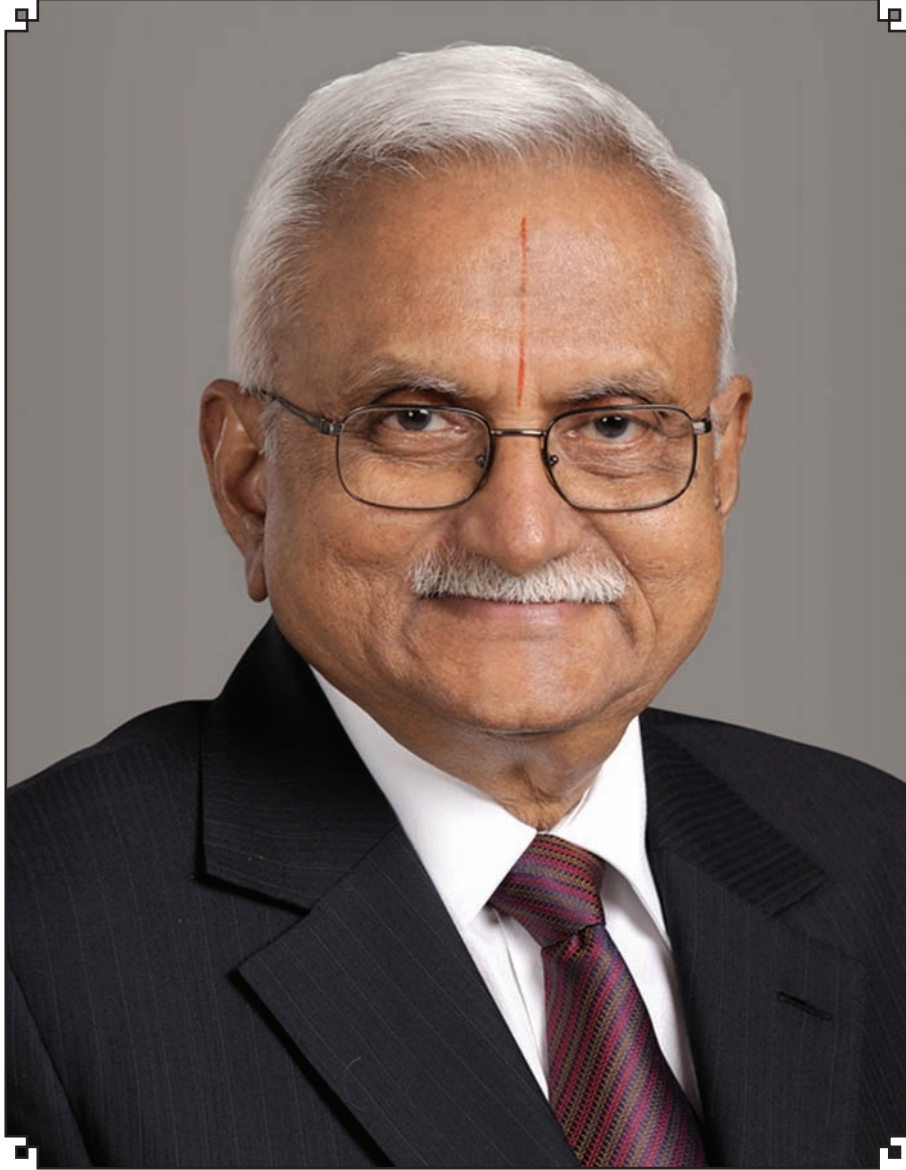




SANDHYA SPINNING MILL LIMITED
RAJAPALAIYAM



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

Chief Financial Officer

Shri N. VAIRA BALAJI

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

Website

www.sandhyaspinningmill.co.in

Corporate Identification Number

U17111TN1994PLC027037

Factory

Krishnapuram Road,
Rajapalaiyam - 626 108,
Tamil Nadu.

Auditor

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

Bankers

Axis Bank Limited
Canara Bank
DCB Bank Limited
ICICI Bank Limited
IDBI Bank Limited
IDFC First Bank Limited
Indian Bank
Kotak Mahindra Bank Limited
RBL Bank Limited
Tamilnad Mercantile Bank Limited
The Federal Bank Limited

Secretarial Auditor

Shri M.R.L. Narasimha,
New No.8 (Old No. 34-C),
Third Cross, Ramalinga Nagar,
K.K. Pudur,
Coimbatore – 641 038.

Cost Auditors

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

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SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

NOTICE

NOTICE TO THE MEMBERS

Notice is hereby given that the 27th Annual General Meeting of the Company will be held at 11.00 A.M. on Wednesday, the 25th August, 2021. This Annual General Meeting is being conducted through Video Conferencing / Other Audio Visual Means (VC), 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 31st March, 2021 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 Shri P.R. Venketrama Raja (DIN: 00331406), 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 Smt. P.V. Nirmala Raju (DIN: 00474960), who retires by rotation, be and is hereby re-appointed as Director of the Company.”

SPECIAL BUSINESS – ORDINARY RESOLUTION

4. To consider and pass the following Resolution, as an ORDINARY 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 ₹ 20,00,00,000/- (Rupees Twenty Crores only) to ₹ 32,00,00,000/- (Rupees Thirty Two Crores only).
(b) Clause V of the Memorandum of Association of the Company be altered as follows:
“The Authorised Share Capital of the Company is ₹ 32,00,00,000/- (Rupees Thirty Two Crores only) divided into:
i. 2,80,00,000 (Two Crore Eighty Lakhs only) Equity Shares of ₹ 10 each.
ii. 40,00,000 (Forty Lakhs only) 7.50% Cumulative Redeemable Preference Shares of ₹ 10 each.”

SPECIAL BUSINESS – ORDINARY RESOLUTION

5. 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 ₹ 65,000/- (Rupees Sixty Five 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 2021-22 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

Rajapalaiyam,
28th May, 2021.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

NOTICE

NOTES:

- 1) Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning each item of Special Business is annexed hereto.
- 2) The Company has chosen to conduct this Annual General Meeting through Video Conferencing, in view of continuing COVID-19 pandemic. The Annual General Meeting would be conducted in accordance with the -
 - (i) General Circular No. 02/2021 dated 13th January, 2021 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.
- 4) Proxies are not being sent to shareholders, as the meeting is being conducted through Video Conference.
- 5) 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 (Virudhunagar 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 <http://www.evotingindia.com>
 - * Requesting the members who have not registered their e-Mail addresses with the Company, to get the same registered with the Company.
- 6) The cut-off date will be Thursday the 19th August, 2021 for determining the eligibility to vote by remote e-Voting or in the Annual General Meeting.

- 7) 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

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

NOTICE

- 8) 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.
- 9) 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
- 10) Despatching of physical copies of the financial statements (including Board's report and Auditor's report or other documents required to be attached therewith), has been dispensed with. Such statements are being sent only by e-mail 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.
- 11) Voting through electronic means
- A. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing Members remote e-Voting facility to exercise their right to vote at the 27th AGM and the business may be transacted through such voting, through e-Voting Services provided by CDSL.
- B. The facility for remote e-Voting shall remain open from 9.00 A.M. on Sunday, the 22nd August, 2021 to 5.00 P.M. on Tuesday, the 24th August, 2021. 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., Thursday, the 19th August, 2021, may opt for remote e-Voting. Remote e-Voting shall not be allowed beyond 5.00 P.M. on Tuesday, 24th August, 2021.
- C. Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants (DP). Shareholders are advised to update their mobile number and e-Mail Id in their demat accounts in order to access e-Voting facility.
- D. Login method for e-Voting and joining the AGM through VC for Individual shareholders holding securities in Demat mode are given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<p>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi.</p> <p>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by Company. On clicking the e-Voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote</p>

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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Type of shareholders	Login Method
	<p>e-Voting period or joining the AGM through VC & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL, so that the user can visit the e-Voting service providers' website directly.</p> <p>3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & e-Mail as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-Voting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>
Individual Shareholders (holding securities in demat mode) login through their DPs	<p>You can also login using the login credentials of your demat account through your DP registered with CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining the AGM through VC & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

- E. Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 022-23058542/43.

- F. Login method for e-Voting and joining the AGM through VC for shareholders holding shares in physical form and for shareholders other than individual shareholders holding in Demat form.

1. The shareholders should log on to the e-Voting website www.evotingindia.com
2. Click on "Shareholders" module.
3. Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
4. Next enter the Image Verification as displayed and Click on Login.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

NOTICE

5. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-Voting of any company, then your existing password is to be used.
6. If you are a first-time user follow the steps given below:
For Shareholders holding shares in Physical form and Shareholders holding shares in Demat Form other than individual holders

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Shareholders who have not updated their PAN with the Company / DP are requested to use the first two letters of their name and the 8 digits of the Folio No. 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 ATHIVIGNESHKUMAR N. with Folio Number 1 then enter AT00000001 in the PAN Field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction F.

After entering these details appropriately, click on “SUBMIT” tab.

- G. Shareholders holding Shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
 - H. For Shareholders holding Shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.
 - I. Click on the EVSN for Sandhya Spinning Mill Limited, on which you choose to vote.
 - J. 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.
 - K. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
 - L. 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.
 - M. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
 - N. You can also take a print of the votes cast by you clicking on “Click here to Print” option on the Voting page.
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SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

NOTICE

- O. If demat account holder has forgotten the login password, then Enter the User ID and the Image Verification Code and click on Forgot Password & enter the details as prompted by the system.
- P. Facility for Non – Individual Shareholders and Custodians – Remote Voting
- i. 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.
 - ii. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**.
 - iii. 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.
 - iv. 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.
 - v. 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.
 - vi. 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 at **srinivasan.k@msjandnk.in** and to the Company at the email address viz. **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.
- Q. All grievances connected with the facility for voting by electronic means may be addressed to Mr.Rakesh Dalvi, Sr. Manager, CDSL, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an e-mail to **helpdesk.evoting@cdslindia.com** or call on 022-23058738 and 022-23058542/43.
- 12) Instructions for shareholders attending the AGM through VC & e-Voting during meeting are as under:
- A. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
 - B. The Members can join the AGM in the VC mode upto 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 AGM through VC will be made available to Members on first come first served basis. This will not include Members holding 2% or more shareholding, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. who are allowed to attend the AGM.
 - C. Members are requested to join the AGM 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.
 - D. 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.
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SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

NOTICE

- E. 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 (DP) / Company) to the 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.
 - F. 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 mail id: **sandhya@ramcotex.com**. These queries will be replied by the Company suitably by email.
 - G. Non-Individual members intending to authorize their representatives to attend the Meeting are requested to send a scanned certified copy of the board resolution authorizing their representative to attend on their behalf at the meeting. The said Resolution/ Authorization shall be sent to the Scrutinizer by email through its registered email address with a copy marked to **helpdesk.evoting@cdslindia.com**.
 - H. The attendance of the Members attending the AGM through VC will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
 - I. The link for VC to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
 - J. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
 - K. Only those shareholders, who are present in the AGM through VC and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
 - L. If any Votes are cast by the shareholders through the e-Voting available during the AGM and if the same shareholders have not participated in the meeting through VC, then the votes cast by such shareholders shall be considered invalid as the facility of e-Voting during the meeting is available only to the shareholders attending the meeting.
 - M. In case of joint holder attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- 13) Process for those shareholders whose E-mail/Mobile No. are not registered with the Company/DP.
- A. For Physical shareholders, please provide your E-Mail ID/Mobile Number along with necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhaar Card) by E-mail to Company.
 - B. For Individual Demat shareholders, please update your e-mail ID / Mobile Number with your respective DP which is mandatory while e-Voting & joining the AGM through VC through Depository.
 - C. If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an e-Mail to **helpdesk.evoting@cdslindia.com** or contact at 022- 23058738 and 022-23058542/43.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

NOTICE

- 14) Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e. 19th August 2021, may obtain the Login ID and Password by following the procedures mentioned in Point No: 11 (D) or (F), as the case may be.
- 15) The voting rights of Shareholders shall be in proportion to the Shares held by them in the paid up equity Shares capital of the Company as on Thursday, the 19th August, 2021.
- 16) Shri K. Srinivasan, Chartered Accountant (Membership No: 021510), 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.
- 17) The Scrutinizer shall, immediately after conclusion of voting at the AGM, 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 three days of conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or person authorised by him in writing who shall countersign the same and the Chairman or a person authorised by him in writing shall declare the result of the voting forthwith.
- 18) The results declared along with the report of the Scrutinizer shall be placed on the website of the Company at and on the website of CDSL immediately after the declaration of results by the Chairman or a person authorized by him.

