyam - 626 108,  
Tamil Nadu.

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## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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### NOTICE TO THE MEMBERS

Notice is hereby given that the 26<sup>th</sup> Annual General Meeting of the Company will be held at 11.30 A.M. on Tuesday, the 15<sup>th</sup> September, 2020. This Annual General Meeting is being conducted through Video Conferencing (VC), Other Audio Visual Means (OAVM), the details of which are provided in the Notes to this Notice. The following are the businesses that would be transacted at this Annual General Meeting.

### ORDINARY BUSINESS – ORDINARY RESOLUTION

1. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:  
“RESOLVED that the Company’s Audited Financial Statements for the year ended 31<sup>st</sup> March, 2020, and the Reports of the Board of Directors and Auditors thereon be and are hereby considered and adopted.”
2. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:  
“RESOLVED that 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 Shri S. Kanthimathinathan (DIN: 01124581), who retires by rotation, be and is hereby re-appointed as Director of the Company.”

### SPECIAL BUSINESS – SPECIAL RESOLUTION

4. To consider and pass the following Resolution, as a SPECIAL RESOLUTION:  
“RESOLVED that pursuant to the provisions of Section 13 and 61 (1) (a) and other applicable provisions if any of the Companies Act, 2013 –  
(a) The Authorized Share Capital of the Company be increased from ₹ 10,00,00,000/- (Rupees Ten Crores) to ₹ 20,00,00,000/- (Rupees Twenty Crores).  
(b) Clause V of the Memorandum of Association of the Company be altered as follows:  
“The Authorised Share Capital of the Company is ₹ 20,00,00,000/- (Rupees Twenty Crores only) divided into:  
i. 1,60,00,000 ( One Crore Sixty Lakhs) Equity Shares of ₹ 10 each.  
ii. 40,00,000 (Forty Lakhs) 7.50% Cumulative Redeemable Preference Shares of ₹ 10 each.”
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 P.A.S. Krishnama Raja (DIN 00487322), Independent Director of the Company, Whose term ends on 18-05-2021 be re-appointed as Independent Director for another term of 5 years starting from 19-05-2021 to 18-05-2026.”

### SPECIAL BUSINESS – ORDINARY RESOLUTION

6. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:  
“RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹ 60,000/- (Rupees Sixty thousand only) plus applicable taxes and Out-of-pocket expenses payable to M/s. RKMS & Associates, Cost Audit Firm (Firm Registration No. 000335) appointed as the Cost Auditors of the Company by the Board of Directors, for the financial year 2020-21 for auditing the Cost Records relating to manufacture of textile products, be and is hereby ratified and confirmed.”

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

Chennai,  
24<sup>th</sup> June, 2020.

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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## 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) The Company has chosen to conduct this Annual General Meeting through Video Conferencing, in view of COVID-19 virus outbreak. The Annual General Meeting would be conducted in accordance with the:-
  - (i) General Circulars No: 14/2020, 17/2020 and 20/2020 dated 8<sup>th</sup> April, 2020, 13<sup>th</sup> April, 2020 and 5<sup>th</sup> May, 2020, respectively, issued by Ministry of Corporate Affairs, Government of India and
  - (ii) such other instructions that may be issued by Statutory Authorities.

### ATTENDING THE ANNUAL GENERAL MEETING THROUGH VIDEO CONFERENCE BY THE MEMBERS

- 3) The Company would be providing the Central Depository Services (India) Limited's (CDSL) system for the members to cast their vote through remote e-voting and participate in the Annual General Meeting through Video Conference. Members may access the same at <https://www.evotingindia.com> under shareholders / members login by using the remote e-voting credentials. The link for Video Conference will be available in shareholder / members login where the EVSN of Company will be displayed.
  - 4) The Members can join the Annual General Meeting in the Video Conference mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in this Notice. The facility of participation at the Annual General Meeting through Video Conference will be made available to all the Members, Directors and Auditors.
  - 5) Members are requested to join the Meeting through Laptops / iPads for better experience and will be required to have webcam and use Internet with a good speed to avoid any disturbance during the meeting.
  - 6) Members are requested to use Stable Wi-Fi or LAN Connection to mitigate Audio / Video loss due to fluctuation in your network. Please avoid connecting through your Mobile Devices or Tablets or through Laptop via Mobile Hotspot.
  - 7) Members who would like to express their views / ask questions during the meeting may register themselves as a speaker by sending their request at least 3 days prior to meeting mentioning your name, demat account number / folio number, email id, mobile number (as registered with the Depository Participant / Company) to the e-mail ID: **sandhya@ramcotex.com**. Members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the meeting.
  - 8) Members who do not wish to speak during the AGM but have queries may send your queries at least 3 days prior to meeting mentioning your name, demat account number / folio number, email id, mobile number to the e-mail id: **sandhya@ramcotex.com**. These queries will be replied to by the company suitably by e-mail.
  - 9) Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to **www.evotingindia.com** and register themselves in the "Corporates" module.
    - \* 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.
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## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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### NOTICE

- \* 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.
  - \* Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at **sandhya@ramcotex.com**, if they have voted from individual tab & not uploaded same in the CDSL e-Voting system for the scrutinizer to verify the same.
- 10) The attendance of the Members attending the Annual General Meeting through Video Conference will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
- 11) Proxies are not being sent to shareholders, as the meeting is being conducted through Video Conference.
- 12) The Company is also releasing a Public Notice by way of advertisement being published in English in Business Line (All editions) and in Tamil in Dinamani (Madurai editions), containing the following information:
- \* Convening of Annual General Meeting through Video Conference in compliance with applicable provisions of the Act.
  - \* Date and Time of the Annual General Meeting.
  - \* Availability of Notice of the Meeting on the website of the Company and at the websites of the CDSL.
  - \* Requesting the members who have not registered their e-Mail addresses and bank account details with the Company, to get the same registered with the Company. (In case of shares held in physical mode) and Depositories (in case of shares held in demat mode).
- 13) The cut-off date will be Wednesday the 9<sup>th</sup> September, 2020 for determining the eligibility to vote by remote e-Voting or in the Annual General Meeting.
- 14) Pursuant to Rule 8 of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of unclaimed / unpaid dividends lying with the Company on the website of the Company (**www.sandhyaspinningmill.co.in**), as also on the website of the Ministry of Corporate Affairs. The dividends remaining unpaid for a period of over seven years will be transferred to the Investor Education and Protection Fund of the Central Government. Hence, the Members who have not claimed their dividend relating to the earlier years may write to the Company for claiming the amount before it is so transferred to the Fund.
- The details of due date for transfer of such unclaimed dividend to the said Fund are:

FINANCIAL YEAR ENDED	DATE OF DECLARATION OF DIVIDEND	LAST DATE FOR CLAIMING UNPAID DIVIDEND	DUE DATE FOR TRANSFER TO IEP FUND
31.03.2014	04-08-2014	03-08-2021	01-09-2021

- 15) In accordance with Section 124(5) of the Companies Act, 2013 the Company has transferred the unclaimed / unpaid dividends lying with the Company for a period of over seven years, to the Investor Education and Protection Fund (the IEPF) established by the Central Government.

## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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### NOTICE

- 16) In accordance with Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the shares in respect of which dividend has not been paid or claimed for seven consecutive years or more have been transferred by the Company to IEPF. The shareholders / their legal heirs are entitled to claim the said shares and the dividend so transferred from the IEPF by making an online application. The procedure is available at [www.iepf.gov.in](http://www.iepf.gov.in)
- 17) Despatching of physical copies of the financial statements (including Director's report, Auditor's report or other documents required to be attached therewith), has been dispensed with. Such statements are being sent only by email to the members and to all other persons so entitled. The Annual Report will also be made available on the Company's Website – [www.sandhyaspinningmill.co.in](http://www.sandhyaspinningmill.co.in).
- 18) Voting through electronic means
- A. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing members facility to exercise their right to vote at the 26<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through such e-Voting, through e-voting Services provided by Central Depository Services (India) Limited (CDSL).
- B. The facility for remote e-Voting shall remain open from 9.00 A.M. on Saturday, the 12<sup>th</sup> September, 2020 to 5.00 P.M. on Monday the 14<sup>th</sup> September, 2020. During this period, the Members of the Company, holding Shares either in physical form or in dematerialized form, as on the cut-off-date, viz., Wednesday, the 9<sup>th</sup> September, 2020, may opt for remote e-Voting. e-Voting shall not be allowed beyond 5.00 P.M. on 14<sup>th</sup> September, 2020.
- C. The facility for voting through electronic voting system shall also be made available at the meeting and members participating the meeting through video conferencing who have not already cast their vote by remote e-Voting shall be able to exercise their right at the meeting. If any votes are cast by the members through e-Voting available during the AGM and if the same members have not participated in the meeting through Video Conferencing, then the vote cast by such members shall be considered invalid as the facility of e-Voting during the meeting is available only to the members attending the meeting.
- D. The members who have cast their vote by remote e-Voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

The instructions for e-Voting are as under:

- i) To log on to the e-Voting website [www.evotingindia.com](http://www.evotingindia.com)
- ii) To Click on Shareholders module.
- iii) Now enter your User ID as given below:
  - For CDSL: 16 Digits beneficiary ID,
  - Members holding Shares in Physical Form should enter Folio Number registered with the Company (or) Alternatively, if the member has already registered for CDSL's EASI / EASIEST e-Services, he can login at <https://www.cdslindia.com> from login – Myeasi using the login credentials. On successful login to CDSL's EASI / EASIEST e-services, the Member should click on e-Voting option and proceed directly to cast the vote electronically.
- iv) Next enter the Captcha Code as displayed and Click on Login.
- v) PASSWORD
  - If you are holding Shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.



## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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### NOTICE

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

- (a) Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat Shareholders as well as physical Shareholders).

Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the Folio No. / Client ID in the PAN field.

In case the Folio No is less than 8 digits, enter the applicable number of 0's before the Folio No. to make it 8 digits after the first two characters of the name in CAPITAL letters. Eg. If your name is RAMAR N with folio number 1 then enter RA00000001 in the PAN Field.

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

Date of Birth: Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.

Dividend Bank Details: Please enter Dividend Bank Details as recorded in your demat account or in the company records.

If both of the above details are not recorded with the depository or Company, please enter the User ID [mentioned in (iii) above] in the Dividend Bank details field. After entering the required details, click on 'Submit' tab.

- vi) Members holding Shares in physical form will then directly reach the Company selection screen. However, members holding Shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to Share your password with any other person and take utmost care to keep your password confidential.
- vii) For members holding Shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.
- viii) Click on the relevant EVSN for SANDHYA SPINNING MILL LIMITED on which you choose to vote.
- ix) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES / NO" for voting. Select the option YES or No as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- x) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolutions.
- xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xiii) You can also take out print of the voting done by you clicking on "Click here to Print" option on the Voting page. It need not be sent to the Company.
- xiv) If demat account holder has forgotten the changed password, then Enter the User ID and Captcha Code and click on Forgot Password & enter the details as prompted by the system.

## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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### NOTICE

- xv) Members can also cast their vote using CDSL's Mobile App "m-Voting". This App can be downloaded from the Google Play Store or Apple App Store. Please follow instructions as prompted by the Mobile App while casting your vote through remote e-Voting.
- xvi) Physical shareholders: Please provide Folio No., Name, e-mail id, scanned copy of the share certificate (front and back), self-attested scanned copy of PAN card, self-attested scanned copy of Aadhaar Card, scanned copy of cancelled Cheque leaf bearing the name of the member along with the Specimen Signature of the Member duly attested by the Bank Manager, where the Member is operating his bank account [the attestation should clearly carry the particulars of the bank manager, viz. his staff serial number, name and branch details], by email to **sandhya@ramcotex.com**.
- xvii) Demat shareholders: please provide Name, e-mail id, client master or copy of Consolidated Account statement, self-attested scanned copy of PAN card, self-attested scanned copy of Aadhaar Card, scanned copy of cancelled Cheque leaf bearing the name of the member along with the Specimen Signature of the Member duly attested by the Bank Manager, where the Member is operating his bank account [the attestation should clearly carry the particulars of the bank manager, viz. his staff serial number, name and branch details], to e-mail ID: **sandhya@ramcotex.com**. The Demat shareholder are also advised to update the above details with CDSL (i.e. Depository) through their Depository Participant where they are operating their Demat Accounts.
- xviii) Company shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.
- E. In case you have any queries or issues regarding attending AGM & 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** or contact Mr. Nitin Kunder (022-2305 8738) or Mr. Mehboob Lakhani (022-2305 8543) or Mr. Rakesh Dalvi (022-2305 8542). Alternatively, members may write to the Company Secretary at email Id: **sandhya@ramcotex.com** or contact at telephone number: 04563-235009.
- 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 Wednesday, the 9<sup>th</sup> September, 2020.
- 19) Shri K. Srinivasan, Chartered Accountant (Membership No: 21510), Partner, M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants will act as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.
- 20) The Scrutinizer shall immediately after conclusion of voting at the Annual General Meeting, unblock the votes cast through remote e-Voting in the presence of at least two witness not in the employment of the Company and make not later than 48 hours 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 authorised by him in writing shall declare the result of the voting forthwith.