Rajapalaiyam,
28th May, 2021.

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

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

NOTICE

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4

Presently, the Authorized Share Capital of the Company is ₹ 20,00,00,000/- (Rupees Twenty Crores only) comprising 1,60,00,000 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 ₹ 16,80,00,000/-, (Rupees Sixteen Crore Eighty Lakhs) consisting of 1,38,00,000 Nos. of Equity Shares of ₹ 10/- each and 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 ₹ 13.80 Crores to meet out the repayment commitment of Corporate Loan availed by the Company from various banks.

As recommended by your Directors, it is proposed to create, offer and allot additional 1,38,00,000 Nos. of Equity Shares of ₹ 10/- each to the Equity Shareholders of the Company at par value of ₹ 10/- on Rights issue basis.

In term of Section 13 and 61(1) (a) of the Companies Act, 2013, it is proposed to increase the Authorised Share Capital from the existing amount of ₹ 20 Crores to ₹ 32 Crores. The Directors recommend the Resolution to the members for their approval of the Company for amending capital Clause "V" of Memorandum of Association of the Company.

EXISTING 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.

PROPOSED CLAUSE:

The Authorized Share Capital of the Company is ₹ 32,00,00,000 (Rupees Thirty Two Crores only) divided into:

- i) 2,80,00,000 (Two Crores eighty Lakhs) Equity Shares of ₹ 10/- each.
- ii) 40,00,000 (Forty Lakhs) 7.50% Cumulative Redeemable Preference Shares of ₹ 10/- each.

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

Item No. 5

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 2021-22.

On the recommendation of the Audit Committee at its meeting held on 27-05-2021, the Board had approved the appointment of M/s. RKMS & Associates, Cost Audit Firm (Firm Registration No. 000335) as the Cost Auditors of the Company to audit the Company's Cost Records relating to manufacture of Textile products at a remuneration of ₹ 65,000/- (Rupees Sixty Five Thousand only) plus applicable taxes and out-of-pocket expenses for the financial year 2021-22.

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**

Rajapalaiyam,
28th May, 2021.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their 27th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2021.

1. FINANCIAL RESULTS

The financial results for the year ended 31st March, 2021 after charging all expenses but before deducting finance cost and depreciation have resulted in operating profit of ₹ 1,689.28 Lakhs against ₹ 871.60 Lakhs for the previous financial year 2019-20. Summary of Financial Results of the Company is furnished below:

(₹ in Lakhs)

Financial Results	Financials	
	Year ended 31-03-2021	Year ended 31-03-2020
Revenue	13,915.64	11,620.68
Operating Profit :		
Profit before Interest, Depreciation and Tax (PBIDT)	1,689.28	871.60
Less: Interest	1,296.30	1,347.53
Profit before Depreciation and Tax (PBDT)	392.98	(475.93)
Less: Depreciation	685.03	704.01
Profit Before Tax	(292.05)	(1,179.94)
Less: Tax Expenses		
Deferred Tax - Assets	(74.66)	(297.18)
Profit After Tax	(217.39)	(882.76)

2. SHARE CAPITAL

The Paid-up Capital of the Company is ₹ 1,680 Lakhs (Previous Year: ₹ 760 Lakhs) consisting of the following:

- I. 1,38,00,000 Nos. Equity Shares of ₹ 10/- each and
- II. 30,00,000 Nos. 7.50% Cumulative Redeemable Preference Shares of ₹ 10/- each.

3. RIGHTS ISSUE

The Company, in order to reduce the interest burden, has decided to raise Equity Shares for an amount of ₹ 9.20 Crores by way of Rights Issue in the ratio of 2 : 1 (2 Rights Shares for every 1 Equity Share held by Shareholders). The issue has been opened on 04-12-2020 and closed on 23-12-2020 with 128% subscription. The Company has made allotment of Equity Shares raised through Rights Issue on 11th January, 2021.

The Board of Directors are thankful to the Shareholders of the Company for reposing their faith and confident on the management by showing their overwhelming response to the Rights Issue.

4. DIVIDEND

In view of losses as at 31-03-2021, your Directors were unable to recommend any dividend for the current year on the Equity Shares as well as on the Preference Shares and also your Directors have not made any provisions for payment of Dividend for the Preference Share Capital.

DIRECTORS' REPORT

5. TAXATION

The Company is not liable to pay Income tax under regular income tax provisions and Minimum Alternate Tax. An amount of ₹ 74.66 Lakhs (Previous Year : ₹ 297.18) has been withdrawn from Deferred Tax Liability provided in the earlier years which is in accordance with the Accounting Standards.

6. MANAGEMENT DISCUSSION AND ANALYSIS

TRADE CONDITIONS

❖ **COTTON**

In India, the opening stock of cotton for the current cotton season 2020-21 (October to September) was historically at high level of 120 Lakhs Bales. The main reason for such high level of carry over stock was due to lower consumption of cotton by Mills in India due to disruptions in manufacturing activities caused by Covid-19 pandemic. This, coupled with higher production estimate of cotton during the current cotton crop season of 360 Lakhs bales has pulled down the cotton prices during the initial cotton season. Due to this, CCI has purchased large volume of cotton under MSP operation, during peak arrivals of cotton bales in the market.

However, the sentiment in the markets had slowly turned positive soon after the manufacturing activities started picking up due to relaxations announced by Government, which was earlier disrupted on account of Covid-19 pandemic. The cotton prices have gone-up by more than 30% compared to the price ruled during the initial cotton season. The prices of some of the imported cotton varieties especially the long stable fibre had also increased very steeply to the extent of 40% to 75% within a period of 3 to 4 months' time.

The Company is focusing 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 when the prices were cheaper. This strategy has helped the Company to procure diversified varieties of cotton across the global and to quote competitive prices for our yarn, which helped to improve the operating margin in the last quarter of the financial year 2020-21.

❖ **YARN PRODUCTION**

The production volume has decreased to 33.50 Lakhs Kgs during the financial year 2020-21 as against 36.33 Lakhs Kgs of last year, due to lock down imposed by Government for 2 months during April, 2020 & May, 2020.

❖ **SALE OF YARN**

Despite the adverse conditions prevailed during first 6 months of the financial year under review due to Covid-19 pandemic, there is no slowdown in Company's focus on new product development, innovation and cost-effective production. In spite of reduction in production volume by 8%, the Company was able to achieve growth in sale volume due to liquidation of stock. The sale volume for the FY 2020-21 stood at 34.50 Lakh Kgs as compared to 33.84 Lakh Kgs of last year, an increase of 2%. The sale value of yarn has increased to ₹ 136.06 Crores during the FY 2020-21 as compared to ₹ 113.60 Crores of last year, registering a growth of 20%.

The Company was able to overcome the challenges posed by pandemic by continuous engagement with the Customers and none of the sales contracts was cancelled during this challenging period, though there was some deferment in the delivery schedule, which has been subsequently shipped successfully.

DIRECTORS' REPORT

The yarn market in India has bounced back after witnessing a slowdown in last 2 years. Due to geopolitical factors like trade war between US and China and diversion of sourcing textile products by many top global garment brands from China to India boosted the demand for textile products including yarn manufactured in India. Due to good demand from domestic market, the Company was able to liquidate the yarn stock from ₹ 11.93 Crores as on 01-04-2020 to ₹ 1.72 Crores as on 31-03-2021.

The Company's quality of yarn in value added segment has been well appreciated by the customers and the Company is receiving very good volume of orders for value added counts. 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 2020-21, the Company was able to consume power from its own wind farms to the extent of 54% (PY: 51%) 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 2020-21 to ₹ 9.45 Crores as compared to ₹ 12.26 Crores incurred during previous year, partly due to lockdown imposed by Government for 2 months during April, 2020 & May, 2020 on account of Covid-19 pandemic and also because of various energy conservation measures taken by the Company.

❖ **FINANCE COST**

The Finance cost has decreased from ₹ 1,347.53 Lakhs to ₹ 1,296.30 Lakhs, a decline of 3.80% mainly due to repayment and closure of higher ROI loans during the year and initiative taken by the Company to reduce the average cost of borrowings.

❖ **EXPORTS**

We have made export of Cotton Yarn (including merchant exports) for a value of ₹ 50.25 Crores as against ₹ 60.32 Crores of the previous year.

7. MODERNISATION / EXPANSION

As a part of continuous thrust on modernization programme, the Company has decided to replace 2 Nos. of Open End Spinning Machines with most modern fully automatic OE Machines at a cost of ₹ 9.80 Crores. The Company has already received these New OE Machines and the installation of all machines has been completed on 07-04-2021. With the installation of these advanced machines, the Company will focus to sell the OE yarn in different value added segments like OE yarn for knitting segments, Denim Segments etc., which are untapped by the Company so far. In addition to this, the Company has also invested an amount of ₹ 3.54 Crores (PY: ₹ 9.43 Crores) in modernising other textile machinery & equipments.

In order to take advantage of the current higher demand for yarn, the Company has also proposed to expand the spinning capacity by adding 19,584 spindles in Rajapalayam by utilizing the existing building space.

Total outlay for all the above capex proposals is ₹ 60.85 Crores, which will be funded from proceeds of internal accruals and term loan from Banks.

8. PROSPECTS FOR THE CURRENT YEAR

The Cotton Association of India's estimates suggested that out of total cotton availability of 496 Bales for the cotton crop year 2020-2021, the consumption will be around 330 Lakhs Bales and export will be

DIRECTORS' REPORT

around 60 Lakhs Bales leaving the carryover stock to the next season of 160 Lakhs Bales. According to data published by Foreign Agricultural Service of USDA, the world cotton production for 2021-22 season is expected to rise at 4.70%. It also estimated a strong cotton consumption growth in 2021-22 as the world economy recovers from the severe 2020 downturn. The global cotton consumption is expected to grow by 4.10% and this will be the second consecutive year when world consumption will exceed the production of cotton. As a result, the world cotton stocks are expected to reduce and strong cotton consumption growth will support the price of cotton and cotton price is expected to go upwards in the coming cotton season. The Government of India has imposed import duty on long staple variety of cotton also and this will make imported cotton dearer by 11% for Indian Spinning Mills.

Retail sales of textile products across the globe is witnessing a robust trend along with lower levels of inventory with a Retailers will boost the demand for yarn manufactured in India for the current financial year 2021-22. India is becoming a strong alternative sourcing base to China for textile products. The Company has reshaped itself to a better position by strengthening its product lines with more value added customized yarn counts viz. Melange Yarn, Core Yarn etc., to take full advantage of the current market trend. The Company is continuously monitoring various process parameters and also implemented various system controls to deliver consistent quality of yarn to the end customers. The Company has also strengthened the product lines with more automation like fully automatic contamination removal system at blow room stage, 100% ring spindle monitoring system, installation of linkconers etc. which has resulted in overall improvement of efficiency of the Mill.

The Company's strategic decision to focus on more value added counts has started yielding results and good volume of yarn orders in Q1 and Q2 of the current financial year 2021-22 with PIMA and GIZA varieties cotton have been booked. The prudent purchase policy of imported cotton when the prices were lower will also help to sustain the operating margins in FY 2021-22.

Efforts are being taken continuously to scale up the production & sale of value added counts like Mélange yarn, core spun yarn etc., which will replace commodity counts in the forthcoming years. The spreading of Covid-19 in India and other Countries during its second wave is posing continuous challenges and the Company is strictly and continuously following the SOPs to safeguard its employees and thrive to deliver world-class yarns to its Customers. With the flexibility to produce value added super fine counts, the Company is poised to post decent growth both in topline as well as bottom line for the financial year 2021-22.

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 167 Lakhs Kwh as compared to 170 Lakhs Kwh of the previous year. The wind availability / velocity during the financial year 2020-21 was low as compared to the financial year 2019-20. All the units generated by wind mills were adjusted for captive consumption at our Mill. The income during the year from the Wind Mill Division was ₹ 11.13 Crores as against ₹ 11.33 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.

DIRECTORS' REPORT

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

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

1. Shri P.R. Venketrama Raja (DIN: 00331406)
2. Smt. P.V. Nirmala Raju (DIN: 00474960)

Shri P.A.S. Krishnama Raja (DIN 00487322) has been re-appointed as Independent Director for another term of 5 years at the Annual General Meeting held on 15th September, 2020. In the opinion of the Board Shri P.A.S. Krishnama Raja possess integrity, expertise and experience for being re-appointed as an Independent Director.

All the Independent Directors have registered themselves with the Independent Directors Data Bank, as required under Rule 6 of Companies (Appointment & Qualification of Directors) Rules, 2014. All the Independent Directors have been exempted from passing the online proficiency self-assessment test, conducted by The Indian Institute of Corporate Affairs.

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.

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 N. Vaira Balaji appointed as Chief Financial Officer of the Company with effect from 12-08-2020.

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.

The Company has a policy relating to appointment and remuneration of Directors, Key Managerial Personnel and other employees duly approved by the Board of Directors, based upon the recommendation of Nomination and Remuneration Committee, in accordance with Section 178(3) of the Companies Act, 2013.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

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. During the year under review, has been no change in the policy.

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.

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 previous year 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 15-09-2020
		24-06-2020	12-08-2020	09-11-2020	04-02-2021	
1	Shri P.R. Venketrama Raja Chairman DIN: 00331406, Directorship: P & NE	Yes	Yes	Yes	Yes	Yes
2	Smt. B. SriSandhya Raju Managing Director, DIN: 02325596, Directorship: P & E	Yes	Yes	Yes	Leave	Yes
3	Smt. R. Sudarsanam DIN: 00433926, Directorship: P & NE	Yes	Yes	Yes	Yes	Yes

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

Sl. No.	Name of the Director, Director Identification Number (DIN) & Directorship	Board Meetings held on				Attendance at Last AGM 15-09-2020
		24-06-2020	12-08-2020	09-11-2020	04-02-2021	
4	Smt. P.V. Nirmala Raju DIN: 00474960, Directorship: P & NE	Yes	Yes	Yes	Leave	Yes
5	Shri N.K. Shrikantan Raja DIN: 00350693, Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes
6	Shri S. Kathimathinathan DIN: 01124581, Directorship: NE	Leave	Yes	Yes	Yes	Yes
7	Shri P.A.S. Krishnama Raja DIN: 00487322, Directorship: NE & ID	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 04-02-2021 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			
		23-06-2020	12-08-2020	09-11-2020	04-02-2021
1.	Shri N.K. Shrikantan Raja Chairman of the Committee	Yes	Yes	Yes	Yes
2.	Shri S. Kathimathinathan	Leave	Yes	Yes	Yes
3.	Shri P.A.S. Krishnama Raja	Yes	Yes	Yes	Yes

The Statutory Auditors, Chief Financial Officer 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 and Secretarial Auditor are 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	
		23-06-2020	12-08-2020
1.	Shri N.K. Shrikantan Raja Chairman of the Committee	Yes	Yes
2.	Shri S. Kathimathinathan	Leave	Yes
3.	Shri P.A.S. Krishnama Raja	Yes	Yes

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

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 23-06-2020
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 04-02-2021
1.	Shri N.K. Shrikantan Raja Chairman of the Committee	Yes
2.	Shri S. Kathimathinathan	Yes

RIGHTS ISSUE COMMITTEE

The Composition of Rights Issue Committee and the details of the attendance of its members at Rights Issue Committee Meeting are as follows:

Sl. No.	Name of the Director	RIC Meeting held on 24-12-2020
1	Shri N.K. Shrikantan Raja	YES
2	Shri S. Kanthimathinathan	YES
3	Shri P.A.S. Krishnama Raja	YES

16. SECRETARIAL STANDARD

The Directors have devised proper system to ensure compliance with the provisions of applicable Secretarial Standards and that such system are adequate and operating effectively.

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 31-03-2021 (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 ₹ 17.70 Crores from Directors as deposit / loan during the financial year 2020-21. It has repaid an amount of ₹ 10.18 crores during the year 2020-21. The loans from Directors are not treated as deposits under Chapter V of the Companies Act, 2013.

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.

DIRECTORS' REPORT

19. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

- (a) the Company has not given any loans or guarantee during the year 2020-21 under Section 186 of the Companies Act, 2013.
- (b) 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."

In view of losses made during the last three financial years, the Company is not required to spend on CSR activities for the Financial Year 2020-21. Though the Company is not required to spend on CSR activities, the Company had spent an amount of ₹ 2.14 Lakhs towards ensuring environmental sustainability during the Financial year 2020-21.

The Annual Report on CSR activities as prescribed under Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as Annexure - III.

21. AUDITS

STATUTORY AUDIT

M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants, (FRN: 001208S) who have been appointed as the Statutory Auditors of the Company at the 23rd Annual General Meeting would be the Auditors of the Company till the conclusion of the 28th Annual General Meeting to be held in the year 2022.

The report of the Statutory Auditors for the year ended 31st March, 2021 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.

SECRETARIAL AUDIT

Shri M.R.L. Narasimha, a Practising Company Secretary is the Secretarial Auditor of the Company. Pursuant to Section 204(1) of the Companies Act, 2013, the Secretarial Audit Report submitted by the Secretarial Auditor for the year ended 31st March, 2021 is attached as Annexure - I. The report does not contain any qualification, reservation or adverse remark.

COST AUDIT

As per Section 148(1) of the Companies Act, 2013 read with Rule 3 of Companies (Cost Records and Audit) Rules 2014, the Company is required to maintain the cost records and accordingly such records and accounts are made and maintained.

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 2021-22 at a remuneration of ₹ 65,000 (Rupees Sixty Five Thousand), exclusive of GST and out-of-pocket expenses.

DIRECTORS' REPORT

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 2019-20 due to be filed with Ministry of Corporate Affairs by 11-09-2020 had been filed on 09-09-2020. The Cost Audit Report for the financial year 2020-21 is due to be submitted by the cost auditor within 180 days from the closure of the financial year and will be filed with the Ministry of Corporate Affairs within 30 days thereof.

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 – II.

23. 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, the copy of the Annual Return for the year ended 31-03-2020 has been placed on the website of the Company and web link of such Annual Return is - <http://www.sandhyaspinningmill.co.in/pdf/annual-return-31-03-2020.pdf>

24. INDUSTRIAL RELATIONS AND PERSONNEL

The Company has 800 employees as on 31-03-2021. 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.

25. RELATED PARTY TRANSACTION

Prior approval / Omnibus approval is obtained from the Audit Committee for all related party transactions and the transactions are periodically placed before the Audit Committee for its approval. No transaction with the related party is material in nature, in accordance with Company's "Related Party Transaction Policy" and the details of transactions with the related parties are set out in Note No:27(13) of disclosures forming part of Financial Statements.

26. RISK MANAGEMENT POLICY

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

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

27. MATERIAL CHANGES SINCE 1ST APRIL 2021

There have been no changes affecting the financial position of the Company between the end of the financial year and till the date of this report.

28. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) they had followed the applicable accounting standards along with proper explanation relating to material departures, if any, in the preparation of the Annual accounts for the year ended 31st March, 2021;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2021 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.

Rajapalaiyam,
28th May, 2021.

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

P.R. VENKETRAMA RAJA,
CHAIRMAN

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

ANNEXURE I TO DIRECTORS' REPORT

Form MR - 3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,

Sandhya Spinning Mill Limited, [CIN:U17111TN1994PLC027037]

No. 47, P.S.K. Nagar,

Rajapalayam - 626 108.

I have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **Sandhya Spinning Mill Limited** (hereinafter called "the Company") during the financial year from **1st April, 2020 to 31st March, 2021** ("the year"/ "audit period"/ "period under review"). I conducted the Secretarial Audit in a manner that provided me a reasonable basis for evaluating the Company's corporate conducts / statutory compliances and expressing my opinion thereon.

I am issuing this report based on my verification of the books, papers, minute books and other records maintained by the Company, forms and returns filed, compliance related action taken by the Company during the year as well as after 31st March, 2021 but before the issue of this audit report and the information provided by the Company, its officers, agents and authorised representatives during my conduct of the Secretarial Audit.

1. I hereby report that:

- 1.1. In my opinion, during the audit period covering the **financial year ended on 31st March, 2021**, the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The Members are requested to read this report along with my letter of even date annexed to this report as Annexure – A.
- 1.2. I have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year according to the applicable provisions of :
 - (i) The Companies Act, 2013 (the Act), and the rules made thereunder.
 - (ii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.
 - (iii) The following laws, that are specifically applicable to the Company:
 - (a) Essential Commodities Act 1955, with reference to "Hank Yarn Packing Notification 2003" (No.2/TDRO/8/2003 dated 17th April, 2003); and
 - (b) The Electricity Act, 2003.
- 1.3 I have also examined compliance with the applicable clauses of the following:
 - (i) Secretarial Standards (SS-1) on "Meetings of the Board of Directors" and Secretarial Standards (SS-2) on "General Meetings" issued by The Institute of Company Secretaries of India.

ANNEXURE I TO DIRECTORS' REPORT

- 1.4. During the period under review, and also considering the compliance related action taken by the Company after 31st March, 2021 but before the issue of this report, the Company has, to the best of my knowledge and belief and based on the records, information and explanations furnished to me, complied with the applicable provisions / Clauses of the Acts, Rules, Regulations, Agreements, Guidelines and Standards mentioned under paragraphs 1.2 and 1.3 above.
- 1.5. I am informed that, during / in respect of the year:
- (i) The following Acts / Regulations and Guidelines are not applicable:
 - a) Securities Contracts (Regulations) Act, 1956 and the Rules made thereunder.
 - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
 - (ii) Due to non-occurrence of certain events, the Company was not required to comply with the following laws / guidelines / regulations and consequently was not required to maintain any books, papers, minute books or other records or file any forms/ returns under:
 - (a) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - (iii) There was no law, other than those specified in paragraph 1.2 (iii) above, that was specifically applicable to the Company, considering the nature of its business. Hence the requirement to report on compliance with specific laws did not arise.