Chennai,  
24<sup>th</sup> June, 2020.

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

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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## NOTICE

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

#### Item No. 4

Presently the Authorized Share Capital of the Company is ₹ 10,00,00,000/- (Rupees Ten Crores only) comprising 60,00,000 Nos. of Equity Shares of ₹ 10 each and 40,00,000 Nos. of 7.50% Cumulative Redeemable Preference Shares of ₹ 10 each. The Paid-up Share Capital is ₹ 7,60,00,000/- (Rupees Seven Crores Sixty Lakhs) Share Capital of ₹ 4,60,00,000/- (Rupees Four Crores Sixty Lakhs) consisting of 46,00,000 Nos. of Equity Shares of ₹ 10/- each and ₹ 3,00,00,000/- (Rupees Three Crores) consisting of 30,00,000 Nos. of 7.50% Cumulative Redeemable Preference Shares of ₹ 10 each fully paid. It is proposed to infuse additional equity share capital of ₹ 10 Crores to meet out the fund requirement of the Company and to reduce the interest cost.

As recommended by your Directors, it is proposed to create, offer and allot additional 1,00,00,000 Nos. of Equity shares of ₹ 10/- each to the Equity Shareholders of the Company at par value of ₹ 10/- on Rights issue basis.

It is proposed to increase the Authorised Share Capital from the existing amount of ₹ 10 Crores to ₹ 20 Crores. In term of Section 13 and 61(1) (a) of the Companies Act, 2013. The Directors recommend the Resolution to the members for their approval of the Company as amendment in the following capital Clause "V" of Memorandum of Association of the Company.

#### EXISTING CLAUSE:

The Authorized Share Capital of the Company is ₹ 10,00,00,000 (Rupees Ten Crores only) divided into:

- i) 60,00,000 (Sixty Lakhs) Equity Shares of ₹ 10/- each.
- ii) 40,00,000 (Forty Lakhs) 7.50% Cumulative Redeemable Preference Shares of ₹ 10/- each.

#### PROPOSED CLAUSE:

The Authorized Share Capital of the Company is ₹ 20,00,00,000 (Rupees Twenty Crores only) divided into:

- i) 1,60,00,000 (One Crores Sixty Lakhs) Equity Shares of ₹ 10/- each.
- ii) 40,00,000 (Forty Lakhs) 7.50% Cumulative Redeemable Preference Shares of ₹ 10/- each.

#### Item No. 5

Shri P.A.S. Krishnama Raja (DIN: 00487322) aged 43 is a Non-Executive Independent Director of the Company.

At the Annual General Meeting held on 10-08-2016, Shri P.A.S. Krishnama Raja was appointed as Independent Director of the Company, for a period of 5 years from 19-05-2016 to 18-05-2021. 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 Annual General Meeting of the Company.

In accordance with Schedule IV of the Companies Act, 2013, the Board of Directors have evaluated the performance of Shri P.A.S. Krishnama Raja as an Independent Director and found the same to be satisfactory and his contributions to the deliberations were beneficial in Board / Committee Meetings.

On the basis of Performance Evaluation of Independent Directors, the Nomination and Remuneration Committee at its meeting held on 23-06-2020 had recommended to extend the term of office of Shri P.A.S. Krishnama Raja by re-appointing his for another period of 5 years starting from 19-05-2021 to 18-05-2026.

He has furnished a declaration Pursuant to Section 149(6) of the Companies Act, 2013 that he meets the criteria of Independent Director and hence eligible for re-appointment as as Independent Director. In accordance with Proviso to Section 152(5) of the Companies Act, 2013, the Board of Directors have also

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

## NOTICE

formed an opinion that Shri P.A.S. Krishnama Raja fulfils the conditions specified in the Companies Act, 2013 for such re-appointment.

Shri P.A.S. Krishnama Raja is eligible for sitting fee for attending Board / Committee Meetings as applicable to the Directors from time to time. His re-appointment is in accordance with Nomination and Remuneration policy of the Company.

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 P.A.S. Krishnama Raja, holds a Degree in Commerce. He has been on the Board of Sandhya Spinning Mill Limited since 2016. He has more than 20 years of experience in Textile Industry.

He is a Director in the following Companies:

1. Tirupathi YarnTex Spinners Private Limited
2. Thanjavur Spinning Mill Limited

He is also a Member in the following Committees:-

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

He holds no shares in Sandhya Spinning Mill Limited.

The draft letter of re-appointment for Shri P.A.S. Krishnama 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 P.A.S. Krishnama Raja, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is 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 Textile Products for the financial year 2020-21.

On the recommendation of the Audit Committee at its meeting held on 23-06-2020, the Board had approved the appointment of M/s. RKMS & Associates, Cost Audit Firm as the Cost Auditors of the Company to audit the Company's Cost Records relating to manufacture of Textile products at a remuneration of ₹ 60,000/- (Rupees Sixty thousand only) plus applicable taxes and out-of-pocket expenses for the financial year 2020-21.

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.

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

**P.R. VENKETRAMA RAJA,  
CHAIRMAN**

Chennai,  
24<sup>th</sup> June, 2020.

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors have pleasure in presenting their 26<sup>th</sup> Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2020.

#### 1. FINANCIAL RESULTS

The financial results for the year ended 31<sup>st</sup> March, 2020 after charging all expenses but before deducting finance cost and depreciation have resulted in operating profit of ₹ 871.60 Lakhs against ₹ 2,054.49 Lakhs for the previous financial year 2018-19.

After deducting ₹ 1,347.53 Lakhs towards finance cost and providing ₹ 704.01 Lakhs towards Depreciation, the Net Loss before tax for the year is ₹ (-)1,179.94 Lakhs, as compared to ₹ (-)196.08 Lakhs for the previous financial year 2018-19. Taking into account Deferred Tax Asset of ₹ 297.18 Lakhs the Net loss before tax for the year is ₹ (-)882.76 Lakhs.

#### 2. SHARE CAPITAL

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

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

#### 3. DIVIDEND

In view of losses as at 31-03-2020, your Directors were unable to recommend any dividend for the current year on the Equity Shares as well as Preference Shares and also your Directors have not made any provisions for payment of Dividend for the Preference Share Capital.

#### 4. TAXATION

The Company is not liable to pay Income tax under regular income tax provisions and Minimum Alternate Tax. An amount of ₹ 297.18 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 acreage for cultivation of cotton during the current cotton season 2019-20 (October to September) has increased at 128 Lakh hectares, which is about 6% higher than 121 Lakh hectares reported in last year due to good rainfall in cotton growing areas. There was a sluggish market condition for cotton yarn across the globe, which resulted in reduction of world cotton prices. However, the cotton prices in India during beginning of the cotton season have not come down to the desired level due to the following reasons:

- (i) The Government of India has increased the Minimum Support Price (MSP) for cotton by 2%;
- (ii) The Cotton Corporation of India (CCI) has commenced the MSP operations across all centers of cotton growing area and covered majority of good quality cotton arrived in the market during the peak cotton season from November, 2019 to March, 2020;
- (iii) CCI, having purchased large volume of cotton under MSP operation, has decided not to sell the cotton below its cost, which created tight supply situation for cotton even during peak arrivals of cotton bales in the market.

**DIRECTORS' REPORT**

As a result, the cotton price in India was not driven by market demand but supported by MSP operations of CCI. The Spinning mills in India were forced to purchase cotton at comparatively higher prices when international prices were falling down, which has affected India's cost competitiveness in the global market. This has not only resulted in de-growth of export volume of yarn, but also paved ways for import of cheaper fabric and garments into India from other countries.

The outbreak of Covid-19 pandemic in India during the latter part of the cotton season has changed the sentiments in the cotton market from April, 2020 onwards and the prices of major varieties of cotton have dropped by more than 20%.

The Company's focus is to produce more value added count and in order to meet the quality requirement of value added counts, more volume high quality imported cotton has been procured whenever the prices are cheaper. This strategy has helped the Company to procure diversified varieties of cotton across the global rather than depending only upon the domestic cotton.

❖ **YARN PRODUCTION**

The production volume has decreased to 36 Lakhs Kgs during the financial year 2019-20 as against 45 Lakhs Kgs of last year, due to the reduction of production capacity and production of value added fine counts of yarn. Some of the ring frames and open end frames have been stopped for few days for shifting of machines and modernization.

❖ **SALE OF YARN**

The sale volume has decreased in line with production and accumulation of stock at the end of the financial year 2019-20. The sale volume for the FY 2019-20 stood at 33.84 Lakh Kgs as compared to 46.93 Lakh Kgs of last year. The sale value of yarn has decreased to ₹ 113.60 Crores during the FY 2019-20 as compared to ₹ 148.66 Crores of last year.

The Textile Industry, especially spinning sector is in the midst of slowdown. The excess spinning capacity in India coupled with poor demand for yarn from overseas markets has led to accumulation of stock and affected the profitability of spinning mills. The cotton yarn export from India during the financial year 2019-20 has been substantially reduced by 30% as compared to financial year 2018-19.

During the past few years, China has been a major importer of cotton yarn from India and during the financial year 2019-20, it has cut down imports of yarn by 50%. During the FY 2019-20, China had imported 2,283 Lakhs Kgs. of cotton yarn from India as against 4,641 Lakhs Kgs during the last FY 2018-19. The reduction was partly due to general sluggishness prevailed in the textile industry and also partly due to outbreak of corona virus (Covid-19) in China during December, 2019. Though the Company is not having any direct exposure to Chinese market, the sudden drop in export volume has created oversupply situation for yarn, which has affected domestic yarn market and yarn price has started falling down very steeply.

The outbreak of Covid-19 in India during January, 2020 has affected production and sales of the Company during the month of March, 2020. Various restrictions have been imposed by both Government of India and State Governments on movement of goods and people and the Company was forced to shut down its operations with effect from 25-03-2020 till 06-05-2020.

The Company is taking steps to attract more customers from overseas market and there is a good demand for our yarn from International customers on account of supply of consistent and superior quality of yarn. The Company's focus on value added customized yarn counts viz. Mercerized Yarn, Gassed Yarn, Slub Yarn, Core Spun Yarn, Linen yarn, Melange Yarn etc., will be helpful to mitigate the impact to some extent.

**DIRECTORS' REPORT**

The Company is taking various steps to expand its market presence both in domestic and international markets and hope to achieve higher volume of sales in value added yarns in the forthcoming years.

❖ **POWER COST**

During the financial year 2019-20, the Company was able to consume power from its own wind farms to the extent of 53% of total power requirement. Because of lower power generation from wind mills, the Company was forced to consume power from other sources which are high cost. In spite of this, the power cost has been decreased during the financial year 2019-20 to ₹ 11.33 Crores as compared to ₹ 12.50 Crores incurred during previous year, due to reduced production capacity and also because of various energy conservation measures taken by the Company.

❖ **FINANCE COST**

The Finance cost has decreased from ₹ 1,352.88 Lakhs to ₹ 1,347.53 Lakhs, a decline of 0.40% mainly due to repayment and closure of higher ROI loans during the year and reduction or working capital interest rate.

**6. EXPORTS**

We have made export of Cotton Yarn (including merchant exports) for a ₹ 59.88 Crores as against ₹ 76.34 Crores of the previous year.

**7. MODERNISATION**

As a part of continuous thrust on modernization programme, the Company has invested about ₹ 9.43 Crores for investment in textile machinery & equipments like Double Apron Conversion, Top Arm conversion, Compact conversion, wet splicer installation etc.,

**8. PROSPECTS FOR THE CURRENT YEAR**

The outbreak of deadly pandemic Covid-19 is creating worst ever historical crisis all over the world. All the major economies are getting affected due to this pandemic. Majority of the Governments across the globe have announced lockdown of manufacturing facilities / malls / retail out-lets, which has resulted in grinding halt of demand for various products including textile products. Cotton Association of India has revised its estimate of cotton crop for the season 2019-20 to 330 lakhs bales, 24.50 lakhs bales lower than its previous forecast, as most ginning mills were shut down following nationwide lockdown to curb COVID-19 and lack of labour. In order to mitigate the crisis, the Government of India & other government agencies have announced various steps including granting moratorium of principal repayment of term loan and interest payment on term loan / working capital loans. These measures, though will be helpful in managing the short-term cash flow of the Company, more measures & support from the Governments are needed to cope up with the current situation.

The Company's long term strategy on the following areas would definitely be helpful in managing this unprecedented tough situation:

- (a) The Company is having sufficient stock of good quality cotton of both imported & indigenous varieties, which will be helpful in un-interrupted production & supply of yarn to our customers.
- (b) The Company has developed strong customer base and also strengthened its infrastructure to manufacture any kind of yarn demanded by the customers.
- (c) Due to good work practices and cordial relationship with workers for the last 3 decades, we are able to attract all our employees from nearby locations of our Mills. Once the Governments announced

**DIRECTORS' REPORT**

the lifting of lockdown order, the Company has immediately resumed the production and sales activity.

- (d) Employees at all levels are trained in Japanese management practices viz., 5S and Total Productive Maintenance (TPM) and their training in these areas will be helpful in implementing various cost cutting measures to mitigate the crisis.
- (e) The Company is already implementing various measures to reduce the power consumption in all departments and is poised to excel as best spinning mills on power consumption standards.
- (f) The Company's decision to make rapid investments in automation and optimization of various production parameters will further improve quality of yarn and cost effective production.

Efforts are being taken continuously to scale up the production & sale of value added counts like Mercerized yarn, Gassed Yarn, Slub Yarn, core spun yarn, Linen Yarn, Melange Yarn, etc., which will replace commodity counts in the forthcoming years. With the flexibility to produce value added super fine counts, the Company will continue to make efforts in expanding the marketing activities across the globe to sustain its operations.

**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 170 Lakhs Kwh as compared to 187 Lakhs Kwh of the previous year. The wind availability / velocity during the financial year 2019-20 was low as compared to the financial year 2018-19. 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 ₹ 11.33 Crores as against ₹ 12.50 Crores of previous year.

**10. INTERNAL FINANCIAL CONTROLS**

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

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

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

**12. DIRECTORS**

The Board of Directors at their Meeting held on 28-05-2019, based on the recommendation of the Nomination and Remuneration Committee, have re-appointed Smt. B. SriSandhya Raju as Managing Director for a further period of 3 years starting from 01-04-2020. The Shareholders of the Company have approved her re-appointment at the AGM held on 14-08-2019, by passing a Special Resolution.

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. Shri S. Kanthimathinathan (DIN: 01124581)



**DIRECTORS' REPORT**

The Independent directors hold office for a fixed term of 5 years and are not liable to retire by rotation. 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.

Independent Directors have complied with the code for Independent Directors prescribed in Schedule IV of the Companies Act, 2013.

The Company had formulated a Code of Conduct for the Directors and Senior Management Personnel and the same has been complied with.

At the Annual General Meeting held on 10-08-2016, Shri P.A.S. Krishnama Raja was appointed as an Independent Director for a period of 5 consecutive years commencing 19-05-2016 to 18-05-2021. He is eligible for re-appointment for another period of 5 years as an Independent Director from 19-05-2021 to 18-05-2026. In accordance with Section 149(10) of the Companies Act, 2013, his re-appointment has been proposed in the notice convening the Annual General Meeting as Special Resolution. His profile and rationale for re-appointment have been provided in the statement pursuant to Section 102 of the Companies Act, 2013 attached to the notice convening the Annual General Meeting.

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

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.

As per Provision to Section 178(4), the salient features of the Nomination and Remuneration Policy should be disclosed in the Board's Report. Accordingly, the following disclosures are given:

Salient Features of the Nomination and Remuneration Policy:

The objective of the Policy is to ensure that:

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- (c) remuneration to directors, key managerial personnel and senior management shall be appropriate to the working of the company and its goals; and
- (d) to carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notifications, amendment or modification as may be applicable.

The Nomination and Remuneration Committee and this Policy shall be in compliance with the Companies Act, 2013.

**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 and its Members and other required matters.

The Nomination and Remuneration Committee has laid down evaluation criteria for performance evaluation of Independent Directors, which will be based on attendance, expertise and contribution brought in by the Independent Director at the Board Meeting, which shall be taken into account at the time of reappointment of Independent Director.

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

## DIRECTORS' REPORT

The Board of Directors have evaluated the performance of Independent Directors and observed the same to be satisfactory and their deliberations beneficial in Board / Committee meetings.

The Board of Directors have reviewed and observed that the evaluation frame work of the Board of Directors was adequate and effective

The Board's observations on the evaluations for the year under review were similar to their observations for the previous year. No specific actions have been warranted based on current year observations. The Company would continue to familiarize its Directors on the industry, technological and statutory developments, which have a bearing on the Company and the industry, so that Directors would be effective in discharging their expected duties.

### 14. MEETINGS

#### MEETINGS OF THE BOARD

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

Sl. No.	Name of the Director, Director Identification Number (DIN) & Directorship	Board Meetings held on					Attendance at Last AGM 14-08-2019
		19-04-2019	28-05-2019	13-08-2019	12-11-2019	12-02-2020	
1	Shri. P.R. Venketrama Raja Chairman DIN:00331406, Directorship: P & NE	Yes	Yes	Leave	Yes	Yes	Leave
2	Smt. B. SriSandhya Raju Managing Director , DIN:02325596, Directorship: P & E	Yes	Yes	Leave	Leave	Leave	Leave
3	Smt. R. Sudarsanam DIN:00433926, Directorship: P & NE	Yes	Yes	Yes	Yes	Yes	Yes
4	Smt. P.V. Nirmala Raju DIN:00474960, Directorship: P & NE	Yes	Yes	Yes	Yes	Leave	Yes
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 a separate meeting of the Independent Directors was held on 11-02-2020 and all the Independent Directors were present at the meeting.

During the year under review, no Independent Director has resigned.

### 15. MEETINGS OF THE COMMITTEE:

#### AUDIT COMMITTEE

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

Sl. No.	Name of the Director	Audit Committee Meetings held on			
		27-05-2019	12-08-2019	12-11-2019	12-02-2020
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	Leave

## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

### DIRECTORS' REPORT

The Statutory Auditors, and Head of Internal Audit Department are invitees to the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

The representatives of the Cost Auditor is invited to attend the meeting of the Audit Committee when their reports are tabled for discussion.

### NOMINATION AND REMUNERATION COMMITTEE MEETING

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

Sl. No.	Name of the Director	NRC Meeting held on	
		19-04-2019	27-05-2019
1.	Shri N.K. Shrikantan Raja Chairman of the Committee	Yes	Yes
2.	Shri S. Kathimathinathan	Yes	Yes
3.	Shri P.A.S. Krishnama Raja	Yes	Yes

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

Sl. No.	Name of the Director	CSR Meeting held on 27-05-2019
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 attendance of its Members at the Stakeholders Relationship Committee Meeting are as follows:

Sl. No.	Name of the Director	Stakeholders Relationship Committee Meeting had on 10-02-2020
1.	Shri N.K. Shrikantan Raja Chairman of the Committee	Yes
2.	Shri.S.Kathimathinathan	Yes

### 16. SECRETARIAL STANDARD

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

### 17. PUBLIC DEPOSITS

Pursuant to Rule 8(5)(v) & (vi) of Companies (Accounts) Rules, 2014, it is reported that the Company has not accepted any deposit from public during the financial year under review. There was no outstanding of deposits as on 31-03-2020 (Previous year : Nil). The Company has no deposit, which is not in compliance with the Chapter V of the Companies Act, 2013.

The Company has received a sum of ₹ 7.90 Crores from Directors as deposit / loan during the financial year 2019-20. It has repaid an amount of ₹ 0.10 crore during the year 2019-20. The loans from Directors are not treated as deposits under Chapter V of the Companies Act, 2013.

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

## DIRECTORS' REPORT

### 18. 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.

### 19. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

- the Company has not given any loans or guarantee during the year 2019-20 under Section 186 of the Companies Act, 2013.
- the particulars of the investment is provided under Note No. 11 and Note No. 27 (13) (g) respectively of Notes forming part of financial statements.

### 20. 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."

The CSR obligation Pursuant to Section 135 (5) of the Companies Act, 2013 for the year 2019-20 is ₹ 6.43 Lakhs. As against this, the Company has spent ₹ 1.82 Lakhs on CSR, leaving a short fall of ₹ 4.61 Lakhs. Because of want of identification on project the short fall had occurred.

Details of CSR spent during the financial year is detailed below:

(₹ in Lakhs)

CSR Project (or) Activity Identified	Sector in which the project is covered	Projects or Programmes (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount Outlay (Budget) Project or Program wise	Amount Spent on the Project or Program Sub-heads: (1) Direct Expenditure on Project or Programs (2) Overheads:	Cumulative Expenditure upto reporting period	Amount Spent Direct or through Implementing Agency
Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga. [Clause (iv)]	Ensuring Environmental Sustainability	Virudhunagar District (Tamil Nadu)	1.82	1.82	1.82	1.82

### 21. AUDITORS

#### STATUTORY AUDIT

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

**DIRECTORS' REPORT**

The report of the Statutory Auditors for the year ended 31<sup>st</sup> March, 2020 does not contain any qualification, reservation or adverse remark and no instance of fraud has been reported by Auditors under Section 143(12) of Companies Act, 2013.

**COST AUDIT**

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

The Board of Directors had approved the appointment of M/s. RKMS & Associates, Cost Audit Firm as the Cost Auditors of the Company to audit the Company's Cost Records relating to manufacture of textile products for the year 2020-21 at a remuneration of ₹ 0.60 Lakhs, plus applicable taxes and out-of-pocket expenses.

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

The Cost Audit Report for the financial year 2018-19 due to be filed with Ministry of Corporate Affairs by 30-09-2019 had been filed on 09-09-2019. The Cost Audit Report for the financial year 2019-20 is due to be filed within 180 days from the closure of the financial year and will be filed within the stipulated period.

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

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

**23. EXTRACT OF ANNUAL RETURN**

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

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

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

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

**25. INDUSTRIAL RELATIONS AND PERSONNEL**

The Company has 807 employees as on 31-03-2020. Industrial relations with employees remained cordial during the year. Human Resources Development activities received considerable focus. The emphasis was on imparting training and development of the skill-set of the employees to enable them to face the challenges in the work environment.

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

**DIRECTORS' REPORT**

**26. 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 - 24 (Related Party Disclosure), the details of transactions with the related parties are set out in Note No:27 (13) of disclosures forming part of Financial Statements.

**27. RISK MANAGEMENT POLICY**

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

**28. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (a) they had followed the applicable accounting standards along with proper explanation relating to material departures, if any, in the preparation of the Annual accounts for the year ended 31<sup>st</sup> March, 2020;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2020 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.

Chennai,  
24<sup>th</sup> June, 2020.