2. I further report that:

- 2.1 The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Board also have three Woman Directors.
- 2.2 Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings were sent at least seven days in advance. Agenda and detailed notes on agenda were sent atleast seven days before the Board meetings with the exception of the following items, which were either circulated separately or at the meetings:
- (i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited accounts / results, unaudited financial results and connected papers; and
 - (ii) Additional subjects / information / presentations and supplementary notes.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

ANNEXURE I TO DIRECTORS' REPORT

Consent of the Board for circulating them separately or at the meeting was duly obtained as required under the Secretarial Standards.

2.3 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings. Majority decision is carried through. I am informed that there were no dissenting members' views on any of the matters discussed during the year that were required to be captured and recorded as part of the minutes.

3. I further report that:

3.1 There are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

4. I further report that:

4.1 The Board of Directors at their meeting held on 24th June, 2020 had approved increasing Authorised Capital from ₹ 10 Crores to ₹ 20 Crores. The Board of Directors had also approved raising of funds upto ₹ 10 Crores on Rights basis to the existing shareholders of the Company. The Board of Directors at the above meeting had approved the issue of 92,00,000 Equity Shares of face value of ₹ 10/- each at par value of ₹ 10/- per share for the aggregate amount of ₹ 9.20 Crores. Rights Issue was opened on 04th December, 2020 and closed on 23rd December, 2020. Rights Issue Committee at its meeting held on 24th December, 2020 has approved allotment of 92,00,000 Equity Shares of face value of ₹ 10/- each at par value of ₹ 10/- each.

Coimbatore
28th May, 2021

M.R.L. Narasimha
Practicing Company Secretary
Membership No: 2851
Certificate of Practice: 799
New No. 8, Old No. 34-C, Third Cross
Ramalinga Nagar, K.K. Pudur,
Coimbatore - 641 038.
UDIN:- F002851C000382450
Peer Review Certificate No:-517/2017

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

ANNEXURE I TO DIRECTORS' REPORT

Annexure – A to Secretarial Audit Report of even date

To

The Members,

Sandhya Spinning Mill Limited, [CIN:U17111TN1994PLC027037]

No 47, PSK Nagar

Rajapalayam - 626 108.

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March 2021 is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed such audit practices and processes as I considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, I have also considered compliance related action taken by the Company after 31st March, 2021 but before the issue of this report.
4. I have verified the secretarial records furnished to me on a test basis to see whether the correct facts are reflected therein. I also examined the compliance procedures followed by the Company on a test basis. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
5. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
6. I have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
7. My Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

M.R.L. Narasimha

Practicing Company Secretary

Membership No: 2851

Certificate of Practice: 799

New No. 8, Old No. 34-C, Third Cross

Ramalinga Nagar, K.K. Pudur,

Coimbatore - 641 038.

UDIN:- F002851C000382450

Peer Review Certificate No:-517/2017

Coimbatore

28th May, 2021

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

ANNEXURE II 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; | : Optimization of tubes / Spindle taps in Spinning Machines. |
| | : Pressure optimization in Rieter Spinning pneumafil motors. |
| | : Installation of Inverter drives in Humidification plants to optimize RH%. |
| Impact on Conservation of energy | : The above steps have resulted in power savings of 1.40 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 Resarch and Development | : Not Applicable |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Foreign Exchange earned in terms of actual inflows during the year and : ₹ 4,394.17 Lakhs

The Foreign Exchange outgo during the year in terms of actual outflows. : ₹ 5,567.90 Lakhs

Rajapalaiyam,
28th May, 2021.

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

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

ANNEXURE III TO DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR Policy.

The objective of the CSR Policy is:

- a. To ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stockholders.
- b. To directly or indirectly take up programs that benefit the communities in & around its work locations and results, over a period of time, in enhancing the quality of life & economic well-being of the local populace.
- c. To generate, through its CSR initiatives, a community goodwill for the Company and help reinforce a positive & socially responsible image of the Company as a corporate entity.

Web line to the CSR Policy: www.sandhyaspinningmill.co.in

2. The Composition of the CSR Committee:

S. No.	Name of the Director	Designation / Nature of Directorship	No.of meetings of CSR held during the year	No.of meetings of CSR attended during the year
1	Shri P.R. Venketrama Raja	Chairman	1	1
2	Shri N.K. Shrikantan Raja	Independent Director	1	1

3. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014 – Not Applicable
4. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year – NIL
5. Average net profit of the company as per section 135(5) Rs. (-)545.57 lakhs.
6. a) Two percent of average net profit of the company as per section 135(5) – NIL.
b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years – NIL.
c) Amount required to be set off for the financial year, if any – NIL.
d) Total CSR obligation for the financial year (7a+7b-7c)- NIL.
7. CSR amount spent or unspent for the financial year.
-

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

ANNEXURE III TO DIRECTORS' REPORT

8. a) Details of CSR spent during the financial year:

Total Amount Spent for the Financial year (₹ In Lakhs)	Amount Unspent (₹ In Lakhs)				
	Total amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of transfer
2.14	Nil	Nil	Nil	Nil	Nil

- b) Details of CSR amount spent against ongoing projects for the financial year – Not Applicable

- c) Details of CSR amount spent against other than ongoing projects for the financial year:

Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local Area (Yes / No)	Location of the Project – District / State	Amount Spent for the Project (Rs. In Lakhs)	Mode of implementation – Direct (Yes / No)	Mode of implementation through Agency
Ensuring Environmental Sustainability	[Clause (iv)]	Yes	Virudhunagar District (Tamil Nadu)	2.14	Yes	NA
TOTAL				2.14		

- d) Amount spent in Administrative Overheads – NIL

- e) Amount spent on Impact Assessment, if applicable – Not applicable

- f) Total amount spent for the Financial Year (8b+8c+8d+8e) – Rs.2.14 Lakhs

- g) Excess amount for set off, if any – NIL

9. a) Details of Unspent CSR amount for the preceding three financial years - NIL

- b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NIL

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: NIL

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) – Not applicable

The CSR Committee confirms that the implementation and monitoring of CSR Policy is in Compliance with CSR objectives and policy of the Company.

P.R. VENKETRAMA RAJA
CHAIRMAN

B.SRISANDHYA RAJU
MANAGING DIRECTOR

Rajapalaiyam
28th May, 2021

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit Financial Statements

Opinion

We have audited the accompanying financial statements of Sandhya Spinning Mill Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss and the Cash Flow Statement (Financial Statements) 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 31st March, 2021, its Loss 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 other information. The other information comprises the information included in the Management Discussion and Analysis Board's Report including Annexures to Board's Report, 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 in 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 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.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

AUDITORS' REPORT TO SHAREHOLDERS

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 scepticism 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.

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.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

AUDITORS' REPORT TO SHAREHOLDERS

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2) As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, 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 31st March, 2021 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2021 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 31st March, 2021
 - 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. 021510

UDIN: 21021510AAAABQ7143

Trichy
28th May, 2021.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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 31st March, 2021:

- 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 maintaining cost 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, Duty of Customs, Goods and Service 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 31st March, 2021 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.
-

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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

Membership No. 021510
UDIN: 21021510AAAABQ7143

Trichy
28th May, 2021.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

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 the Sandhya Spinning Mill Limited (“the Company”) as of 31st March, 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended as on 31st March, 2021.

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

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 31st March, 2021, 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. 021510
UDIN: 21021510AAAABQ7143

Trichy
28th May, 2021.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM
BALANCE SHEET AS AT 31ST MARCH, 2021

		(₹ in Lakhs)			
		Note No.	As at 31-03-2021	As at 31-03-2020	
I EQUITY AND LIABILITIES					
(1) Shareholders' Fund					
(a)	Share Capital	1	1,680.00	760.00	
(b)	Reserves and Surplus	2	<u>(445.12)</u>	1,234.88	<u>(227.73)</u> 532.27
(2) Non-Current Liabilities					
(a)	Long Term Borrowings	3	7,859.42	4,879.17	
(b)	Deferred Tax Liabilities (Net)	4	639.41	714.07	
(c)	Long Term Provisions	5	<u>84.89</u>	8,583.72	<u>116.34</u> 5,709.58
(3) Current Liabilities					
(a)	Short Term Borrowings	6	7,461.73	11,602.37	
(b)	Trade Payables				
	(i) Total outstanding dues to micro enterprises and small enterprises	7	-	-	
	(ii) Total outstanding dues to micro enterprises and small enterprises	7	1,600.45	445.42	
(c)	Other Current Liabilities	8	308.93	246.59	
(d)	Short Term Provisions	9	<u>127.74</u>	<u>9,498.85</u>	<u>182.76</u> <u>12,477.14</u>
TOTAL EQUITY AND LIABILITIES			<u><u>19,317.45</u></u>	<u><u>18,718.99</u></u>	
II ASSETS					
(1) Non-Current Assets					
(a) Property, Plant and Equipments and Intangible Assets					
(i)	Property, Plant and Equipments	10	10,111.31	10,499.03	
(ii)	Intangible Assets	10	3.04	3.04	
(iii)	Capital Work-in-Progress		1,780.03	73.98	
(iv)	Assets Held for Sales	12	<u>186.32</u>	12,080.70	<u>204.84</u> 10,780.89
(b)	Non-Current Investments	11	4.23		4.86
(c)	Long term Loans and advances	13	365.32		362.13
(2) Current Assets					
(a)	Inventories	14	2,983.97	4,123.59	
(b)	Trade Receivables	15	2,312.26	2,512.21	
(c)	Cash and Bank Balances	16	19.77	17.25	
(d)	Short Term Loan and Advances	17	1,065.03	337.88	
(e)	Other Current Assets	18	<u>486.17</u>	<u>6,867.20</u>	<u>580.18</u> <u>7,571.11</u>
TOTAL ASSETS			<u><u>19,317.45</u></u>	<u><u>18,718.99</u></u>	
Significant Accounting Policies		26			
Notes on Financial Statements		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. 021510
Trichy,
28th May, 2021.