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

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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## ANNEXURE I TO DIRECTORS' REPORT

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo [Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of Companies (Accounts) Rules 2014 ]

#### A. CONSERVATION OF ENERGY

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

- (i) the steps taken on conservation of energy; : Installation of 2 No., Energy efficient Transformers.  
: Replacement from Elite Suction System to Common Duct Systems.  
: Introduction of parking time in Overhead cleaners for running time optimization.  
Blow Room Unifloc suction motor setting optimization.  
Reduction of air leakage by arresting air leakage points.  
Optimization of suction pressure in Spinning Comber and Humidification plants.
- Impact on Conservation of energy : The above steps have resulted in power saving of 3 Lakhs units per annum.
- (ii) the steps taken by the Company for utilising alternate sources of energy; : NIL
- (iii) the capital investment or energy conservation equipments; : NIL

#### B. TECHNOLOGY ABSORPTION:

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

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

The Foreign Exchange earned in terms of actual inflows : ₹ 5,134.11 Lakhs during the year and

The Foreign Exchange outgo during the year in terms of : ₹ 3,707.59 Lakhs actual outflows.

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

**P.R. VENKETRAMA RAJA,**  
**CHAIRMAN**

Chennai,  
24<sup>th</sup> June, 2020.

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

## ANNEXURE II TO DIRECTORS' REPORT

### Form MGT - 9

#### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31<sup>st</sup> March, 2020

[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	99.02%

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

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



**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**

**ANNEXURE II TO DIRECTORS' REPORT**

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

**i) Category-Wise Share Holding**

Category of Shareholder		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>Promoters</b>									
<b>(1)</b>	<b>Indian</b>									
a)	Individuals/ Hindu Undivided Family	32,580	41,99,200	42,31,780	92.00	38,68,680	4,18,600	42,87,280	93.20	1.20
b)	Central Government	-	-	-	-	-	-	-	-	-
c)	State Government(s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corporate	-	-	-	-	-	-	-	-	-
e)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
f)	Any Others...	-	-	-	-	-	-	-	-	-
	<b>Sub Total (A) (1)</b>	<b>32,580</b>	<b>41,99,200</b>	<b>42,31,780</b>	<b>92.00</b>	<b>38,68,680</b>	<b>4,18,600</b>	<b>42,87,280</b>	<b>93.20</b>	<b>1.20</b>
<b>(2)</b>	<b>Foreign</b>									
a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
b)	Other Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
e)	Any Others	-	-	-	-	-	-	-	-	-
	<b>Sub Total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoter (A) = (A) (1) + (A) (2)</b>		<b>32,580</b>	<b>41,99,200</b>	<b>42,31,780</b>	<b>92.00</b>	<b>38,68,680</b>	<b>4,18,600</b>	<b>42,87,280</b>	<b>93.20</b>	<b>1.20</b>
<b>B.</b>	<b>Public shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
a)	Mutual Funds	-	-	-	-	-	-	-	-	-
b)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
c)	Central Government	-	-	-	-	-	-	-	-	-
d)	State Government(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Others (specify)	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B) (1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>B (2)</b>	<b>Non-institutions</b>									
<b>a)</b>	<b>Bodies Corporate</b>									
i)	Indian	-	-	-	-	-	-	-	-	-
ii)	Overseas	-	-	-	-	-	-	-	-	-
<b>b)</b>	<b>Individuals</b>									
i)	Individual shareholders holding nominal share capital up to ₹ 1 lakh*	11,460	3,41,500	3,52,960	7.67	14,140	2,83,320	2,97,460	6.47	(1.20)
ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	-	-	-	-	-	-	-	-	-
(c)	Others (specify)									
	IEPF	15,260	-	15,260	0.33	15,260	-	15,260	0.33	-
	<b>Sub-Total (B) (2)</b>	<b>26,720</b>	<b>3,41,500</b>	<b>3,68,220</b>	<b>8.00</b>	<b>29,400</b>	<b>2,83,320</b>	<b>3,12,720</b>	<b>6.80</b>	<b>(1.20)</b>
<b>B</b>	<b>Total Public Shareholding (B) = (B) (1) + (B) (2)</b>	<b>26,720</b>	<b>3,41,500</b>	<b>3,68,220</b>	<b>8.00</b>	<b>29,400</b>	<b>2,83,320</b>	<b>3,12,720</b>	<b>6.80</b>	<b>(1.20)</b>
<b>C)</b>	<b>Shares held by Custodians for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL (A) + (B) + (C)</b>		<b>59,300</b>	<b>45,40,700</b>	<b>46,00,000</b>	<b>100.00</b>	<b>38,98,080</b>	<b>7,01,920</b>	<b>46,00,000</b>	<b>100.00</b>	<b>0.00</b>

## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

### ANNEXURE II TO DIRECTORS' REPORT

#### ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	
1.	Shri P R Venketrama Raja	42,000	0.91	-	42,000	0.91	-	-
2.	Smt. B. Sri Sandhya Raju	35,45,780	77.08	-	36,01,280	78.28	-	1.20
3.	Smt. R Sudarsanam	43,400	0.95	-	43,400	0.95	-	-
4.	Smt. P.V. Nirmala Raju	42,000	0.91	-	42,000	0.91	-	-
5.	Shri P. V. Abinav Ramasubramaniam Raja	1,40,000	3.04	-	1,40,000	3.04	-	-
6.	Master Vikramaditya Raju M/G. Smt. B. SriSandhya Raju	4,18,600	9.10	-	4,18,600	9.10	-	-
	<b>TOTAL</b>	<b>42,31,780</b>	<b>92.00</b>	<b>-</b>	<b>42,87,280</b>	<b>93.20</b>	<b>-</b>	<b>1.20</b>

#### iii) Change in Promoter's Shareholding

Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
No. of Shares at the beginning (01-04-2019 / end of the year 31-03-2020)	% of total Shares of the Company				No. of Shares	% of total shares of the Company
42,31,780	92.00	01-04-2019 to 30-06-2019	29,090	Transfer		
		01-07-2019 to 30-09-2019	10,620	Transfer		
		01-10-2019 to 31-12-2019	10,070	Transfer		
		01-01-2020 to 31-03-2020	5,720	Transfer	42,87,280	93.20

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**

**ANNEXURE II TO DIRECTORS' REPORT**

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

Sl. No.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	Sri K. Venkatapathi Raju	7,000	0.15	-	-	-	7,000	0.15
2	Smt. K. Vishalakshmi Raju	7,000	0.15	-	-	-	7,000	0.15
3	Sri G. Madhava varma	7,000	0.15	-	-	-	7,000	0.15
4	Sri G.V. Ranga Raju	7,000	0.15	-	-	-	7,000	0.15
5	Smt Divya Raju	7,000	0.15	-	-	-	7,000	0.15
6	Smt. Archita Bhagat	7,000	0.15	-	-	-	7,000	0.15
7	Smt. Gokaraju Sailaja	5,000	0.11	-	-	-	5,000	0.11
8	Sri P. Prakash	4,200	0.09	-	-	-	4,200	0.09
9	Sri S. Ramachandran	4,200	0.09	-	-	-	4,200	0.09
10	Sri P. Mukesh HUF	3,720	0.08	-	-	-	3,720	0.08

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1.	Shri P.R. Venketrama Raja	42,000	0.91	N.A.	N.A.	N.A.	42,000	0.91
2.	Smt. R. Sudarsanam	43,400	0.95	-	-	-	43,400	0.95
3.	Smt. B. SriSandhya Raju	35,45,780	77.08	-	-	-	-	-
				01-04-2019 to 30-06-2019	29,090	Transfer	35,74,870	77.71
				01-07-2019 to 30-09-2019	10,620	Transfer	35,85,490	77.94
				01-10-2019 to 31-12-2019	10,070	Transfer	35,95,560	78.16
				01-01-2020 to 31-03-2020	5,720	Transfer	36,01,280	78.28
4.	Smt. P.V. Nirmala Raju	42,000	0.91	-	-	-	42,000	0.91
5.	Shri. N.K. Shrikantan Raja	-	-	-	-	-	-	-
6.	Shri S. Kanthimathinathan	-	-	-	-	-	-	-
7.	Shri. P.A. Krishnama Raja	-	-	-	-	-	-	-
8.	Shri V. Gurusamy	-	-	-	-	-	-	-

## SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

### ANNEXURE II TO DIRECTORS' REPORT

#### V. INDEBTEDNESS

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

(₹ in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the Beginning of the financial year</b>				
i) Principal Amount	13,009	3,021	-	16,030
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>TOTAL (i+ii+iii)</b>	<b>13,009</b>	<b>3,021</b>	<b>-</b>	<b>16,030</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	1,945	-	1,945
Reduction	(1,867)	(124)	-	(1,991)
<b>Net Change</b>	<b>(1,867)</b>	<b>1,821</b>		<b>(46)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	11,142	4,842	-	15,984
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>TOTAL (i+ii+iii)</b>	<b>11,142</b>	<b>4,842</b>	<b>-</b>	<b>15,984</b>

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

## ANNEXURE II TO DIRECTORS' REPORT

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

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

Sl. No.	Particulars of Remuneration	Smt. B. SriSandhya Raju, Managing Director	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	120.00	120.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission as % of profit	-	-
5	Others:		
	Sitting Fees	0.30	0.30
	Contribution to Provident Fund	14.40	14.40
	Contribution to Superannuation Fund	1.50	1.50
6	Others	-	-
	<b>TOTAL (A)</b>	<b>136.20</b>	<b>136.20</b>
	Ceiling as per Act	Managing Director remuneration is fixed at 5% of net profits of the Company and in case, no profits or inadequacy of profits, the Managing Director shall be paid the maximum remuneration as per Section II, Part II of Schedule V of the Companies Act, 2013 which works out of ₹ 135.90 Lakhs plus applicable sitting fees.	

#### B. Remuneration to other Directors:

##### 1. Independent Directors

Particulars of Remuneration	Name of the Directors		Total Amount
	Shri N.K. Shrikantan Raja	Shri P.A.S. Krishnama Raja	
Fee for attending Board / Committee meetings	1.80	1.35	3.15
Commission	-	-	-
Others	-	-	-
<b>TOTAL B (1)</b>	<b>1.80</b>	<b>1.35</b>	<b>3.15</b>

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

Particulars of Remuneration	Name of the Directors				Total Amount
	Shri P.R. Venketrama Raja	Smt. R. Sudarsanam	Smt. P.V. Nirmala Raju	Shri S. Kanthimathinathan	
Fee for attending board /committee meetings	0.75	0.75	0.60	1.65	3.75
Commission	-	-	-	-	-
Others	-	-	-	-	-
<b>TOTAL B (2)</b>	<b>0.75</b>	<b>0.75</b>	<b>0.60</b>	<b>1.65</b>	<b>3.75</b>
<b>TOTAL B (1) + B (2)</b>					<b>6.90</b>

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

## ANNEXURE II TO DIRECTORS' REPORT

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

Sl. No	Particulars of Remuneration	Key Managerial Personnel	
		Shri V. Gurusamy Company Secretary	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	23.73	23.73
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- Others, specify...	-	-
5	Others, please specify	-	-
	<b>TOTAL</b>	23.73	23.73

### VII. PENALTIES/ PUNISHMENT / COMPOUNDING OF OFFENCES:

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

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

**P.R. VENKETRAMA RAJA,  
CHAIRMAN**

Chennai,  
24<sup>th</sup> June, 2020.

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

## ANNEXURE III TO DIRECTORS' REPORT

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

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

Particulars of Top 10 Employees in terms of remuneration drawn and Particulars of Employees, employed throughout the Financial Year 2019-20 and was in receipt of remuneration in the aggregate of not less than ₹ 102 Lakhs.

Sl. No.	Name	Age (Yrs)	Designation	Remuneration Paid / Payable ₹ in Lakhs	Qualification and experience (Years)	Date of Commencement of employment	Last Employment
1	Smt. B. SriSandhya Raju	33	Managing Director	135.90	11 Years	May 25,2009	-
2	Sri V. Gurusamy	62	AVP(F) cum Secretary	23.73	B.Com, F.C.A, A.C.S (36)	April, 19, 2019	-
3	Sri S. Ilango	51	AGM(W)	9.93	D.T.T., B.B.A (31)	June 17, 2019	Bala Balajee Textiles Limited
4	Sri D. Sureshkumar	40	S.M (Production)	7.24	D.T.T. (7)	September 1, 2013	Loyal Textiles Limited
5	Sri P. Subramanian	47	D.M (Electrical)	6.57	D.E.E.E. (15)	February 21, 2005	Amaravathi Spinning Mill Limited
6	Sri G. Perumal Raj	51	D.M (Civil)	6.23	D.C.E (30)	July 11, 1990	-
7	Sri S. Muthuvel	48	D.M (Production)	6.01	D.T.T. (26)	October 19,1994	-
8	Sri P. Ganesh	46	D.M (Human Resources)	5.51	D.C.P., M.L.M (25)	May 24, 1995	-
9	Sri K. Balasubramanian	45	A. M (Material)	5.48	B.Com (17)	February 7, 2003	-
10	Sri B. Sivakumar	45	A. M. (Maintenance)	5.35	D.T.T (13)	November 30, 2007	-
11	Sri S. Vaithiyathan	41	J.M (Accounts)	5.25	B.Com., CA (Inter) (8)	July 4, 2012	-

#### NOTE:

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

Chennai,  
24<sup>th</sup> June, 2020.