Shri P.R. VENKETRAMA RAJA
CHAIRMAN
Rajapalaiyam

V. GURUSAMY
SECRETARY
Rajapalaiyam

Smt. B. SRISANDHYA RAJU
MANAGING DIRECTOR
Hyderabad

N. VAIRA BALAJI
CHIEF FINANCIAL OFFICER
Rajapalaiyam

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

		Note No.	For the year ended 31-03-2021	(₹ in Lakhs) For the year ended 31-03-2020
INCOME				
I	Revenue from Operations	19	13,807.93	11,570.17
II	Other Income	20	107.71	50.51
III	Total Income (I + II)		<u>13,915.64</u>	<u>11,620.68</u>
IV EXPENSES				
	Cost of Materials Consumed	21	5,805.94	5,865.95
	Trade Purchases		948.98	730.10
	Changes in Inventories of Finished Goods and Work-in-progress	22	1,304.82	(429.82)
	Employee Benefit Expenses	23	1,258.32	1,414.46
	Finance Costs	24	1,296.30	1,347.53
	Depreciation and Amortization Expenses		685.03	704.01
	Other Expenses	25	2,908.30	3,168.39
	Total Expenses		<u>14,207.69</u>	<u>12,800.62</u>
V	Profit / (Loss) Before Exceptional and Extraordinary items and Tax (III-IV)		(292.05)	(1,179.94)
VI	Exceptional & Extraordinary items		-	-
VII	Profit / (Loss) Before Tax (V-VI)		<u>(292.05)</u>	<u>(1,179.94)</u>
VIII	Tax Expenses			
	Current Tax - MAT		-	-
	Deferred Tax Asset		(74.66)	(297.18)
	Total Tax Expenses		<u>(74.66)</u>	<u>(297.18)</u>
IX	Profit / (Loss) after Tax (VII-VIII)		<u>(217.39)</u>	<u>(882.76)</u>
X	Earnings per Equity Share of face value of ₹ 10/- each			
	Basic & Diluted (In Rupees) [Refer to Note No.27(12)]		(3.15)	(19.19)
	Significant Accounting Policies	26		
	Notes on Financial Statements	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

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MANAGING DIRECTOR
Hyderabad

N. VAIRA BALAJI
CHIEF FINANCIAL OFFICER
Rajapalaiyam

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

		(₹ in Lakhs)	
		2020-21	2019-20
A. Cash flow from Operating activities			
Net Profit before tax and Extraordinary items		(292.05)	(1,179.94)
Adjustments for :			
Depreciation and Amortization		685.03	704.01
Finance Cost		1,296.30	1,347.53
Interest Income		(15.73)	(23.36)
Dividend Income		(0.01)	(0.02)
Profit / (Loss) on sale of assets		(16.09)	43.41
Operating Profit before Working capital Changes		1,657.45	891.63
Adjustments for :			
Trade Receivables		199.95	(53.13)
Loans and Advances		(635.93)	497.04
Inventories		1,139.62	49.40
Trade Payables & Current liabilities		959.89	236.44
Cash generated from Operations		3,320.98	1,621.38
Income tax Paid		(0.40)	11.19
Net Cash from Operating activities	A	<u>3,320.58</u>	<u>1,632.57</u>
B. Cash Flow from Investing activities :			
Purchase of Fixed Assets		(2,060.43)	(780.31)
Sale of Investments		0.63	-
Sale of Assets		91.68	4.43
Interest Income		15.73	23.36
Dividend Income		0.01	0.02
Net Cash used in Investing activities	B	<u>(1,952.38)</u>	<u>(752.50)</u>
C. Cash Flow from Financing activities :			
Proceeds from Allotment of Preference Shares		920.00	-
Proceeds from Long Term borrowings		5,479.74	-
Repayment of Long Term Loan		(1,731.55)	(1,991.43)
(Availment) / Repayment of Short Term Borrowings (Net)		(4,737.57)	2,442.79
Interest Paid		(1,296.30)	(1,347.53)
Net cash used in Financing Activities	C	<u>(1,365.68)</u>	<u>(896.17)</u>
Net Increase in Cash and Cash Equivalent	D = (A+B+C)	2.52	(16.10)
Opening balance of Cash and Cash Equivalents	E	17.25	33.35
Closing balance of Cash and Cash Equivalents	F = (D+E)	19.77	17.25
Net Increase in Cash and Cash Equivalent	(F - E)	2.52	(16.10)

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

	(₹ in Lakhs)	
	As at 31-03-2021	As at 31-03-2020
NOTE NO. 1		
SHARE CAPITAL		
Authorised		
1,60,00,000 Equity Shares of ₹ 10/- each (PY: 60,00,000 Equity Shares of ₹ 10/- each)	1,600.00	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
	2,000.00	1,000.00
Issued, Subscribed and fully paid-up		
1,38,00,000 Equity Shares of ₹ 10/- each (PY: 46,00,000 Equity Shares of ₹ 10/- each)	1,380.00	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
	1,680.00	760.00

A. Reconciliation of the number of Shares outstanding

Particulars	As at 31-03-2021		As at 31-03-2020	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares				
Number of shares at the beginning	46,00,000	460.00	46,00,000	460.00
Issued during the year - Rights Issue	92,00,000	920.00	-	-
Number of Shares at the end	1,38,00,000	1,380.00	46,00,000	460.00
Preference Shares				
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. Rights / Restrictions attached to Equity Shares

The Company has one class of equity shares having a face value of Rs. 10/- each. Each shareholder is eligible for one vote per share held. In the event of liquidation of the company, the equity shareholders will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Particulars	As at 31-03-2021		As at 31-03-2020	
	No. of Shares	% of holding	No. of Shares	% of holding
(I) Equity Shares				
Smt.B. SriSandhya Raju	1,27,85,118	92.65%	36,01,280	78.28%
Master Vikramaditya Raju, M/G Smt. B. SriSandhya Raju	4,18,600	3.03%	4,18,600	9.10%
(II) 7.50% Cumulative Redeemable Preference Shares				
Smt. B. SriSandhya Raju	30,00,000	100.00%	30,00,000	100.00%

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

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

D. Shareholders holding of Promoters as at 31-03-2021

I. Equity Share Capital :

S. No.	Particulars	No. of Shares	% of Total Shares	% of Changes during the year
1	Shri P.R. Venketrama Raja	42,000	0.30%	Nil
2	Smt. B. SriSandhya Raju	1,27,85,118	92.65%	14.37
3	Smt. R. Sudarsanam	43,400	0.31%	Nil
4	Smt. P.V. Nirmala Raju	42,000	0.30%	Nil
5	Shri P.V. Abinav Ramasubramaniam Raja	1,40,000	1.01%	Nil
6	Master Vikramaditya Raju	4,18,600	3.03%	Nil
Total		1,34,71,118	97.62%	14.37

II. 7.50% Cumulative Redeemable Preference Share Capital :

Particulars	No. of Shares	% of Total Shares	% of Changes during the year
Smt. B. SriSandhya Raju	30,00,000	100%	Nil
Total	30,00,000	100%	

E. Shareholders holding of Promoters as at 31-03-2020

I. Equity Share Capital :

S. No.	Particulars	No. of Shares	% of Total Shares	% of Changes during the year
1	Shri P.R. Venketrama Raja	42,000	0.91%	Nil
2	Smt. B. SriSandhya Raju	36,01,280	78.28%	1.20
3	Smt. R. Sudarsanam	43,400	0.95%	Nil
4	Smt. P.V. Nirmala Raju	42,000	0.91%	Nil
5	Shri P.V. Abinav Ramasubramaniam Raja	1,40,000	3.04%	Nil
6	Master Vikramaditya Raju	4,18,600	9.10%	Nil
Total		42,87,280	93.20%	1.20

II. 7.50% Cumulative Redeemable Preference Share Capital :

Particulars	No. of Shares	% of Total Shares	% of Changes during the year
Smt. B. SriSandhya Raju	30,00,000	100%	Nil
Total	30,00,000	100%	

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

	(₹ in Lakhs)	
	As at 31-03-2021	As at 31-03-2020
NOTE NO. 2		
RESERVES AND SURPLUS		
Securities Premium Reserve		
Balance as per Last Financial Statement	58.37	58.37
General Reserve		
Balance as per Last Financial Statement	643.58	643.58
Add: Transfer from Surplus Account	-	-
	643.58	643.58
Surplus in the statement of Profit and Loss		
Opening Balance	(929.68)	(46.92)
Add: Profit / (Loss) for the Year	(217.39)	(882.76)
	(1,147.07)	(929.68)
Less: Appropriations		
Transfer to General Reserve	-	-
	(1,147.07)	(929.68)
	(445.12)	(227.73)

NOTE NO. 3

LONG TERM BORROWINGS

Secured

Term Loan from Banks	6,555.42	3,304.17
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Unsecured

Term Loan from Banks	400.00	500.00
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Loan from Other Parties	904.00	1,075.00
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	7,859.42	4,879.17
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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 Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken as at the reporting date.
- c) Registration, Modification and Satisfaction of charges relating to the year under review, had been filed with the ROC, within the prescribed time or within the extended time requiring the payment of additional fees.
- d) The Long Term Borrowings from Banks are repayable in quarterly/half yearly installments. The year wise repayment is as follows:

Year	Amount	Amount
2021-22	-	2,454.17
2022-23	2,356.38	1,100.00
2023-24	1,466.13	250.00
2024-25	1,404.10	-
2025-26	1,353.81	-
2026-27	375.00	-
Total	6,955.42	3,804.17

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

	(₹ in Lakhs)	
	As at 31-03-2021	As at 31-03-2020
NOTE NO. 4		
DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability		
Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	1,872.94	1,964.95
Deferred Tax Asset		
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	(1,195.01)	(1,202.87)
Tax effect on Provision for Bonus and Leave Encashment	(38.52)	(48.01)
Net Deferred Tax Liability	639.41	714.07
NOTE NO. 5		
LONG TERM PROVISIONS		
Provision for Employee Benefits	84.89	116.34
	84.89	116.34
NOTE NO. 6		
SHORT TERM BORROWINGS		
Secured		
Loan Repayable on Demand from Banks *	1,343.61	5,803.82
Current Maturities of Long Term Debt	2,628.47	2,031.54
Unsecured		
Loan Repayable on Demand from Banks	1,055.08	2,302.67
Loan from Related Parties [Refer Note No.27(13)(e)]	921.29	665.99
Loan from Related Parties [Refer Note No.27(7)]	1,513.28	798.35
	7,461.73	11,602.37
* Loan Repayable on Demand from Banks (other than current maturities of Long-Term Debt) 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.		
NOTE NO. 7		
TRADE PAYABLES		
Trade Payables		
(i) Total outstanding dues of micro enterprises and small enterprises#	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,600.45	445.42
	1,600.45	445.42
# There are no dues to micro and small enterprises as at 31-03-2021 (PY: ₹ Nil). This information as required to be disclosed under the Micro and Small and Medium Enterprises Development Act, 2016 has been determined to the extent such parties have been identified on the basis of information available with the Company.		
NOTE NO. 8		
OTHER CURRENT LIABILITIES		
Unclaimed Dividends	1.26	1.26
Liabilities for Other Finance	307.67	245.33
	308.93	246.59
NOTE NO. 9		
SHORT TERM PROVISIONS		
Provision for Employee Benefits	127.74	182.76
	127.74	182.76

SANDHYA SPINNING MILL LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 10

PROPERTY, PLANT AND EQUIPMENTS AND INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Year	Gross block				Depreciation				Net block			
		As at beginning of the year	Additions	Deductions	Transfer To Investment Property & Asset Held for Sale	As at end of the year	As at the beginning of the year	For the year	Deductions	Transfer To Investment Property & Asset Held for Sale	As at the end of the year	As at beginning of the year	
Property, Plant and Equipments													
Land	2020-21	267.83	-	-	-	267.83	-	-	-	-	-	267.83	267.83
	2019-20	267.83	-	-	-	267.83	-	-	-	-	-	267.83	267.83
Buildings	2020-21	2,731.21	3.97	-	-	2,735.18	1,137.61	53.48	-	-	1,191.09	1,544.09	1,593.60
	2019-20	2,587.23	143.98	-	-	2,731.21	1,087.67	49.94	-	-	1,137.61	1,593.60	1,499.56
Plant and machinery	2020-21	18,339.05	310.03	138.74	32.68	18,543.02	9,890.53	603.67	63.48	14.17	10,444.89	8,098.13	8,448.52
	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
Electrical machinery	2020-21	724.05	36.24	-	-	760.29	621.82	10.42	-	-	632.24	128.05	102.23
	2019-20	681.18	47.13	4.26	-	724.05	619.87	6.00	4.05	-	621.82	102.23	61.31
Furniture & Office Equipments	2020-21	138.32	4.06	-	-	142.38	118.69	5.69	-	-	124.38	18.00	19.63
	2019-20	131.37	6.95	-	-	138.32	111.79	6.90	-	-	118.69	19.63	19.58
Vehicles	2020-21	105.34	0.09	6.61	-	98.82	38.12	11.77	6.28	-	43.61	55.21	67.22
	2019-20	104.61	0.73	-	-	105.34	25.74	12.38	-	-	38.12	67.22	78.87
Total - Tangible Assets	2020-21	22,305.80	354.39	145.35	32.68	22,547.52	11,806.77	685.03	69.76	14.17	12,436.21	10,111.31	10,499.03
	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
Intangible Assets													
Computer Software	2020-21	25.70	-	-	-	25.70	24.42	-	-	-	24.42	1.28	1.28
	2019-20	25.70	-	-	-	25.70	24.42	-	-	-	24.42	1.28	1.28
Power Transmission System	2020-21	35.14	-	-	-	35.14	33.38	-	-	-	33.38	1.76	1.76
	2019-20	35.14	-	-	-	35.14	33.38	-	-	-	33.38	1.76	1.76
Total - Intangible Assets	2020-21	60.84	-	-	-	60.84	57.80	-	-	-	57.80	3.04	3.04
	2019-20	60.84	-	-	-	60.84	57.80	-	-	-	57.80	3.04	3.04

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

					(₹ in Lakhs)	
					As at	As at
					31-03-2021	31-03-2020
NOTE NO. 11						
NON-CURRENT INVESTMENTS						
I. Investment in Equity Instruments, Non-Trade						
Name of the Company	No.of. Shares	Total face Value ₹	Cost	Cost		
a) Quoted						
Rajapalayam Mills Limited	500	0.05	0.69	0.69		
Total quoted Investment	(A)		0.69	0.69		
b) Unquoted						
RIL and Tech Service Ltd - Equity Shares	20,000	2.00	2.00	2.00		
Ramco Windfarms Limited	1,53,000	1.53	1.53	1.53		
ARS Energy Private Limited	230	0.16	-	0.63		
Total un-quoted Investment	(B)		3.53	4.16		
II. Other Non-current Investment, Non-Trade						
Ramco Group Employees' Co-operative Stores Limited	50	0.01	0.01	0.01		
Total other Investment	(C)		0.01	0.01		
Aggregate Value of Investments (A+B+C)			4.23	4.86		
Aggregate Value of:						
Quoted Investments - Cost			0.69	0.69		
- Market Value			5.02	2.49		
Unquoted Investments - Cost			3.53	4.16		
NOTE NO. 12						
ASSETS HELD FOR SALES						
Assets Held for Sales (AP Unit)			186.32	204.84		
			186.32	204.84		
NOTE NO. 13						
LONG TERM LOANS AND ADVANCES						
Unsecured, considered good						
Security Deposits			365.32	362.13		
			365.32	362.13		

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

	(₹ in Lakhs)	
	As at 31-03-2021	As at 31-03-2020
NOTE NO. 14		
INVENTORIES		
Finished Goods	172.25	1,193.59
Raw Materials - Cotton, Cotton Waste & Yarn	2,286.75	2,110.11
Stores, Spares	66.94	78.38
Work-in-Progress (Cotton & Yarn)	458.03	741.51
	2,983.97	4,123.59
Mode of valuation of inventories are disclosed in Significant Accounting Policies in Note No. 26(3)		
NOTE NO. 15		
TRADE RECEIVABLES		
Unsecured, considered good		
Trade Receivables less than six months	2,186.00	2,362.41
Trade Receivables more than six months	126.26	149.80
	2,312.26	2,512.21
NOTE NO. 16		
CASH AND BANK BALANCES		
Cash on Hand	0.84	0.61
Balance with Bank		
In Current Account	7.38	11.80
In Deposit Account for Margin Money	9.26	3.56
In Unclaimed Dividend Warrant Account	1.26	1.26
Cheques on hand	1.03	0.02
	19.77	17.25
NOTE NO. 17		
SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Advance to Suppliers / Others	1,026.59	299.84
Advance Income-Tax paid and TDS	38.44	38.04
	1,065.03	337.88
NOTE NO. 18		
OTHER CURRENT ASSETS		
Accrued Income	356.35	441.74
Prepaid Expenses	93.10	102.19
Other Current Assets	36.72	36.25
	486.17	580.18

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

	For the year ended 31-03-2021		For the year ended 31-03-2020	
	(₹ in Lakhs)			
NOTE NO. 19				
REVENUE FROM OPERATION				
Sale of Products				
Yarn	13,606.30		11,359.93	
Waste Cotton	114.79		112.32	
		13,721.09		11,472.25
Other operating revenues				
Export Incentive		83.01		89.68
Job Work Charges Received		3.83		8.24
		13,807.93		11,570.17
NOTE NO. 20				
OTHER INCOME				
Interest Received		15.72		23.36
Dividend Income		0.01		0.02
Profit on Sale of Assets		83.58		22.87
Miscellaneous Income		8.40		4.26
		107.71		50.51
NOTE NO. 21				
COST OF MATERIALS CONSUMED				
Raw Materials Consumed				
Cotton & Cotton Waste		5,805.94		5,865.95
		5,805.94		5,865.95
NOTE NO. 22				
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS				
Opening stock				
Finished Goods	1,193.59		787.19	
Work-in-Progress	741.51	1,935.10	718.09	1,505.28
Less:				
Closing Stock				
Finished Goods	172.25		1,193.59	
Work-in-Progress	458.03	630.28	741.51	1,935.10
Net Decrease/(Increase) in Stock		1,304.82		(429.82)

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

	For the year ended 31-03-2021	For the year ended 31-03-2020
(₹ in Lakhs)		
NOTE NO. 23		
EMPLOYEE BENEFIT EXPENSES		
Salaries , Wages and Bonus	1,052.60	1,181.68
Contribution to Provident and Other Funds	115.53	156.11
Staff and Labour Welfare Training Expenses	90.19	76.67
	<u>1,258.32</u>	<u>1,414.46</u>
NOTE NO. 24		
FINANCE COSTS		
Interest Expenses	1,290.35	1,338.85
Other Borrowing Costs	5.95	8.68
	<u>1,296.30</u>	<u>1,347.53</u>
NOTE NO. 25		
OTHER EXPENSES		
MANUFACTURING EXPENSES		
Power and Fuel	945.38	1,225.99
Packing Materials	153.53	153.47
Repairs to Building	24.88	29.06
Repairs to Plant and Machinery	400.07	332.91
Repairs - General	369.08	358.81
Jobwork Charges Paid	18.94	77.46
	<u>1,911.88</u>	<u>2,177.70</u>
ESTABLISHMENT EXPENSES		
Managing Director's Remuneration	120.00	120.00
Rates and Taxes	20.79	32.78
Insurance	69.97	59.13
Postage and Telephone	5.03	4.62
Printing and Stationery	4.02	7.74
Travelling Expenses	2.94	4.81
Vehicle Maintenance	13.14	13.95
Exchange Loss on Foreign Currency Transactions	112.07	106.42
Directors Sitting Fees	6.45	7.20
Rent	16.92	26.06
Audit Fees and Legal Expenses	17.04	19.15
Corporate Social Responsibility Expenses	2.15	1.82
Loss on Sales of Assets	67.49	66.28
Mark to Market Loss on Cotton	(53.20)	53.20
Miscellaneous Expenses	165.64	105.72
	<u>570.45</u>	<u>628.88</u>
Selling Expenses		
Sales Commission	204.94	210.81
Export Expenses	143.60	124.35
Other Selling Expenses	77.43	26.65
	<u>425.97</u>	<u>361.81</u>
	<u>2,908.30</u>	<u>3,168.39</u>

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

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, Fuel, Packing materials etc., are valued at cost, computed on a moving weighted average basis including the cost incurred in bringing the inventories to their present location and condition after providing for obsolescence and other losses or net realisable value whichever is lower. Inventories are usually written down to net realisable value, if the finished products, in which they will be used, are expected to be sold below cost. However, the inventories 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 weighted average cost including the cost of conversion with systematic allocation of production overheads based on normal capacity of production facilities but excluding borrowing cost or net realisable value whichever is lower. Factory administration overheads to the extent attributable to bring the inventories to their present location and condition are also included in the valuation of Process stock.
- (iii) Finished goods are valued at cost or net realisable value whichever is lower. Cost includes cost of conversion with systematic allocation of production overheads based on normal capacity of production facilities and other costs but excluding borrowing cost incurred in bringing the inventory to their present location and condition. Finished goods include stock-in-trade also which comprises cost of purchase and other cost incurred in bringing the inventories to the present location and condition. Cost is determined on a moving weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

4. Cash flow statement

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

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

5. Depreciation & Amortization

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

Type of Plant and Machinery	Useful life of such components ranging from
Textile Machineries / Equipment	2 to 25 Years
Wind Mills	22 to 30 Years
DG Sets	12 to 25 Years
Electrical Machineries	3 to 20 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

7. Property, Plant and Equipments (PPE)

- (i) PPEs 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

- (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

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

- (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 31-03-2021	As at 31-03-2020																													
1.	Contingent Liabilities																															
	Liability on Letter of Credit opened																															
	Capital Goods	Nil	129.53																													
2.	Commitments																															
	(i) Estimated amount of contracts remaining to be executed on capital account not provided	3,033.54	7.62																													
	(ii) Other Commitments:																															
	Liability on guarantees given by the bankers	66.40	71.11																													
3.	Sales Tax Assessment upto year ended 31st 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 ₹ 534.33 Lakhs (PY: ₹ 477.00 Lakhs).																															
6.	In the opinion of the management, there may not be any tax liability on the above matters mentioned in point no. 5.																															
7.	Details of Loans from Directors under "Loan from Related Parties" are:																															
		<table style="width: 100%; border-collapse: collapse; margin: 0 auto;"> <thead> <tr> <th rowspan="2" style="text-align: left;">Name</th> <th colspan="2" style="text-align: center;">Closing Balance as on</th> <th colspan="2" style="text-align: center;">Interest Paid</th> </tr> <tr> <th style="text-align: center;">31-03-2021</th> <th style="text-align: center;">31-03-2020</th> <th style="text-align: center;">2020 -21</th> <th style="text-align: center;">2019 - 20</th> </tr> </thead> <tbody> <tr> <td>Shri P.R.Venketrama Raja</td> <td style="text-align: right;">1,245.00</td> <td style="text-align: center;">-</td> <td style="text-align: right;">30.29</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Smt. B. SriSandhya Raju</td> <td style="text-align: right;">262.11</td> <td style="text-align: right;">790.00</td> <td style="text-align: right;">56.64</td> <td style="text-align: right;">19.84</td> </tr> <tr> <td>Smt. P.V. Nirmala Raju</td> <td style="text-align: right;">6.17</td> <td style="text-align: right;">8.35</td> <td style="text-align: right;">0.67</td> <td style="text-align: right;">0.81</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">1,513.28</td> <td style="text-align: right; border-top: 1px solid black;">798.35</td> <td style="text-align: right; border-top: 1px solid black;">87.60</td> <td style="text-align: right; border-top: 1px solid black;">20.65</td> </tr> </tbody> </table>		Name	Closing Balance as on		Interest Paid		31-03-2021	31-03-2020	2020 -21	2019 - 20	Shri P.R.Venketrama Raja	1,245.00	-	30.29	-	Smt. B. SriSandhya Raju	262.11	790.00	56.64	19.84	Smt. P.V. Nirmala Raju	6.17	8.35	0.67	0.81		1,513.28	798.35	87.60	20.65
Name	Closing Balance as on		Interest Paid																													
	31-03-2021	31-03-2020	2020 -21	2019 - 20																												
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	1,513.28	798.35	87.60	20.65																												
8.	Auditors' remuneration (Excluding GST) & expenses:																															
	Statutory Auditors:	2020-21	2019-20																													
a.	As Auditors																															
	- Fees	1.00	1.00																													
	- Expenses reimbursed	NIL	NIL																													
b.	In other Capacities																															
	(i) Tax Audit Fees	0.50	0.50																													
	(ii) Certification Work Fees	0.23	0.40																													
	(iii) VAT Audit Fees	0.30	0.30																													
	Total	2.03	2.20																													