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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## INDEPENDENT AUDITOR'S REPORT

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

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the accompanying financial statements of Sandhya Spinning Mill Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2020, the Statement of Profit and Loss and the Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2020, its Profit and its Cash Flow for the year ended on that date.

##### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

##### Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the Other Information. The Other Information comprise the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our Auditor's Report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance, and Cash Flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions



**AUDITORS' REPORT TO SHAREHOLDERS**

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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibility**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (ii) Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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## AUDITORS' REPORT TO SHAREHOLDERS

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Report on Other Legal and Regulatory Requirements

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.

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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report agree with the books of account.
- d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March 2020 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) We have enclosed our report in "Annexure B" with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- 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. As per information and explanations given to us, the Company does not have any pending litigations as at 31<sup>st</sup> March 2020;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts that were required to be transferred by the Company to the Investor Education and Protection Fund.

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

K SRINIVASAN  
Partner

Membership No. 21510  
UDIN: 20021510AAAACJ2489

Trichy  
24<sup>th</sup> June, 2020.

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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## AUDITORS' REPORT TO SHAREHOLDERS

### “Annexure A” to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirements' of our report of even date to the Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2020:

- 1) Fixed Assets
    - 1.1 The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
    - 1.2 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.
    - 1.3 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.
  - 2) Inventory
    - 2.1 The Management has conducted the physical verification of inventory at reasonable intervals.
    - 2.2 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.
  - 3) The Company has not granted any loans to parties listed in the Register maintained under Section 189 of the Act.
  - 4) 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.
  - 5) 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.
  - 6) According to information and explanations given to us, the company is required to maintain accounts and records which have been specified by the Central Government under Section 148(1) of the Act.
  - 7) Undisputed and disputed taxes and duties
    - 7.1 The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at 31<sup>st</sup> March, 2020 for a period of more than six months from the date they became payable.
    - 7.2 According to the information and explanations given to us, there are no pending disputed taxes.
  - 8) The Company has not defaulted in repayment of dues to Financial Institutions, Banks, Government or Debentures holders.
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# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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## AUDITORS' REPORT TO SHAREHOLDERS

### “Annexure A” to the Independent Auditors' Report

- 9) The Company did not raise any money by way of initial public offer or further public offer. The Company has not raised term loans from Banks / Institutions during the year. The Company has not issued any debentures during the year.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- 11) 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.
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the Management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.
- 15) Based upon the audit procedures performed and the information and explanations given by the Management, the Company has not entered into any non-cash transactions with Directors or persons connected with them. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.
- 16) In our opinion, 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

Trichy  
24<sup>th</sup> June, 2020.

Membership No. 21510  
UDIN: 20021510AAAACJ2489

**AUDITORS' REPORT TO SHAREHOLDERS**

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

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

We have audited the internal financial controls over financial reporting of Sandhya Spinning Mill Limited (“the Company”) as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the Financial Statements of the Company for the year ended on 31<sup>st</sup> March, 2020.

**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.

**Meaning of Internal Financial Controls Over Financial Reporting**

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

# SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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## AUDITORS' REPORT TO SHAREHOLDERS

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

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

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2020, 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

K SRINIVASAN  
Partner

Membership No. 21510  
UDIN: 20021510AAAACJ2489

Trichy  
24<sup>th</sup> June, 2020.

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2020**

(₹ in Lakhs)

	Note	As at 31-03-2020		As at 31-03-2019	
<b>I EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' Fund</b>					
(a) Share Capital	1	760.00		760.00	
(b) Reserves and Surplus	2	<u>(227.73)</u>	532.27	<u>655.03</u>	1,415.03
<b>(2) Non Current Liabilities</b>					
(a) Long Term Borrowings	3	4,879.17		6,910.72	
(b) Deferred Tax Liabilities (Net)	4	714.07		1,011.25	
(c) Long Term Provisions	5	<u>116.34</u>	5,709.58	<u>94.45</u>	8,016.42
<b>(3) Current Liabilities</b>					
(a) Short Term Borrowings	6	9,570.83		7,128.04	
(b) Trade Payables	7	445.42		340.97	
(c) Other Current Liabilities	8	2,278.13		2,159.67	
(d) Short Term Provisions	9	<u>182.76</u>	<u>12,477.14</u>	<u>151.00</u>	<u>9,779.68</u>
<b>Total</b>			<u><u>18,718.99</u></u>		<u><u>19,211.13</u></u>
<b>II ASSETS</b>					
<b>(1) Non Current Assets</b>					
<b>(a) Fixed Assets</b>					
(i) Tangible Assets	10	10,499.03		10,090.90	
(ii) Intangible Assets	10	3.04		3.04	
(iii) Capital Work-in-Progress		73.98		176.60	
(iv) Assets Held for Sales	12	<u>204.84</u>	10,780.89	<u>481.89</u>	10,752.43
<b>(b) Non Current Investments</b>	11		4.86		4.86
<b>(c) Long term Loans and advances</b>	13		362.13		379.38
<b>(2) Current Assets</b>					
(a) Inventories	14	4,123.59		4,172.99	
(b) Trade Receivables	15	2,512.21		2,459.08	
(c) Cash and Cash Equivalents	16	17.25		33.35	
(d) Short Term Loan and Advances	17	337.88		873.55	
(e) Other Current Assets	18	<u>580.18</u>	<u>7,571.11</u>	<u>535.49</u>	<u>8,074.46</u>
<b>Total</b>			<u><u>18,718.99</u></u>		<u><u>19,211.13</u></u>
<b>Significant Accounting Policies</b>	26				
<b>Notes on Financial Statements</b>	27				

The notes form an integral part of these financial statements.

As per our report annexed

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

Smt. B. SRISANDHYA RAJU  
MANAGING DIRECTOR

Shri P.R. VENKETRAMA RAJA  
CHAIRMAN

**K. SRINIVASAN**  
Partner  
Membership No. 21510

Chennai,  
24<sup>th</sup> June, 2020.

**V. GURUSAMY**  
SECRETARY

**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

(₹ in Lakhs)			
	Note No.	For the year ended 31-03-2020	For the year ended 31-03-2019
<b>I</b>			
<b>REVENUE</b>			
<b>Revenue from Operations</b>	19	11,570.17	15,120.11
<b>II</b>			
<b>Other Income</b>	20	50.51	760.98
<b>III</b>			
<b>Total Revenue (I+II)</b>		<u>11,620.68</u>	<u>15,881.09</u>
<b>IV</b>			
<b>EXPENSES</b>			
Cost of Materials Consumed	21	5,865.95	7,592.83
Trade Purchases		730.10	725.54
Changes in Inventories of Finished Goods and Work-in-progress	22	(429.82)	114.33
Employee Benefit Expenses	23	1,414.46	1,517.58
Finance Costs	24	1,347.53	1,352.88
Depreciation and Amortization Expenses		704.01	897.69
Other Expenses	25	3,168.39	3,876.32
<b>Total Expenses</b>		<u>12,800.62</u>	<u>16,077.17</u>
<b>V</b>			
<b>(Loss) / Profit Before Exceptional and     Extraordinary items and Tax (III-IV)</b>		(1,179.94)	(196.08)
<b>VI</b>			
<b>Exceptional &amp; Extraordinary items</b>		-	-
<b>VII</b>			
<b>(Loss) / Profit Before Tax (V-VI)</b>		<u>(1,179.94)</u>	<u>(196.08)</u>
<b>VIII</b>			
<b>Income Tax Expenses</b>			
Current Tax - MAT		-	-
Deferred Tax (Asset) / Liability		(297.18)	(53.96)
<b>Total Tax Expenses</b>		<u>(297.18)</u>	<u>(53.96)</u>
<b>IX</b>			
<b>(Loss) / Profit after Tax (VII-VIII)</b>		<u>(882.76)</u>	<u>(142.12)</u>
<b>X</b>			
<b>Earnings per Equity Share of ₹ 10/- each</b>			
Basic & Diluted (In Rupees) [Refer to Note No.27(12)]		(19.19)	(3.09)
<b>Significant Accounting Policies</b>	26		
<b>Notes on Financial Statements</b>	27		

The notes form an integral part of these financial statements.

As per our report annexed

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

**K. SRINIVASAN**  
Partner  
Membership No. 21510

Chennai,  
24<sup>th</sup> June, 2020.

**Smt. B. SRISANDHYA RAJU**  
MANAGING DIRECTOR

**Shri P.R. VENKETRAMA RAJA**  
CHAIRMAN

**V. GURUSAMY**  
SECRETARY



**SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

		(₹ in Lakhs)	
		2019-20	2018-19
<b>A. Cash flow from Operating activities</b>			
Net Profit before tax and Extraordinary items		(1,179.94)	(196.08)
Adjustments for :			
Depreciation		704.01	897.69
Interest paid		1,347.53	1,352.88
Interest Received		(23.36)	(28.20)
Dividend Received		(0.02)	(0.02)
Loss/(Profit) on sale of assets		43.41	(355.41)
Operating Profit before Working capital Changes		<u>891.63</u>	<u>1,670.86</u>
Adjustments for :			
Trade Receivables		(53.13)	276.04
Loans and Advances		497.04	(223.69)
Inventories		49.40	559.69
Trade Payables & Current liabilities		236.44	810.27
Cash generated from Operations		<u>1,621.38</u>	<u>3,093.17</u>
Income tax Paid		11.19	(11.12)
<b>Net Cash from Operating activities</b>	A	<u><u>1,632.57</u></u>	<u><u>3,082.05</u></u>
<b>B. Cash Flow from Investing activities :</b>			
Purchase of Fixed Assets		(780.31)	(186.57)
Purchase of Investments		-	(0.19)
Sale of assets		4.43	1,322.55
Interest received		23.36	28.20
Dividend received		0.02	0.02
<b>Net Cash used in Investing activities</b>	B	<u><u>(752.50)</u></u>	<u><u>1,164.01</u></u>
<b>C. Cash Flow from Financing activities :</b>			
Proceeds from Long Term borrowings		-	3,000.00
Repayment of Long Term Loan		(1,991.43)	(3,019.43)
Availment of Short Term Borrowings (Net)		2,442.79	(2,932.87)
Payment of Dividend and Tax thereon		-	(27.12)
Interest Paid		(1,347.53)	(1,352.88)
<b>Net cash used in Financing Activities</b>	C	<u><u>(896.17)</u></u>	<u><u>(4,332.30)</u></u>
<b>Net Increase in Cash and Cash Equivalent</b>	(A+B+C)	<u><u>(16.10)</u></u>	<u><u>(86.24)</u></u>
<b>Opening balance of Cash and Cash Equivalents</b>	D	33.35	119.59
<b>Closing balance of Cash and Cash Equivalents</b>	E	17.25	33.35
<b>Net Increase in Cash and Cash Equivalent</b>	(E-D)	<u><u>(16.10)</u></u>	<u><u>(86.24)</u></u>

The notes form an integral part of these financial statements.

As per our report annexed

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

**K. SRINIVASAN**  
Partner  
Membership No. 21510

Chennai,  
24<sup>th</sup> June, 2020.

**Smt. B. SRISANDHYA RAJU**  
MANAGING DIRECTOR

**Shri P.R. VENKETRAMA RAJA**  
CHAIRMAN

**V. GURUSAMY**  
SECRETARY

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

(₹ in Lakhs)

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Note No. 1</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
60,00,000 Equity Shares of ₹ 10/- each (PY 60,00,000 Equity Shares of ₹ 10/- each)	600.00	600.00
40,00,000, 7.50% Cumulative Redeemable Preference Shares of ₹ 10/- each (PY 40,00,000 Cumulative Redeemable Preference Shares of ₹ 10/- each)	400.00	400.00
	<u>1,000.00</u>	<u>1,000.00</u>
<b>Issued, Subscribed and fully paid-up</b>		
46,00,000 Equity Shares of ₹ 10/- each (PY 46,00,000 Equity Shares of ₹ 10/- each)	460.00	460.00
30,00,000, 7.50% Cumulative Redeemable Preference Shares of ₹ 10/- each* (PY 30,00,000, 7.50% Cumulative Redeemable Preference Shares of ₹ 10/- each)	300.00	300.00
	<u>760.00</u>	<u>760.00</u>

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

Particulars	As at 31-03-2020		As at 31-03-2019	
	No. of Shares	Amount	No. of Shares	Amount
<b>Equity Shares</b>				
Number of shares at the beginning	46,00,000	460.00	46,00,000	460.00
Number of Shares at the end	46,00,000	460.00	46,00,000	460.00
<b>Preference Shares</b>				
Number of shares at the beginning	30,00,000	300.00	30,00,000	300.00
Number of Shares at the end	30,00,000	300.00	30,00,000	300.00

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

Particulars	As at 31-03-2020		As at 31-03-2019	
	No. of Shares	% of holding	No. of Shares	% of holding
<b>(I) Equity Shares</b>				
Smt.B. SriSandhya Raju	3,601,280	78.29%	3,545,780	77.08%
Master Vikramaditya Raju, M/G Smt.B. SriSandhya Raju	418,600	9.10%	418,600	9.10%
<b>(II) 7.50% Cumulative Redeemable Preference Shares</b>				
Smt.B. SriSandhya Raju	3,000,000	100.00%	3,000,000	100.00%

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

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

Particulars	As at		(₹ in Lakhs)	
	31-03-2020		31-03-2019	
<b>Note No. 2</b>				
<b>Reserves and Surplus</b>				
<b>Securities Premium Reserve</b>				
Balance as per Last Financial Statement		58.37		58.37
<b>General Reserve</b>				
Balance as per Last Financial Statement	643.58		643.58	
<b>Add:</b> Transfer from Surplus Account	-	643.58	-	643.58
<b>Surplus in the statement of Profit and Loss</b>				
Opening Balance	(46.92)		95.20	
<b>Add:</b> (Loss) / Profit for the Year	(882.76)	(929.68)	(142.12)	(46.92)
Transfer to General Reserve		(227.73)		655.03

**Note No. 3**

**Long Term Borrowings**

**Secured**

Term Loan from Banks	3,304.17	5,135.72
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**Unsecured**

Term Loan from Banks	500.00	700.00
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Loan from Other Parties	1,075.00	1,075.00
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	<u>4,879.17</u>	<u>6,910.72</u>
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- a) Term Loan from Banks are secured by pari-passu first charge on the fixed assets of the Company and a pari-passu second charge on the current assets of the Company.
- b) The Long Term Loans borrowings from Banks are repayable in quarterly/half yearly installments. The year wise repayment of Term Loans are as follows:

Year	Amount	Amount
2020-21	-	2,635.72
2021-22	2,454.17	2,100.00
2022-23	1,100.00	1,100.00
2023-24	250.00	-
<b>Total</b>	<b>3,804.17</b>	<b>5,835.72</b>

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

Particulars	As at 31-03-2020	As at 31-03-2019
<b>(₹ in Lakhs)</b>		
<b>Note No. 4</b>		
<b>DEFERRED TAX LIABILITY (NET)</b>		
<b>Deferred Tax Liability</b>		
Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	1,964.95	2,108.62
<b>Deferred Tax Asset</b>		
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	(1,202.87)	(1,048.65)
Tax effect on Provision for Bonus and Leave Encashment	(48.01)	(48.72)
Net Deferred Tax Liability	<u>714.07</u>	<u>1,011.25</u>
<b>Note No. 5</b>		
<b>Long Term Provisions</b>		
Provision for Employee Benefits	116.34	94.45
	<u>116.34</u>	<u>94.45</u>
<b>Note No. 6</b>		
<b>Short term Borrowings</b>		
<b>Secured</b>		
Loan Repayable on Demand from Banks *	5,803.82	5,882.05
<b>Unsecured</b>		
Loan Repayable on Demand from Banks	2,302.67	582.48
Loan from Related Parties [Refer Note No.27(13)(e)]	665.99	653.99
Loan from Related Parties [Refer Note No.27(7)]	798.35	9.52
	<u>9,570.83</u>	<u>7,128.04</u>
* Loan Repayable on Demand from Banks are secured by pari-passu first charge on the current assets of the Company and a pari-passu second charge on the fixed assets of the Company.		
<b>Note No. 7</b>		
<b>Trade Payables</b>		
Trade Payables	445.42	340.97
	<u>445.42</u>	<u>340.97</u>
<b>Note No. 8</b>		
<b>Other Current Liabilities</b>		
Current Maturities of Long Term Debt	2,031.54	1,991.43
Unclaimed Dividends	1.26	1.26
Liabilities for Other Finance	245.33	166.98
	<u>2,278.13</u>	<u>2,159.67</u>
<b>Note No. 9</b>		
<b>Short Term Provisions</b>		
Provision for Employee Benefits	182.76	151.00
	<u>182.76</u>	<u>151.00</u>

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

Note No. 10

**FIXED ASSETS**

(₹ in Lakhs)

Particulars	Year	Gross block				Depreciation				Net block			
		Cost as at 01-04-2019	Additions made during the year	Sold / withdrawn during the year	Transfer to Investment Property & Asset Held for Sale	Cost as at 31-03-2020	Up to 31-03-2019	For the year	Withdrawn	Transfer to Investment Property & Asset Held for Sale	Up to 31-03-2020	As At 31-03-2020	As at 31-03-2019
<b>Tangible Assets</b>													
Land	2019-20	267.83	-	-	-	267.83	-	-	-	-	-	267.83	267.83
	2018-19	278.50	-	10.67	-	267.83	-	-	-	-	-	267.83	278.50
Buildings	2019-20	2,587.23	143.98	-	-	2,731.21	1,087.67	49.94	-	1,137.61	1,593.60	1,499.56	1,499.56
	2018-19	2,584.52	2.71	-	-	2,587.23	1,009.61	78.06	-	1,087.67	1,499.56	1,574.91	1,574.91
Plant and machinery	2019-20	17,516.72	961.19	138.86	-	18,339.05	9,352.97	628.79	91.23	9,890.53	8,448.52	8,163.75	8,163.75
	2018-19	19,999.23	187.55	1,740.28	929.78	17,516.72	9,736.34	749.47	799.37	9,352.97	8,163.75	10,262.89	10,262.89
Electrical machinery	2019-20	681.18	47.13	4.26	-	724.05	619.87	6.00	4.05	621.82	102.23	61.31	61.31
	2018-19	996.75	-	3.07	312.50	681.18	847.21	47.28	1.63	619.87	61.31	149.54	149.54
Furniture & Office Equipments	2019-20	131.37	6.95	-	-	138.32	111.79	6.90	-	118.69	19.63	19.58	19.58
	2018-19	155.16	4.33	21.95	6.17	131.37	116.37	8.86	7.83	111.79	19.58	38.79	38.79
Vehicles	2019-20	104.61	0.73	-	-	105.34	25.74	12.38	-	38.12	67.22	78.87	78.87
	2018-19	117.21	0.72	-	13.32	104.61	24.37	14.02	-	25.74	78.87	92.84	92.84
<b>Total - Tangible Assets</b>	2019-20	21,288.94	1,159.98	143.12	-	22,305.80	11,198.04	704.01	95.28	11,806.77	10,499.03	10,090.90	10,090.90
	2018-19	24,131.37	195.31	1,775.97	1,261.77	21,288.94	11,733.90	897.69	808.83	11,198.04	10,090.90	12,397.47	12,397.47
<b>Intangible Assets</b>													
Computer Software	2019-20	25.70	-	-	-	25.70	24.42	-	-	24.42	1.28	1.28	1.28
	2018-19	25.70	-	-	-	25.70	24.42	-	-	24.42	1.28	1.28	1.28
Dedicated Feeder Line	2019-20	35.14	-	-	-	35.14	33.38	-	-	33.38	1.76	1.76	1.76
	2018-19	35.14	-	-	-	35.14	33.38	-	-	33.38	1.76	1.76	1.76
<b>Total - Intangible Assets</b>	2019-20	60.84	-	-	-	60.84	57.80	-	-	57.80	3.04	3.04	3.04
	2018-19	60.84	-	-	-	60.84	57.80	-	-	57.80	3.04	3.04	3.04

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

Particulars	(₹ in Lakhs)			
	As at 31-03-2020	As at 31-03-2019		
<b>Note No. 11</b>				
<b>NON-CURRENT INVESTMENTS</b>				
<b>I. Investment in Equity Instruments, Non-Trade</b>				
Name of the Company	No.of. Shares	Total face Value ₹	Cost	Cost
<b>a) Quoted</b>				
Rajapalayam Mills Limited	500	0.05	<b>0.69</b>	0.69
<b>Total quoted Investment (A)</b>			<b><u>0.69</u></b>	<u>0.69</u>
<b>b) Unquoted</b>				
Ontime Industrial Services Limited	20,000	2.00	<b>2.00</b>	2.00
Ramco Windfarms Limited	153,000	1.53	<b>1.53</b>	1.53
ARS.Energy Private Limited	230	0.16	<b>0.63</b>	0.63
<b>Total un-quoted Investment (B)</b>			<b><u>4.16</u></b>	<u>4.16</u>
<b>II. Other Non-current Investment, Non-Trade</b>				
Ramco Group Employees' Co-operative Stores Limited	50	0.01	<b>0.01</b>	0.01
<b>Total other Investment (C)</b>			<b><u>0.01</u></b>	<u>0.01</u>
<b>Aggregate Value of Investments (A+B+C)</b>			<b><u>4.86</u></b>	<u>4.86</u>
<b>Aggregate Value of:</b>				
Quoted Investments - Cost			<b>0.69</b>	0.69
- Market Value			<b>2.49</b>	4.16
Unquoted Investments - Cost			<b>4.16</b>	4.16
<b>Note No. 12</b>				
<b>Assets Held for Sales</b>				
Assets Held for Sales (AP Unit)			<b>204.84</b>	481.89
			<b><u>204.84</u></b>	<u>481.89</u>
<b>Note No. 13</b>				
<b>Long Term Loans and Advances</b>				
<b>Unsecured, considered good</b>				
Security Deposits			<b>362.13</b>	379.38
			<b><u>362.13</u></b>	<u>379.38</u>

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

Particulars	As at 31-03-2020	As at 31-03-2019
(₹ in Lakhs)		
<b>Note No. 14</b>		
<b>Inventories</b>		
Finished Goods	1,193.59	787.19
Raw Materials - Cotton & Cotton Waste	2,110.11	2,604.72
Stores, Spares, Fuel and Packing Materials	78.38	62.99
Work-in-Progress (Cotton Yarn)	741.51	718.09
	<u>4,123.59</u>	<u>4,172.99</u>
Mode of valuation of inventories are disclosed in Significant Accounting Policies in Note 26		
<b>Note No. 15</b>		
<b>Trade Receivables</b>		
<b>Unsecured, considered good</b>		
Trade Receivables less than six months	2,362.41	2,457.03
Trade Receivables more than six months	149.80	2.05
	<u>2,512.21</u>	<u>2,459.08</u>
<b>Note No. 16</b>		
<b>Cash and Bank Balances</b>		
Cash on Hand	0.60	0.80
Balance with Bank		
In Current Account	11.81	1.35
In Deposit Account for Margin Money	3.56	28.58
In Unclaimed Dividend Warrant Account	1.26	1.26
Cheques on hand	0.02	1.36
	<u>17.25</u>	<u>33.35</u>
<b>Note No. 17</b>		
<b>Short Term Loans and Advances</b>		
<b>Unsecured, considered good</b>		
Advance to Suppliers / Others	299.84	824.32
Advance Income-Tax paid and TDS	38.04	49.23
	<u>337.88</u>	<u>873.55</u>
<b>Note No. 18</b>		
<b>Other Current Assets</b>		
Accrued Income	441.74	435.27
Prepaid Expenses	102.19	61.03
Other Current Assets	36.25	39.19
	<u>580.18</u>	<u>535.49</u>