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 31-03-2021 (P.Y. Rs.NIL). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
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)	
	2020-21	2019-20
Defined Contribution Plan:		
Employer's Contribution to Provident Fund	87.12	106.54
Employer's Contribution to Superannuation Fund	6.10	5.65
Details of the post retirement gratuity plan (Funded) are as follows:		
Reconciliation of opening and closing balances of defined benefit plan:		
Defined Benefit Obligation as at the beginning of the year	241.35	200.86
Current Service Cost	23.63	20.49
Past Service Cost	NIL	NIL
Interest Cost	15.79	14.28
Actuarial (gain) / loss	(-) 39.35	35.50
Benefits paid	(-) 9.19	(-) 29.78
Defined Benefit obligation as at the end of the year	232.24	241.35
Reconciliation of opening and closing balances of fair value of plan assets:		
Fair value of plan assets as at the beginning of the year	228.47	238.33
Expected return on plan assets	16.70	18.02
Actuarial gain / (loss)	(-) 2.27	(-) 1.97
Employer Contribution	1.49	3.87
Benefits paid	(-) 9.19	(-) 29.78
Fair value of plan assets as at the end of the year	235.20	228.47
Actual Return of plan assets:		
Expected return of plan assets	16.70	18.03
Actuarial gain / (loss) on plan assets	(-) 2.27	(-) 1.97
Actual return on plan assets	14.43	16.05
Reconciliation of fair value of assets and obligations:		
Fair value of plan assets	235.20	228.47
Present value of obligation	232.24	241.35
Difference	(-) 2.95	12.88
Unrecognized transitional liability	NIL	NIL
Amount recognized in Balance Sheet	2.95	12.88

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

	(₹ in Lakhs)	
	2020-21	2019-20
Expense recognized during the year:		
Current Service Cost	23.63	20.46
Interest Cost	15.79	14.28
Expected return on plan assets	(-) 16.70	(-) 18.03
Actuarial (gain) / loss	(-) 37.07	37.48
Past service cost-non-vested benefits	NIL	NIL
Past service cost-vested benefits	NIL	NIL
Net Cost	(-) 14.35	54.22
Investment Details as on 31-03-2021:		
GOI Securities	NIL	NIL
Funds with LIC	100%	100%
Bank balance	NIL	Nil
Others	NIL	Nil
Total	100%	100%
Actuarial assumptions:		
Indian Assured Lives (2012-14) Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a	6.96%	6.67%
Expected rate of return on plan assets p.a	-	7.44%
Rate of escalation in salary p.a	3.75%	3.75%
Details of the Leave encashment plan (Un-Funded) are as follows:		
Reconciliation of opening and closing balances of obligation:		
Defined Benefit Obligation as on 01-04-2020	116.34	94.45
Current Service Cost	10.53	9.70
Interest Cost	7.57	6.83
Actuarial (gain) / loss	(-) 43.89	16.34
Benefits paid	(-) 5.66	(-) 10.98
Defined Benefit obligation as on 31-03-2021	84.89	116.34
Reconciliation of opening and closing balances of fair value of plan assets:		
Fair value of plan assets as on 01-04-2020	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial gain / (loss)	NIL	NIL
Employer Contribution	5.66	10.98
Benefits paid	(-) 5.66	(-) 10.98
Fair value of plan assets as on 31-03-2021	NIL	NIL
Actual Return of plan assets:		
Expected return of plan assets	NIL	NIL
Actuarial gain / (loss) on plan assets	NIL	NIL
Actual return on plan assets	NIL	NIL

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

	(₹ in Lakhs)	
	2020-21	2019-20
Reconciliation of fair value of Assets and obligations		
Fair value of plan assets	NIL	NIL
Present value of obligation	43.89	(-) 116.34
Difference	(-) 43.89	116.34
Unrecognized past service cost-non-vested benefits	NIL	NIL
Amount recognized in Balance Sheet	(-) 43.89	116.34
Expense recognized during the year:		
Current Service Cost	10.54	9.70
Interest Cost	7.57	6.83
Expected return on plan assets	NIL	NIL
Actuarial (gain) / loss	(-) 43.89	16.34
Net Cost	(-) 25.78	32.87
Investment Details as on 31-03-2021:		
GOI Securities	NIL	NIL
State Government Securities	NIL	NIL
High Quality Corporate Bonds	NIL	NIL
Funds with LIC	NIL	NIL
Bank balance	NIL	NIL
Others	NIL	NIL
Total	NIL	NIL
Actuarial assumptions		
Indian Assured Lives (2012-14) Ultimate Table applied for Service Mortality rate	Yes	Yes
Discount rate p.a	6.96%	6.67%
Expected rate of return on plan assets p.a.	NIL	NIL
Rate of escalation in salary p.a.	3.75%	3.75%
Attrition Rate	0.10%	0.10%

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

11. The Segment Information for the year ended 31st March, 2021

(₹ in Lakhs)

Particulars	Textiles		Power from Windmills		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
REVENUE						
External Sales (Net)	13,807.93	11,570.17	-	-	13,807.93	11,570.17
Inter Segment Sale	-	-	1,113.95	1,133.12	1,113.95	1,133.12
Total Sales	13,807.93	11,570.17	1,113.95	1,133.12	14,921.88	12,703.29
Other Income	91.99	27.15	-	-	91.98	27.15
Total Revenue	13,899.92	11,597.32	1,113.95	1,133.12	15,013.87	12,730.44
RESULT						
Segment Result	1,154.76	211.59	518.80	636.65	1,673.56	848.24
Unallocated Income	-	-	-	-	15.72	23.36
Unallocated Expenses	-	-	-	-	-	-
Operating Profit	-	-	-	-	1,689.28	871.60
Interest Expenses	-	-	-	-	1,296.30	1,347.53
Depreciation	-	-	-	-	685.03	704.01
Provision for Taxation	-	-	-	-	-	-
Current Tax	-	-	-	-	-	-
Deferred Tax	-	-	-	-	(74.66)	(297.18)
Profit - (loss) from ordinary activities	-	-	-	-	(217.39)	(882.76)
Exceptional Items	-	-	-	-	-	-
Net Profit / (Loss)	-	-	-	-	(217.39)	(882.76)
OTHER INFORMATION						
Segment Assets	17,046.40	16,247.42	2,271.06	2,471.58	19,317.45	18,718.99
Unallocated Assets	-	-	-	-	-	-
Total Assets	-	-	-	-	19,317.45	18,718.99
Segment Liabilities	-	-	-	-	17,443.16	17,472.66
Unallocated Liabilities	-	-	-	-	639.41	714.07
Total Liabilities	-	-	-	-	18,082.57	18,186.73
Capital Expenditure	354.39	1,159.98			354.39	1,159.98
Unallocated Capital Expenditure	-	-	-	-	-	-
Depreciation	484.51	502.94	200.52	201.07	685.03	704.01
Unallocated Depreciation Expenditure	-	-	-	-	-	-

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

12. Earning per Share		(₹ in Lakhs)	
Particulars		2020-21	2019-20
Net Profit / (Loss) after tax (Rs. in Lakhs)	(A)	(217.39)	(882.76)
Adjusted Weighted average number of Equity Shares - In Lakhs	(B)	69.00	46.00
Basic & Diluted earnings per share for ₹ 10/- each - (in Rupees)	(A) / (B)	(3.15)	(19.19)
Nominal Value per Equity Share (in Rupees)		10.00	10.00
			(Nos. in Lakhs)
Adjusted Weighted average number of Equity Shares			
No. of Shares at the beginning of the year (Nos. in Lakhs)	(A)	46.00	46.00
Equity Shares allotted on Right issue basis on 11th January, 2021 (Nos. in Lakhs)	(B)	92.00	-
Adjusted Weighted average number of Equity Shares (Nos. in Lakhs) - (A) + (B / 12 *3)		69.00	46.00

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
Shri N. Vaira Balaji, Chief Financial Officer

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

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

(ii) Public Trusts:

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

c. Employees Benefits Funds where control exists.

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

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

d. Amount Paid to Key Managerial Personnel:

(₹ in Lakhs)

Name of the Related Party	Amount		Nature of Payment
	2020-21	2019-20	
Shri P.R. Venketrama Raja	0.75	0.75	Sitting Fees
	30.29	-	Interest
Smt. B. SriSandhya Raju	127.50	135.90	Managerial Remuneration
	56.64	19.84	Interest
	0.45	0.30	Sitting Fees
Smt. R. Sudarsanam	0.60	0.75	Sitting Fees
Smt. P.V. Nirmala Raju	0.67	0.81	Interest
	0.45	0.60	Sitting Fees

e. Inter Corporate Deposits Accepted:

Name of the Related Party	Maximum Outstanding		Outstanding as on	
	2020-21	2019-20	31-03-2021	31-03-2020
Chitta Farms Private Limited	788.85	759.34	775.00	775.00
Thanjavur Spinning Mill Limited	790.00	511.34	730.65	500.00
Digvijai Polytex Private Limited	130.13	103.49	125.13	100.49
Ramco Management (P) Limited	66.67	66.82	65.50	65.50

f. Interest paid on Inter Corporate Deposits Accepted:

Name of the Related Party	Interest Paid		Outstanding as on	
	2020-21	2019-20	31-03-2021	31-03-2020
Chitta Farms Private Limited	66.40	69.94	Nil	Nil
Thanjavur Spinning Mill Limited	55.51	45.12	Nil	Nil
Digvijai Polytex Private Limited	9.36	8.69	Nil	Nil
Ramco Management (P) Limited	5.61	5.91	Nil	Nil

g. Corporate Guarantee Availed:

Name of the Related Party	2020-21	2019-20
Rajapalayam Mills Limited	5,500.00	3,500.00

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

(₹ in Lakhs)

h. Sale of Goods / Services rendered:

Name of the Related Party	Value		Outstanding as on	
	2020-21	2019-20	31-03-2021	31-03-2020
The Ramaraju Surgical Cotton Mills Limited	928.89	762.00	Nil	Nil
Sri Vishnu Shankar Mill Limited	320.43	497.96	Nil	Nil
Rajapalayam Mills Limited	1,089.83	497.84	Nil	Nil
Ramco Industries Limited	398.00	410.98	Nil	Nil
Rajapalayam Textile Limited	145.74	1.02	Nil	Nil
Sri Harini Textiles Limited	12.87	0.83	Nil	Nil

i. Sale of Fixed Assets:

Name of the Related Party	Value		Outstanding as on	
	2020-21	2019-20	31-03-2021	31-03-2020
The Ramaraju Surgical Cotton Mills Limited	-	6.70	NIL	NIL
Rajapalayam Mills Limited	-	35.12	NIL	NIL
Ramco Industries Limited	-	12.83	NIL	NIL

j. Purchase of Fixed Assets:

Name of the Related Party	Value		Outstanding as on	
	2020-21	2019-20	31-03-2021	31-03-2020
Rajapalayam Mills Limited	981.28	9.06	980.09	NIL
Ramco Industries Limited	100.80	-	NIL	NIL
Rajapalayam Textile Limited	2.95	-	NIL	NIL

k. Cost of Goods & Services purchased / availed:

Name of the Related Party	Value		Outstanding as on	
	2020-21	2019-20	31-03-2021	31-03-2020
The Ramaraju Surgical Cotton Mills Limited	366.33	176.14	Nil	Nil
Sri Vishnu Shankar Mill Limited	425.36	389.70	Nil	Nil
Rajapalayam Mills Limited	925.40	539.04	Nil	Nil
Ramco Industries Limited	497.99	41.71	Nil	Nil
The Ramco Cements Limited	7.49	1.35	Nil	Nil
Ramco Systems Limited	8.22	13.42	Nil	Nil
Ramco Windfarms Limited	69.96	77.01	Nil	Nil
P.A.C.R. Sethurammam Charity Trust	12.96	14.17	Nil	Nil
Shri Harini Media Limited	0.73	0.73	Nil	Nil
Rajapalayam Textile Limited	150.68	197.17	Nil	Nil
P.A.C.R. Centenary Trust	0.40	0.17	Nil	Nil

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

(₹ in Lakhs)

I. Dividend Received

Name of the Related Party	2020-21	2019-20
Rajapalayam Mills Limited	0.01	0.02

m. Contribution to Superannuation Fund / Gratuity Fund

Particulars	2020-21	2019-20
Sandhya Spinning Mill Limited Officers' Superannuation Fund	6.10	5.65
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	2020-21	2019-20
Raw Materials	4,266.92	2,840.46
Capital Goods	319.14	672.18
Components and Spares	829.39	24.66

(b) Expenditure in Foreign Exchange during the year

Particulars	2020-21	2019-20
Interest	117.11	47.70
Export Sales Commission	35.34	122.59
Total	152.45	170.29

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

Particulars	2020-21		2019-20	
	Amount	%	Amount	%
Raw Materials				
Imported	3,613.80	62	2,844.40	48
Indigenous	2,183.92	38	3,041.92	52
Spares and Components				
Imported	6.36	1	24.66	4
Indigenous	661.21	99	639.63	96

(d) Earnings in Foreign exchange (FOB Value)

Particulars	2020-21	2019-20
Export of Yarn	4,394.17	5,134.11

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

15. Additional regulatory information as required under Companies Act, 2013:

(a) Trade Payables Ageing Schedule (below)

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					
	Not due	< 1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
As at 31-03-2021						
MSME	-	-	-	-	-	-
Others	1,418.77	164.70	6.85	10.13	-	1,600.45
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-
Unbilled dues	-	-	-	-	-	-
Total	1,418.77	164.70	6.85	10.13	-	1,600.45
As at 31-03-2020						
MSME	-	-	-	-	-	-
Others	243.74	191.55	10.13	-	-	445.42
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-
Unbilled dues	-	-	-	-	-	-
Total	243.74	191.55	10.13	-	-	445.42

b. Capital Work-in-Progress Ageing Schedule

(₹ in Lakhs)

Particulars	Amount in CWIP for a period of				
	< 1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
As at 31-03-2021	1,780.03	-	-	-	1,780.03
As at 31-03-2020	73.98	-	-	-	73.98

Note:

- (i) None of the Capital-work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan.
- (ii) The Company do not have any projects whose activity has been suspended.
- (iii) The Company has no intangible assets under development.

c. Trade Receivable Ageing Schedule

Particulars	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 months - 1 Years	1 - 2 Years	2 - 3 Years	> 3 Years	Total
As at 31-03-2021							
Undisputed Trade receivables – considered good	2,014.71	175.03	-	-	-	-	2,189.74
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	122.52	-	-	122.52
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Total	2,014.71	175.03	-	12.52	-	-	2,312.26

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

Particulars	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 months – 1 Years	1 - 2 Years	2 - 3 Years	> 3 Years	Total
As at 31-03-2020							
Undisputed Trade receivables – considered good	2,023.85	358.41	7.43	-	-	-	2,389.69
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	122.52	-	-	-	122.52
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables - considered good	-	-	-	-	-	-	-
Total	2,023.85	358.41	129.95	-	-	-	2,512.21

d) Undisclosed Income

The Company do not have any transaction which are not recorded in the books of accounts that has been surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during any of the years.

e) Relationship with Struck off Companies

The Company did not have any transactions with Companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956 considering the information available with the Company.

f) Details of Crypto Currency or Virtual Currency

The Company did not trade or invest in Crypto Currency or virtual currency during the financial year. Hence disclosure relating to it are not applicable.

g) Key Financial Ratios

S.No.	Particulars	UOM	31.03.2021	31.03.2020	Variation in %
(a)	Current Ratio	In multiple	1.05	0.74	41%
(b)	Debt-Equity Ratio	In multiple	12.41	30.96	-60%
(c)	Debt Service Coverage Ratio	In multiple	0.56	0.26	114%
(d)	Return on Equity Ratio	In %	-0.18%	-1.66%	-89%
(e)	Inventory Turnover Ratio	In Days	94	131	-28%
(f)	Trade receivables Turnover Ratio	In Days	64	78	-19%
(g)	Trade Payables Turnover Ratio	In Days	27	12	118%
(h)	Net Capital Turnover Ratio	In Days	131	197	-34%
(i)	Net Profit Ratio	In %	-2%	-8%	-79%
(j)	Return on Capital employed	In %	7%	3%	139%
(k)	Return on Investment (Assets)	In %	-1%	-5%	-76%

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM
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Formula adopted for above Ratios:

- (a) Current Ratio = Current Assets / (Total Current Liabilities - Other Financial Liabilities - Current maturities of Long Term Debt)
- (b) Debt-Equity Ratio = Total Debt / Total Equity
- (c) Debt Service Coverage Ratio = (EBITDA - Current Tax) / (Principal Repayment + Gross Interest)
- (d) Return on Equity Ratio = Total Comprehensive Income / Average Total Equity
- (e) Inventory Turnover Ratio (Average Inventory days) = 365 / (Net Revenue / Average Inventories)
- (f) Trade receivables Turnover Ratio (Average Receivables days) = 365 / (Net Revenue / Average Trade receivables)
- (g) Trade Payables Turnover Ratio (Average Payable days) = 365 / (Net Revenue / Average Trade payables)
- (h) Net Capital Turnover Ratio = (Inventory Turnover Ratio + Trade receivables turnover ratio - Trade payables turnover ratio)
- (i) Net Profit Ratio = Net Profit / Net Revenue
- (j) Return on Capital employed = (Total Comprehensive Income + Interest) / (Average of (Equity + Total Debt))
- (k) Return on Investment (Assets) = Total Comprehensive Income / Average Total Assets

Reasons for Variation if more than 25%.

Current Ratio

The increase in Current ratio was due to the availment of Corporate loans and GECL loans from the bank during the year and reduction of Short term Borrowings during the year.

Debt-Equity Ratio

The decrease in debt-equity ratio was due to reduction of loans and increase in Share capital through Rights issue during the year.

Debt Service Coverage Ratio

The increase in debt service coverage ratio was due to reduction of Interest and Principal repayment during the year and increase in EBITDA during the year.

Return on Equity Ratio

The change in Return on equity ratio was due to increase in Share capital through Rights issue during the year and increase in the EBITDA during the year thereby reduces the Loss after tax comparable to previous year.

Inventory Turnover Ratio

The change in Inventory turnover ratio is due to increase in the turnover during the financial year 2020-21 on account of liquidation of previous year stock. The average time taken by the Company to liquidate its stock is also decreased.

Trade Payables Turnover Ratio

The change in trade payable ratio is due to increase in the payables on account of Ring spinning modernization and installation of New OE machines.

Net Capital Turnover Ratio

The decrease in Net capital Turnover ratio is due to increase in the turnover during the financial year 2020-21 on account of liquidation of previous year stock.

SANDHYA SPINNING MILL LIMITED, RAJAPALAIYAM

Net Profit Ratio

The change in Net Profit ratio is due to increase in the turnover during the financial year 2020-21 and increase in the EBITDA during the year thereby reduces the Loss after tax comparable to previous year.

Return on Capital employed

The change in Return on Capital employed ratio is due to increase in the EBITDA during the year thereby reduces the Loss after tax comparable to previous year. It is also due to increase in Share capital through Rights issue during the year and reduction of debt for the company during the year.

Return on Investment (Assets)

The change in Return on Investment (Assets) ratio is due to increase in the EBITDA during the year thereby reduces the Loss after tax comparable to previous year and also due to increase in Total assets for the company.

16. Reclassification of previous year figures upon complying with Schedule III Amendments:

The Company had voluntarily adopted to comply with the amendments in Schedule III of Companies Act, 2013 notified on 24-03-2021, for the financial year 2020-21, though the applicability is spelt out with effect from 01-04-2021. Accordingly, the Company has complied with such disclosures and reclassified the following items in the previous years, to conform to current year classification.

Nature of the reclassification	Amount of each item reclassified	Reason for the reclassification
Hitherto, Current maturities of Long term borrowings was included in Other Current Financial Liabilities. As per the requirement under amendments to Schedule III, the same has been presented under 'Short Term Borrowings' as a separate line and previous year figure has been reclassified.	2020-21: ₹ 2,628.47 Lakhs 2019-20: ₹ 2,031.54 Lakhs	Schedule III Amendments in the Companies Act, 2013

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. 021510
Trichy,
28th May, 2021.

Shri P.R. VENKETRAMA RAJA
CHAIRMAN
Rajapalaiyam

V. GURUSAMY
SECRETARY
Rajapalaiyam

Smt. B. SRISANDHYA RAJU
MANAGING DIRECTOR
Hyderabad

N. VAIRA BALAJI
CHIEF FINANCIAL OFFICER
Rajapalaiyam



Shri N. Mohanarengan, Chief Operating Officer, switching on “Saurer Auto Coro 09” fully automatic OE Spinning Machine in our OE Hall at Rajapalaiyam.



A view of newly installed “Saurer Auto Coro 09” Open End Machines installed in our OE Hall at Rajapalaiyam.



A view of newly installed “TRUTZSCHLER Dustex DX” machine in our OE Hall at Rajapalaiyam.



A view of newly installed “LMW Swift Floc LA21” Bale Plucker machine in our OE Hall at Rajapalaiyam.



Our AVP(Works) & DGM(Works) presenting Best Worker Prize to our Worker during the year.



SANDHYA SPINNING MILL LIMITED
RAJAPALAIYAM