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

Particulars	For the year ended 31-03-2020		For the year ended 31-03-2019	
<b>(₹ in Lakhs)</b>				
<b>Note No. 19</b>				
<b>Revenue from Operation</b>				
<b>Sale of Products</b>				
Yarn	11,359.93		14,865.54	
Waste Cotton	<u>112.32</u>		<u>155.76</u>	
		<b>11,472.25</b>		15,021.30
<b>Other operating revenues</b>				
Export Incentive		<b>89.68</b>		79.30
Textile Processing Charges Received		<b>8.24</b>		19.51
		<u><b>11,570.17</b></u>		<u>15,120.11</u>
<b>Note No. 20</b>				
<b>Other Income</b>				
Interest Received		<b>23.36</b>		28.20
Dividend Income		<b>0.02</b>		0.02
Profit on Sale of Assets		<b>22.87</b>		700.10
Industrial Promotion Assistance		-		3.66
Miscellaneous Income		<b>4.26</b>		20.76
Exchange Gain on Foreign Currency Transactions		-		8.24
		<u><b>50.51</b></u>		<u>760.98</u>
<b>Note No. 21</b>				
<b>Cost of Materials consumed</b>				
<b>Raw Materials Consumed</b>				
Cotton & Cotton Waste		<b>5,865.95</b>		7,592.83
		<u><b>5,865.95</b></u>		<u>7,592.83</u>
<b>Note No. 22</b>				
<b>Changes in Inventories of Finished Goods and Work-in-progress</b>				
<b>Opening stock</b>				
Finished Goods	787.19		879.20	
Work-in-Progress	<u>718.09</u>	<b>1,505.28</b>	<u>740.41</u>	1,619.61
<b>Less:</b>				
<b>Closing Stock</b>				
Finished Goods	1,193.59		787.19	
Work-in-Progress	<u>741.51</u>	<u><b>1,935.10</b></u>	<u>718.09</u>	<u>1,505.28</u>
Net Decrease/(Increase) in Stock		<u><b>(429.82)</b></u>		<u>114.33</u>



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

<b>Particulars</b>	<b>(₹ in Lakhs)</b>	
	<b>For the year ended 31-03-2020</b>	<b>For the year ended 31-03-2019</b>
<b>Note No. 23</b>		
<b>Employee Benefit Expenses</b>		
Salaries , Wages and Bonus	1,181.68	1,310.07
Contribution to Provident Fund and Other Funds	156.11	118.02
Staff and Labour Welfare Expenses	76.67	89.49
	<u>1,414.46</u>	<u>1,517.58</u>
<b>Note No. 24</b>		
<b>Finance Costs</b>		
Interest Expenses	1,338.85	1,345.14
Other Borrowing Costs	8.68	7.74
	<u>1,347.53</u>	<u>1,352.88</u>
<b>Note No. 25</b>		
<b>Other Expenses</b>		
<b>Manufacturing Expenses</b>		
Power and Fuel	1,225.99	1,628.72
Packing Materials Consumption	153.47	181.59
Repairs to Building	29.06	30.23
Repairs to Plant and Machinery	332.91	407.29
Repairs - General	358.81	287.28
Jobwork Charges Paid	77.46	26.69
	<u>2,177.70</u>	<u>2,561.80</u>
<b>Establishment Expenses</b>		
Managing Director Remuneration	120.00	120.00
Rates and Taxes	32.78	11.98
Insurance	59.13	32.87
Postage and Telephone	4.62	6.92
Printing and Stationery	7.74	8.48
Travelling Expenses	4.81	21.91
Vehicle Maintenance	13.95	25.33
Exchange Loss on Foreign Currency Transactions	106.42	-
Directors Sitting Fees	7.20	7.35
Rent	26.06	31.18
Audit and Legal Expenses	19.15	17.73
Corporate Social Responsibility Expenses	1.82	2.14
Loss on Sales of Assets	66.28	344.69
MTM Loss on Cotton Inventory	53.20	-
Impairment of Loss	-	155.16
Miscellaneous Expenses	105.72	87.29
	<u>628.88</u>	<u>873.03</u>
<b>Selling Expenses</b>		
Sales Commission	210.81	221.78
Export Expenses	124.35	148.67
Other Selling Expenses	26.65	71.04
	<u>361.81</u>	<u>441.49</u>
	<u>3,168.39</u>	<u>3,876.32</u>

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

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**Note No. 26**

**SIGNIFICANT ACCOUNTING POLICIES**

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

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

**2. Use of Estimates**

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

**3. Inventories**

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

**4. Cash flow statement**

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

**5. Depreciation & Amortization**

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

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

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

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

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

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

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

**6. Revenue recognition**

- (i) Revenue is recognised to the extent that is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- (ii) Revenue from Operations:
- a. Sale of products is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer. Sale value excludes Excise duty, Education Cess, Secondary and Higher education cess, trade discounts, GST and sales returns, if any.
  - b. Income from Job Work:  
Income from job work is recognized on the basis of work executed as per the contract / agreement.
  - c. Power generated from Wind Mills:  
The monetary value of the power generated at wind farms that are consumed at Mills under wheeling and banking arrangement with TANGEDCO are not treated as revenue but have been set off against the cost of Power & Fuel.
- (iii) Other Income:
- a. Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.
  - b. Industrial promotion assistance (IPA) is recognised when the Company's right to receive the same is established with reasonable certainty.
  - c. Interest income and Rental income are recognised on time proportion basis.
  - d. Scrap Sales is recognized when the Company transfers control of the product to customers.

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

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**7. Tangible Fixed Assets**

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

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

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

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

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

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

Capital Work in Progress / Capital Advances:

- (i) Capital work in progress includes cost of property, plant and equipments under installation, under development including related expenses and attributable interest as at the reporting date.
- (ii) Advance give towards acquisition / construction of fixed assets outstanding at the reporting date are disclosed as 'Capital Advances' under 'other Non-Current Assets'.

**8. Foreign Currency Transactions**

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

**9. Government Subsidy / Grant**

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

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

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

**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 a rise in the value of investment other than temporary.

**11. Investment Property**

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

**12. Employee Benefits**

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

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

(v) **Defined Benefit Plan:**

**Gratuity:**

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

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

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**Leave Encashment:**

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

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

**13. Borrowing Costs**

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

**14. Segment Reporting**

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

**15. Earnings per share**

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

**16. Income tax**

- (i) 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.
- (ii) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability is recognised as an asset to the extent there is convincing evidence that the Company will pay normal Income tax and it is highly probable that future economic benefits associated with it will flow to the Company during the specified period. The said asset is recognised as "MAT Credit Entitlement" and the same is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Recognition". The Company reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income tax during the specified period.
- (iii) Current tax assets and liabilities are offset since the Company has legally enforceable right to set off the recognised amounts and intends to settle the asset and the liability on a net basis.
- (iv) Deferred tax is recognised 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 recognised based on the accumulated timing difference using the tax rates and the tax laws enacted or substantially enacted as on reporting date.
- (v) The deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is un-absorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. This is reviewed for realisability at each Balance Sheet date.

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

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- (vi) Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by same governing tax laws and the Company has legally enforceable right for such set off.
- (vii) Deferred tax on items directly recognised in reserves is also recognised 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 Mill is capitalised as the Company is expected to yield future economic benefits for its unrestricted usage.
- iii. The intangible assets that are not yet ready for their intended use are carried at cost including related expenses and attributable interest are recognised as Intangible assets under development.

**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 NO - 27**

**OTHER DISCLOSURES**

		(₹ in Lakhs)			
		As at 31-03-2020	As at 31-03-2019		
1.	Contingent Liabilities				
	Liability on Letter of Credit opened				
	Capital Goods	129.53	292.37		
2.	Commitments				
(i)	Estimated amount of contracts remaining to be executed on capital account not provided	129.53	299.63		
(ii)	Other Commitments:				
	Liability on guarantees given by the bankers	71.11	57.56		
	Service Tax	NIL	24.42		
3.	Sales Tax Assessment upto year ended 31 <sup>st</sup> March, 2017 has been completed.				
4.	Income tax assessment has been completed upto the Accounting Year ended on 31-03-2016 i.e., Assessment year 2016-17.				
5.	In respect of 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 ₹ 477.00 Lakhs (P.Y. ₹ 420.96 Lakhs).				
6.	In the opinion of the management, there may not be any tax liability on the above matters mentioned in point no. 5 and 6 above.				
7.	Details of Loans from Directors under "Loan from Related Parties" are:				
	<b>Name</b>	<b>Closing Balance as on</b>		<b>Interest Paid</b>	
		<b>31-03-2020</b>	31-03-2019	<b>2019 -20</b>	2018 - 19
	Smt. B. SriSandhya Raju	790.00	-	19.84	3.29
	Smt. P.V. Nirmala Raju	8.35	9.52	0.81	0.82
		<b>798.35</b>	9.52	<b>20.65</b>	4.11
8.	Auditors' remuneration (Excluding GST) & expenses:				
	<b>Statutory Auditors:</b>			<b>2019-20</b>	2018-19
a.	As Auditors				
	- Fees			1.00	0.85
	- Expenses reimbursed			NIL	NIL
b.	In other Capacities				
(i)	Tax Audit Fees			0.50	0.50
(ii)	Certification Work Fees			0.40	-
(iii)	VAT Audit Fees			030	0.30
	Total			<u>2.20</u>	<u>1.65</u>



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

9. There are no dues to micro, small and medium enterprises / small scale enterprises as at 31-03-2020 (P.Y. ₹ NIL). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
10. As per Accounting Standard -15 (Revised 2005) "Employee Benefits", the disclosures of employee benefits as defined in the Accounting Standard are given below:

	(₹ in Lakhs)	
	2019-20	2018-19
<b>Defined Contribution Plan:</b>		
Employer's Contribution to Provident Fund	106.54	105.91
Employer's Contribution to Superannuation Fund	5.64	4.19
<b>Details of the post retirement gratuity plan(Funded) are as follows:</b>		
<b>Reconciliation of opening and closing balances of defined benefit plan:</b>		
Defined Benefit Obligation as at the beginning of the year	200.86	196.20
Current Service Cost	20.49	21.91
Past Service Cost	NIL	NIL
Interest Cost	14.28	14.34
Actuarial (gain) / loss	(-) 35.50	(-) 12.78
Benefits paid	(-) 29.78	(-) 18.82
Defined Benefit obligation as at the end of the year	241.35	200.86
<b>Reconciliation of opening and closing balances of fair value of plan assets:</b>		
Fair value of plan assets as at the beginning of the year	238.33	236.89
Expected return on plan assets	18.02	18.28
Actuarial gain / (loss)	(-) 1.97	(-) 0.16
Employer Contribution	3.87	2.13
Benefits paid	(-) 29.78	(-) 18.82
Fair value of plan assets as at the end of the year	228.47	238.33
<b>Actual Return of plan assets:</b>		
Expected return of plan assets	18.03	18.28
Actuarial gain / (loss) on plan assets	(-) 1.97	(-) 0.16
Actual return on plan assets	16.05	18.12
<b>Reconciliation of fair value of assets and obligations:</b>		
Fair value of plan assets	228.47	238.33
Present value of obligation	241.35	200.86
Difference	(-) 12.88	(-) 37.46
Unrecognized transitional liability	NIL	NIL
Amount recognized in Balance Sheet	12.88	Nil

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

	(₹ in Lakhs)	
	2019-20	2018-19
<b>Expense recognized during the year:</b>		
Current Service Cost	20.46	21.91
Interest Cost	14.28	14.34
Expected return on plan assets	(-) 18.03	(-) 18.28
Actuarial (gain) / loss	(-) 37.48	(-) 12.62
Past service cost-non-vested benefits	NIL	NIL
Past service cost-vested benefits	NIL	NIL
Net Cost	54.22	5.35
<b>Investment Details as on 31-03-2020:</b>		
GOI Securities	NIL	NIL
Funds with LIC	100%	100%
Bank balance	NIL	Nil
Others	NIL	Nil
Total	100%	100%
<b>Actuarial assumptions:</b>		
Indian Assured Lives(2012-14) Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a	6.67%	7.68%
Expected rate of return on plan assets p.a	7.44%	8.00%
Rate of escalation in salary p.a	3.75%	4.00%
<b>Details of the Leave encashment plan (Un-Funded) are as follows:</b>		
<b>Reconciliation of opening and closing balances of obligation:</b>		
Defined Benefit Obligation as on 01-04-2019	94.45	85.30
Current Service Cost	9.70	9.75
Interest Cost	6.83	6.08
Actuarial (gain) / loss	16.34	6.34
Benefits paid	(-)10.98	(-)13.03
Defined Benefit obligation as on 31-03-2020	116.34	94.45
<b>Reconciliation of opening and closing balances of fair value of plan assets:</b>		
Fair value of plan assets as on 01-04-2019	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial gain / (loss)	NIL	NIL
Employer Contribution	10.98	13.03
Benefits paid	(-) 10.98	(-) 13.03
Fair value of plan assets as on 31-03-2020	NIL	NIL
<b>Actual Return of plan assets:</b>		
Expected return of plan assets	NIL	NIL
Actuarial gain / (loss) on plan assets	NIL	NIL
Actual return on plan assets	NIL	NIL

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

	(₹ in Lakhs)	
	2019-20	2018-19
<b>Reconciliation of fair value of Assets and obligations</b>		
Fair value of plan assets	NIL	NIL
Present value of obligation	116.34	94.45
Difference	116.34	94.45
Unrecognized past service cost-non-vested benefits	NIL	NIL
Amount recognized in Balance Sheet	116.34	94.45
<b>Expense recognized during the year:</b>		
Current Service Cost	9.70	9.75
Interest Cost	6.83	6.08
Expected return on plan assets	NIL	NIL
Actuarial (gain) / loss	16.34	6.34
Net Cost	32.87	22.18
<b>Investment Details as on 31-03-2020:</b>		
GOI Securities	NIL	NIL
State Government Securities	NIL	NIL
High Quality Corporate Bonds	NIL	NIL
Funds with LIC	NIL	NIL
Bank balance	NIL	NIL
Others	NIL	NIL
Total	NIL	NIL
<b>Actuarial assumptions</b>		
Indian Assured Lives (2012-14) Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a	6.67%	7.68%
Expected rate of return on plan assets p.a	NIL	NIL
Rate of escalation in salary p.a	3.75%	4.00%
Attrition Rate	0.10%	1.00%

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

**11. The Segment Information for the year ended 31<sup>st</sup> March, 2020**

(₹ in Lakhs)

Particulars	Textiles		Power from Windmills		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
<b>REVENUE</b>						
External Sales (Net)	11,570.17	15,120.11	-	-	11,570.17	15,120.11
Inter Segment Sale	-	-	1,133.12	1,250.32	1,133.12	1,250.32
Total Sales	11,570.17	15,120.11	1,133.12	1,250.32	12,703.29	16,370.43
Other Income	27.15	732.78	-	-	27.15	732.78
<b>Total Revenue</b>	<b>11,597.32</b>	<b>15,852.89</b>	<b>1,133.12</b>	<b>1,250.32</b>	<b>12,730.44</b>	<b>17,103.21</b>
<b>RESULT</b>						
Segment Result	211.59	1,294.39	636.65	731.90	848.24	2,026.29
Unallocated Income					23.36	28.20
Unallocated Expenses					-	-
Operating Profit					871.60	2,054.49
Interest Expenses					1,347.53	1,352.88
Depreciation					704.01	897.69
Provision for Taxation						
Current Tax					-	-
Deferred Tax					(297.18)	(53.96)
Profit from ordinary activities					(882.76)	(142.12)
Exceptional Items					-	-
<b>Net Profit</b>					<b>(882.76)</b>	<b>(142.12)</b>
<b>OTHER INFORMATION</b>						
Segment Assets	16,247.42	16,538.49	2,471.58	2,672.65	18,719.00	19,211.14
Unallocated Assets					-	-
Total Assets					18,719.00	19,211.14
Segment Liabilities					17,472.66	16,784.86
Unallocated Liabilities					714.07	1,011.25
Total Liabilities					18,186.73	17,796.11
Capital Expenditure	1,159.98	195.31			1,159.98	195.31
Unallocated Capital Expenditure					-	-
Depreciation	502.94	697.17	201.07	200.52	704.01	897.69
Unallocated Depreciation Expenditure					-	-

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

**12. Earning per Share**

(₹ in Lakhs)

Particulars	2019-20	2018-19
Net (Loss)/Profit after tax (₹ in Lakhs) (A)	(882.76)	(142.12)
No. of Equity Shares (in Lakhs) (B)	46.00	46.00
Basic & Diluted earnings per share in Rupees(A)/(B)	(19.19)	(3.09)
Nominal Value per Equity Shares (in ₹)	10.00	10.00

**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. List of Key Management Personnel & Relatives.**

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

The Company's transactions with the above persons are furnished in Note No. 7 above.

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

**(i) Companies**

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

**(ii) Public Trusts:**

P.A.C.R. Sethurammam Charity Trust.

**c. Employees Benefits Funds where control exists.**

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

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

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

**d. Amount Paid to Key Managerial Personnel:**

(₹ in Lakhs)

Name of the Related Party	Amount		Nature of Payment
	2019-20	2018-19	
Shri P.R. Venketrama Raja	0.75	0.90	Sitting Fees
Smt. B. SriSandhya Raju	135.90	135.90	Managerial Remuneration
	19.84	3.29	Interest
	0.30	0.30	Sitting Fees
	-	22.50	Dividend
Smt. R. Sudarsanam	0.75	0.75	Sitting Fees
Smt. P.V. Nirmala Raju	0.81	0.82	Interest
	0.60	0.30	Sitting Fees

**e. Inter Corporate Deposits Accepted:**

Name of the Related Party	Maximum Outstanding		Outstanding as on	
	2019-20	2018-19	31-03-2020	31-03-2019
Chitta Farms Private Limited	759.34	806.96	775.00	775.00
Thanjavur Spinning Mill Limited	511.34	500.00	500.00	500.00
Digvijai Polytex Private Limited	103.49	90.25	100.49	88.49
Ramco Management (P) Limited	66.82	254.00	65.50	65.50
RCDC Securities & Investments (P) Limited	-	100.90	-	-

**f. Interest paid on Inter Corporate Deposits Accepted:**

Name of the Related Party	Interest Paid		Outstanding as on	
	2019-20	2018-19	31-03-2020	31-03-2019
Chitta Farms Private Limited	69.94	67.05	Nil	Nil
Thanjavur Spinning Mill Limited	45.12	3.33	Nil	Nil
Digvijai Polytex Private Limited	8.69	7.01	Nil	Nil
Ramco Management (P) Limited	5.91	6.27	Nil	Nil
RCDC Securities & Investments (P) Limited	-	2.35	Nil	Nil

**g. Corporate Guarantee Availed:**

Name of the Related Party	2019-20	2018-19
Rajapalayam Mills Limited	3,500.00	3,500.00

**h. Sale of Goods / Services rendered:**

Name of the Related Party	Value		Outstanding as on	
	2019-20	2018-19	31-03-2020	31-03-2019
The Ramaraju Surgical Cotton Mills Limited	762.00	221.80	Nil	Nil
Sri Vishnu Shankar Mill Limited	489.11	280.26	Nil	Nil
Rajapalayam Mills Limited	497.84	356.97	Nil	Nil
Ramco Industries Limited	410.98	953.32	Nil	Nil
Rajapalayam Textile Limited	1.02	45.21	Nil	Nil
Sri Harini Textiles Limited	0.83	118.71	Nil	Nil

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

(₹ in Lakhs)

**i. Sale of Fixed Assets:**

Name of the Related Party	Value		Outstanding as on	
	2019-20	2018-19	31-03-2020	31-03-2019
The Ramaraju Surgical Cotton Mills Limited	6.70	-	NIL	NIL
Sri Vishnu Shankar Mill Limited	8.85	-	NIL	NIL
Rajapalayam Mills Limited	35.12	316.09	NIL	NIL
Ramco Industries Limited	12.83	-	NIL	NIL

**j. Purchase of Fixed Assets:**

Name of the Related Party	Value		Outstanding as on	
	2019-20	2018-19	31-03-2020	31-03-2019
Sri Vishnu Shankar Mill Limited	12.09	-	NIL	NIL
Rajapalayam Mills Limited	9.06	1.98	NIL	NIL
Ramco Industries Limited	-	53.08	NIL	NIL

**k. Leasing Arrangement Rent Received:**

Name of the Related Party	Value		Outstanding as on	
	2019-20	2018-19	31-03-2020	31-03-2019
Rajapalayam Mills Limited	-	813.53	NIL	NIL

**l. Cost of Goods & Services purchased / availed:**

Name of the Related Party	Value		Outstanding as on	
	2019-20	2018-19	31-03-2020	31-03-2019
The Ramaraju Surgical Cotton Mills Limited	176.14	343.22	Nil	Nil
Sri Vishnu Shankar Mill Limited	377.61	301.16	Nil	Nil
Rajapalayam Mills Limited	539.04	761.32	Nil	Nil
Thanjavur Spinning Mill Limited	-	11.05	Nil	Nil
Ramco Industries Limited	41.71	451.13	Nil	Nil
The Ramco Cements Limited	1.35	1.15	Nil	Nil
Ramco Systems Limited	13.42	11.13	Nil	Nil
Ramco Windfarms Limited	77.01	80.96	Nil	Nil
P.A.C.R. Sethurammam Charity Trust	14.17	59.38	Nil	Nil
Shri Harini Media Limited	0.73	0.74	Nil	Nil
Rajapalayam Textile Limited	197.17	40.27	Nil	Nil
Shri Harini Textiles Limited	-	1.05	Nil	Nil

**m. Amount paid by virtue of joint ownership of shares of APGPCL:**

Name of the Related Party	Amount Paid		Nature of Transaction
	2019-20	2018-19	
The Ramco Cements Limited	-	0.64	The Company has paid 10 paise per unit to TRCL for the power supplied by APGPCL to the Company by virtue of above Joint Ownership of the Shares

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

(₹ in Lakhs)

**n. Dividend Received**

Name of the Related Party	2019-20	2018-19
Rajapalayam Mills Limited	0.02	0.02

**o. Contribution to Superannuation Fund / Gratuity Fund**

Particulars	2019-20	2018-19
Sandhya Spinning Mill Limited Officers' Superannuation Fund	5.65	4.19
Sandhya Spinning Mill Limited Employees Gratuity Fund	12.88	-

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

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

Particulars	2019-20	2018-19
Raw Materials	2,840.46	2,786.58
Capital Goods	672.18	59.64
Components and Spares	24.66	46.81

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

Particulars	2019-20	2018-19
Interest	47.70	52.44
Export Sales Commission	122.59	148.51
Foreign Travel	-	1.36
Total	170.29	202.31

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

Particulars	2019-20		2018-19	
	Amount	%	Amount	%
Raw Materials				
Imported	2,844.40	48	4,363.44	57
Indigenous	3,041.92	52	3,297.05	43
Spares and Components				
Imported	24.66	4	47.14	6
Indigenous	639.63	96	719.98	94

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

Particulars	2019-20	2018-19
Export of Yarn	5,134.11	5,784.13

The notes form an integral part of these financial statements.

As per our report annexed

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

**K. SRINIVASAN**  
Partner  
Membership No. 21510

Chennai,  
24<sup>th</sup> June, 2020.

**Smt. B. SRISANDHYA RAJU**  
MANAGING DIRECTOR

**Shri P.R. VENKETRAMA RAJA**  
CHAIRMAN

**V. GURUSAMY**  
SECRETARY





Shri V. Gurusamy A.V.P.(F) cum Secretary (Left) receiving service award for completion of 40 years of service from our Chairman Shri P.R. Venketrama Raja.

The Company has received best TPM Certificate for Machine Maintenance System in Spinning Industries from M/s.ABK-AOTS DOSOKAI, Chennai.



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



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